RED HERRING PROSPECTUS
Dated September 24, 2010
Please read Section 60B of the Companies Act, 1956
100% Book Building Issue

B S G R O U P
BSG

BS TRANSCOMM LIMITED

(We were originally incorporated as BS Steels and Minerals Private Limited on January 7, 2004. The name of our Company was changed to BS TransComm Private Limited pursuant to a fresh certificate of incorporation dated January 24, 2008. Our Company was converted into a public limited company and the name of our Company was changed to BS TransComm Limited pursuant to a fresh certificate of incorporation dated February 7, 2008. For details of incorporation, changes of name and changes in registered office of our Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 114 of the Red Herring Prospectus.)

Registered Office and Corporate Office: 504, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034;
Tel No: + 91 40 6666 6204; **Fax No:** + 91 6666 7268
Contact Person: Mr. Subbaiah Raman, Company Secretary and Compliance Officer; **Website**: www.bsgroup.in; **E-mail**: investors@bsgroup.in

PROMOTERS OF OUR COMPANY: Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal

PUBLIC ISSUE OF 76,79,410 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. [●] LAKHS ("THE ISSUE") BY BS TRANSCOMM LIMITED ("OUR COMPANY", OR "THE ISSUER"). THE ISSUE WILL CONSTITUTE 35.10% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

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

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund portion will be added to the QIB portion and be available for allocation proportionately to the QIB Bidders. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received from them at or above the Issue Price.

IPO GRADING

This Issue has been graded by ICRA Limited as 'IPO Grade 2' (pronounced Initial Public Offer Grade two), indicating below-average fundamentals through its letters dated May 11, 2010 and August 20, 2010. For more information on IPO Grading, please refer to the section titled "General information" beginning on page 20 of this Red Herring Prospectus and refer to "Material Contracts and Documents for Inspection" on page 336 of this Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

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

GENERAL RISK

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

THE COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and the NSE. The in-principle approvals from BSE and NSE for listing the Equity Shares have been received pursuant to letter no. DCS/IPO/NP/IPO-IP/1466/2008-09 dated February 19, 2009 and letter no. NSE/LIST/110350-Y dated June 12, 2009 respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
JM FINANCIAL **JM Financial Consultants Private Limited** 141, Maker Chamber, III Nariman Point, Mumbai 400 021 Tel: +91 22 6630 3030 Fax: +91 22 2204 2137 Email: bstranscomm.ipo@jmfinancial.in Investor Grievance Email: grievance.ibd@jmfinancial.in Website: www.jmfinancial.in Contact Person: Ms. Lakshmi Lakshmanan SEBI Registration No.: INM000010361	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Plot No. 17 to 24 Vithalrao Nagar, Madhapur Hyderabad 500 086 Tel: +91 40 23420818 Fax: +91 40 23431551 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna Registration No: INR000000221

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON : OCTOBER 6, 2010	BID/ISSUE CLOSES ON : OCTOBER 8, 2010

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, in this Red Herring Prospectus, all references to "BS TransComm Limited", "BSTL", "Issuer", "we", "us", "our" and "our Company" are to BS TransComm Limited and its Subsidiaries, BS Infratel Limited and Sugan Automatics Private Limited on a consolidated basis.

In this Red Herring Prospectus, all references to, "BS Group" and "Group" are to BS TransComm Limited, its Group Companies and Subsidiaries, as defined hereunder.

Company Related Terms

Term	Description
Articles/Articles of Association	Articles of Association of our Company
Auditors	The statutory auditors of our Company, P. Murali & Co., Chartered Accountants
Board/Board of Directors	The board of directors of our Company or a committee constituted thereof, unless the context otherwise specifies
BSIL	BS Infratel Limited
BSTL ESOP	The employee stock option scheme framed by the Company being the BS TransComm Employee Stock Option Plan, 2008
BSTL ESPP	The employee stock option scheme framed by the Company being the BS TransComm Employee Stock Purchase Plan, 2008
Director(s)	Director(s) of our Company, unless otherwise specified
Group Companies	Includes those companies, firms and ventures promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in "Our Promoters and Group Companies" on page 144 of this Red Herring Prospectus
IDD	Intelligent Data Device, product module of SAPL for the purposes of monitoring telecom sites
Indus	Indus Towers Limited
Memorandum/ Memorandum of Association	Memorandum of Association of our Company, unless the context otherwise specifies
Phase I	Phase I of our Project, which is, a unit having a capacity of 84,000 MTPA of telecommunication and power transmission towers and a backward integrated structural mill having a capacity of 90,000 MTPA
Phase II	Phase II of our Project, which is, a unit having a capacity of 1,20,000 MTPA of telecommunication and power transmission towers
Project	The proposed new manufacturing unit of our Company at Survey No. 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh, comprising of Phase I and Phase II, where we propose to undertake the fabrication and galvanization of towers and set up a backward integrated structural mill of which Phase I except galvanizing plant, has already been completed as of the date hereof. Subsequent to the completion of the Phase I and Phase II the total capacity of telecommunication and power transmission towers would be 2,40,000 MTPA and a backward integrated structural mill having a capacity of 90,000 MTPA.
Promoters	The promoters of our Company, namely, Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(zb) of the SEBI Regulations
Registered Office	The registered office of our Company situated at 504, Trendset Towers, Road

Term	Description
	No. 2, Banjara Hills, Hyderabad 500 034
SAPL	Sugan Automatics Private Limited
Scheme of Amalgamation/ Scheme	The scheme of amalgamation approved by the Hon'ble High Court of Judicature at Andhra Pradesh at Hyderabad for the amalgamation of B.S. Integrated Steel Products Private Limited with our Company. For further details of the details, please refer to the section titled "History and Certain Corporate Matters" beginning on page 114 of the Red Herring Prospectus
Subsidiaries	The subsidiaries of our Company, namely BS Infratel Limited and Sugan Automatics Private Limited

Issue Related Terms

Term	Description
Allotment/Allot/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by all Bidders to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Bidder	Prospective investors in this Issue who intend to Bid/apply through ASBA
ASBA Bid cum Application Form or ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid through a Self Certified Syndicate Bank which would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue / Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being Yes Bank Limited, HDFC Bank Limited, HSBC Limited, IndusInd Bank Limited, State Bank of India, Standard Chartered Bank, Axis Bank and Punjab National Bank.
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described under "Issue Procedure" on page 291 of this Red Herring Prospectus
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto For the purpose of ASBA Bidders, it means an indication to make an offer during the Bidding/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid/Issue Closing Date	The date after which the Syndicate and the SCSBs will not accept any Bids for the Issue, which shall be notified in a English national newspaper, a Hindi national newspaper and a Telugu newspaper, each with wide circulation
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be notified in a English national newspaper, a Hindi national newspaper and a Telugu newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form (if applicable)

Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders and the ASBA Bidders can submit their Bids, including any revisions thereof
Book Building Process/Method	The book building route as provided under Schedule XI of the SEBI Regulations, in terms of which this Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being JM Financial Consultants Private Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
CAN/Confirmation of Allotment Note	The note or advice or intimation of Allotment of the Equity Shares sent to the Bidders who have been or are to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof.
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
Controlling Branch	Branch offices of the SCSBs which the respective SCSB which identified as a controlling branch and which shall be the single point interface for the Registrar, the Stock Exchanges and the BRLM for co-ordination and communication
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the Book Running Lead Manager. A Bid submitted at Cut-Off Price is a valid price at all levels within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding Rs. 1,00,000. No other category of Bidders are entitled to Bid at the Cut-off Price
Designated Branch	Branch offices of the SCSBs which the respective SCSB has identified as a designated branch at which the physical ASBA BCAF can be submitted by an ASBA Bidder and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	The Bombay Stock Exchange Limited
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated September 27, 2008 issued in accordance with Section 60B of the Companies Act and SEBI Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Equity Shares	Equity shares of our Company of Rs. 10 each fully paid up unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (except ASBA Bidder) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or

Term	Description
	Revision Form or the ASBA BCAF or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
Issue	This public issue of 76,79,410 Equity Shares at the Issue Price by the Company
Issue Agreement	The agreement dated May 4, 2010 entered into between our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Book Running Lead Manager on the Pricing Date
Issue Proceeds	The gross proceeds of the Issue that would be available to the Company.
JM Financial	JM Financial Consultants Private Limited
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 1,91,985 Equity Shares available for allocation to Mutual Funds, out of the QIB Portion
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses see "Objects of the Issue" on page 43 of this Red Herring Prospectus
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 11,51,911 Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Price Band	Price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company in consultation with the BRLM and advertised at least two Working Days prior to the Bid/ Issue Opening Date, in an English national newspaper, a Hindi national newspaper and a Telugu newspaper, each with wide circulation
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the bank accounts of the ASBA Bidders on the Designated Date
QIB Portion	The portion of the Issue being not more than 38,39,705 Equity Shares required to be allocated to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 2,500 lakhs, pension fund with minimum corpus of Rs. 2,500 lakhs, National

Term	Description
	Investment Fund set up by Government of India and insurance funds set up and managed by army, navy or air force of the Union of India
Red Herring Prospectus	This 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 offered and the size of the Issue. 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
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds (excluding to the ASBA Bidders), if any, of the whole or part of the Bid Amount shall be made
Refund Bank	Axis Bank
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Registrar to this Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than Rs. 1,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 26,87,794 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank or SCSBs	Self Certified Syndicate Bank is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 which offers the service of making an Applications Supported by Blocked Amount and recognized as such by SEBI
Stock Exchanges	The BSE and the NSE
Syndicate/Members of the Syndicate	The Book Running Lead Manager and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids (excluding Bids by ASBA Bidders) in this Issue
Syndicate Members	JM Financial Services Private Limited and Sunidhi Securities and Finance Limited
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The Book Running Lead Manager and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Days	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business.

Technical/Industry Related Terms

Term	Description
2G	Second generation wireless telephone technology
3G	Third generation wireless telephone technology
ADC	Access Deficit Chare
APDPR	The Accelerated Power Development Reform Programme
APTransco	Transmission Corporation of Andhra Pradesh Limited
ARPU	Average Revenue Per User

Term	Description
AT&C Losses	Aggregate Technical and Commercial Losses
BOOM	Build Own Operate Manage
BPLR	Bank Prime Lending Rate
BSNL	Bharat Sanchar Nigam Limited
BTBECL	Baoding Tianwei Baobian Electric Company Limited
BTS	Base Transceiver Station
BWA	Broadband Wireless Access System
CDMA	Code Division Multiple Access
CDSL	Central Depositories Services (India) Limited
CEA	The Central Electricity Authority of India
Ckt kms/cKM	Circuit Kilometers
CMTS	Cellular Mobile Telephone Services
CPSU	Central Public Sector Units
DISCOM	Distribution Companies
DG Sets	Diesel Generator Sets
DoT	Department of Telecommunication
DPR	Detailed Project Report
DSL	Digital Subscriber Line
EHV	Extra High Voltage
EOT crane	Electronic Overhead Traveling Crane
EPC	Engineering Procurement and Construction
ESS	Energy Solution Services
FIPB	Foreign Investment Promotion Board
FMV	Fair Market Value
FTS	Fixed Telephone Services
GBT	Ground Based Tower
GHz	GigaHertz
GIS	Gas Insulated Switchgear
GMPCS	Global Mobile Personal Communications by Satellite
GPS	Global Positioning System
GSM	Global System for Mobile Communication
IEEMA	The Indian Electrical and Electronics Manufacturers Association
IPP	Independent Power Producers
I-Site	Product module of SAPL for the purposes of management of cell site assets
IT	Information Technology
ITES	Information Technology Enabled Services
ITsAP	The Information Technology & Services Industry Association of Andhra Pradesh
JV	Joint Venture
kbps	Kilobits per second
KLPD	Kilo Litre per Day
Km	Kilometer
KPTCL	Karnataka Power Trading Corporation Limited
kV	Kilo Volt
kVA	Kilo Volt Ampere
M.	Meters
Mm	Millimeters
MM	Mobility Management
MoU	Minutes of Usage
MTNL	Mahanagar Telephone Nigam Limited
MTPA	Metric Tons per Annum
MU	Million Units
MVA	Megavolt Ampere

Term	Description
MW	Mega Watt
NEFT	National Electronic Funds Transfer
Nifty	National Stock Exchange Sensitive Index
NLDO	National Long Distance Operator Services
NSDL	National Securities Depositories Limited
NS States	Non-Special States
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
pH	Power of hydrogen
PLR	Prime Lending Rate
R-APDRP	Restructured Accelerated Power Development and Reform Programme
RF	Radio Frequency
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RRVPNL	Rajasthan Rajya Vidyut Prasaran Nigam Limited
RTT	Roof Top Tower
SACFA	The Standing Advisory Committee on Frequency Allocation
SC States	Special Category States
SEB	State Electricity Board
SENSEX	Bombay Stock Exchange Sensitive Index
SFMS	Smart Fuel Management System, product of SAPL for the purposes of management of fuel at cell site assets
SG&A	Selling General and Administrative Expenses
State Gencos	State Generation Companies
STU	State Transmission Units
TOC	Tower Operating Centre
Towers	Towers would be deemed to mean telecommunication and power transmission tower, unless otherwise provided
TRAI	Telecom Regulatory Authority of India
TSP	Turnkey Service Provider
UAS	The Unified Access Service License
U-Foam	U-Foam Private Limited
USO	Universal Service Obligation
WLL	Wireless Local Loop

Conventional and General Terms/ Abbreviations

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amounts
AY	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant’s Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
NECS	National Electronic Clearing Service

Term	Description
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IPO	Initial Public Offering
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
Mn / mn	Million
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PIO	Persons of Indian Origin

Term	Description
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC	Registrar of Companies, Andhra Pradesh situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad 500195, Andhra Pradesh
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Sec.	Section
State Government	The government of a state of the Union of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US$/U.S.$	United States Dollars
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated audited standalone financial statements and restated audited consolidated financial statements, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI Regulations and Indian GAAP. Our Fiscal commences on April 1 and ends on March 31 of the next year.

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

Industry and Market Data

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

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

FORWARD LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

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

- failure to manage the transition from a manufacturing focused business model to a manufacturing, services and solutions business model;
- limited operating and financial history in manufacturing activities, O&M services and handling associated labour intensive operations;
- delay, cancellation or failure to realize payments in the projects included in our order book;
- inability to comply with product and service standards of our customers;
- our inability to manage our growth;
- occurrence of natural disasters or calamities affecting the areas in which we have operations;
- general economic and business conditions in India;
- changes in political and social conditions in India and;
- the performance of the financial markets in India and globally

For further discussion of factors that could cause our actual results to differ from our expectations, see "Risk Factors", "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages xiii, 93 and 238 of this Red Herring Prospectus respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements refer to expectations only as of the date of this Red Herring Prospectus. Neither our Company nor any of the Members of the Syndicate nor any of their respective affiliates has any obligation to, and do not intend 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 will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchanges.

SECTION II: RISK FACTORS

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 92 and 238 of the Red Herring Prospectus as well as the other financial and statistical information contained in the Red Herring Prospectus. Occurrence of any one or a combination of the following risks, as well as the other risks and uncertainties discussed in the Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of the Equity Shares to decline, which could result in the loss of all or part of your investment. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Internal Risk Factors

1. We are involved in certain legal proceedings which, if determined against us, could affect our business and financial conditions.

Our Company is party to certain legal proceedings which are pending at different levels of adjudication before various courts. No assurances can be given as to whether these matters will be settled in our favour or against us. If a claim is determined against us and we are required to pay all or a portion of the claim or create a provision thereof, it could have an adverse effect on our results of operations and cash flows. A classification of the legal proceedings instituted against our Company and the monetary amount involved in these cases are mentioned in brief below:

Proceedings instituted against BS TransComm Limited

Type of cases	Number of cases	Quantum involved (Rs.)	Nature of dispute
Motor accidents claim	1 (one)	5,00,000	The complainants have alleged that an accident involving a vehicle owned by our Company and the son of the complainant resulted in fatality.
Legal Notices	8 (eight)	1,942,836	• Two notices allege breach of contract. • One notice issued pursuant to death of an employee while on official duty. • Three notices allege non-compliance of labour regulations in Orissa. • One notice demanding details of seignorage paid particulars for various construction materials in Andhra Pradesh. • One notice demanding payment of salary and expenses incurred while on official duty.

Proceedings by our Company

Type of cases	Number of cases	Quantum involved (Rs.)	Nature of dispute
Legal Notice	1 (one)	19,71,000	Notice alleging breach of contract

Note: *The amounts indicated in the column above are approximate amounts.*

For further details, please refer to the section titled "Outstanding Litigations and Other Material Developments" beginning on page 266 of the Red Herring Prospectus.

2. Our tax records have recently been surveyed by the Indian Income Tax Authority.

The Income Tax Officer (INV.), Department of Income Tax, conducted search operations at our Registered Office on pursuant to a warrant of authorization dated September 24, 2009 under section 132 of the Income Tax Act and section 37(A) of the Wealth Tax Act, 1957 and subsequently visited our offices on September 29, 2009, October 15, 2009, November 19, 2009 and November 23, 2009 in pursuance thereof. However, there can be no assurance that the income tax authorities will not undertake any further actions or require the payment of additional taxes or penalties.

3. Decrease in demand for telecommunication and power transmission towers would materially and adversely affect our operating results.

Our business includes the designing, fabrication, galvanizing and erection of telecommunication towers on behalf of third party for infrastructure providers and indirectly on behalf of wireless operators. Telecom operators usually have their own internal procurement policies. These telecom operators follow the 'need' based procurement model. The orders from telecom operators are normally large in terms of value and quantities but are generally not spread uniformly throughout the year and hence the revenues and profitability of the Company could differ significantly from quarter to quarter. Further, any problems faced by the operators may affect our business and orders to be procured by us.

While demand for our telecommunication towers fluctuates, we must incur certain costs, such as maintaining a staff of our employees in anticipation of future contracts, even when there may be no current business. Consequently, our operating results for any particular period may vary significantly, and should not be considered as necessarily being indicative of longer-term results.

Factors adversely affecting the demand for telecommunication tower space in India in general would be likely to adversely affect our operating results. Such factors could include:

- a deterioration in the financial condition of wireless communications service providers generally due to declining tariffs, media convergence or other factors;
- a decrease in the ability and willingness of wireless communications service providers to maintain or increase capital expenditures;
- a decrease in the growth rate of wireless communications generally or of a particular segment of the wireless communications sector;
- a decrease in consumer demand for wireless communications services due to adverse general economic conditions or other factors;
- adverse developments with respect to governmental licensing of spectrum and changes in telecommunications regulations;
- increased use of network sharing, roaming or resale arrangements by wireless service providers amongst themselves;
- delays in regulatory changes that would permit us to use our telecommunication towers as broadcasting towers or for other revenue-generating purposes;
- changing strategies of wireless service providers with respect to owning or sharing passive infrastructure; and
- adverse developments with regard to zoning, environmental, health and other government regulations.

Our telecommunications business and proposed capital expenditure plans are based on the premise that the subscriber base for wireless telecommunications services in India will grow at a rapid and consistent pace. This in turn would increase the demand for telecommunication towers. If the Indian wireless telecommunications services market does not grow or grows at a slower rate than we expect, or the behavior of market players does not meet our current expectations, the demand for our services and our growth prospects will be adversely affected, which would have a material adverse effect on our business, prospects, results of operations and financial condition.

Also, currently, many of the telecom service providers do not manufacture the telecommunication transmission towers and they place their orders with companies such as ours. In the event such telecom service providers themselves begin manufacturing and laying out telecommunication towers, our revenues and results of operations may be significantly affected.

We are engaged in the manufacturing and supply of transmission towers, substation structures, equipments, insulators, transformers, conductors and providing service solutions to companies in the power sector. The orders from the power sector operators are normally large in terms of value and quantities but may not be spread uniformly throughout the year and hence the revenues and profitability of the Company could differ significantly from quarter to quarter. Further, any problems faced by the operators may affect our business and orders to be procured by us. While demand for our power transmission towers fluctuates, we must incur certain costs, such as maintaining a staff of our employees in anticipation of future contracts, even when there may be no current business.

If the Indian power sector does not grow or grows at a slower rate than we expect, or the behavior of market players does not meet our current expectations, the demand for our services and our growth prospects will be adversely affected, which would have a material adverse effect on our business, prospects, results of operations and financial condition. Also, currently, many of the power sector operators place their orders with companies such as ours and in the event such providers themselves begin manufacturing and laying out transmission towers and other requirements, our revenues and results of operations may be significantly affected.

4. We have not entered into any definitive agreements to utilise the Net Proceeds of the Issue.

The deployment of funds as stated in the "Objects of the Issue" beginning on page 43 of the Red Herring Prospectus is entirely at our discretion and is not subject to monitoring by any independent agency. We have not entered into any definitive agreements to utilise the Net Proceeds. There has been no independent appraisal of the Project. All the figures included under the section titled "Objects of the Issue" beginning on page 43 of the Red Herring Prospectus are based on our own estimates. In the event, for whatsoever reason, we are unable to execute our plans to set up the Project, we could have a significant amount of unallocated Net Proceeds. In such a situation, we would have broad discretion in allocating these Net Proceeds from the Issue. Due to the number and variability of factors that we will analyze before we determine how to use these unutilised Net Proceeds, we presently cannot determine how we would reallocate such Net Proceeds. Accordingly, investors will not have the opportunity to evaluate the economic, financial and other relevant information that will be considered by us in the determination on the application of any such Net Proceeds in these circumstances.

5. Our Promoters have pledged 48.79% of their shareholding in the Company in favour of lenders.

Pursuant to the financing arrangements entered into with IDBI Bank, Punjab National Bank, Axis Bank, Tata Capital Limited, State Bank of India, Syndicate Bank, State Bank of Mysore, State Bank of Hyderabad and Syndicate Bank, our Promoters have pledged an aggregate 48.79% of the Equity Shares held by them in favor of the lenders as security. If we default under the loan agreements or if a claim of default is raised by the lenders, our lenders may enforce the pledges and a significant stake in our Company may be transferred to third parties which may lead to the inability of our Promoters to drive the strategy of the Company as is envisaged by them.

6. Some of our Group Companies and one of our Subsidiary have incurred losses during the last year.

Some of our Group Companies and one Subsidiary, BSIL, have incurred losses during their last financial year (as per their standalone financial statements), as set forth in the table below:

Loss- making Subsidiary

(Rs. in lakhs)

S. No.	Name of the company	FY 2009	FY 2010
1.	BS Infratel Limited	(0.43)	(0.17)

Loss-making Group Companies:

(Rs. in lakhs)

S. No.	Name of the company	FY 2007	FY 2008	FY 2009
1.	Shivaganga Infrastructures Limited	0.13	(2.01)	(1.13)
2.	Agarwal Developers	(97.76)	(0.08)	(0.05)

7. We have incurred significant indebtedness in connection with our expansion plans. We may incur additional borrowings in future for supporting our growth and operations.

As of June 30, 2010, we had Rs. 21,919.22 lakhs in principal amount of short-term and long-term debt, on a consolidated basis. For further details regarding our indebtedness, see "Financial Statements" and "Financial Indebtedness" on pages 157 and 258, respectively.

In view of our expansion, our principal amount of short-term and long-term debt on a consolidated basis has increased substantially from Rs. 8315.41 lakhs as on March 31, 2009 to 20,230.56 lakhs for the year ended March 31, 2010 and to Rs. 21,919.22 for the three months ended June 30, 2010. Consequently, our total debt to equity has increased from 1.39 times as of March 31, 2009 to 2.44 times for the year ended March 31, 2010 and 2.27 times for the three months ended June 30, 2010.

We may need to raise additional funds in the future to be able to support our growth and operations. We have high working capital requirements, part of which would be met through additional bank borrowings.

Our level of indebtedness has significant consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affect our credit rating;
- limiting our ability to borrow more money both now and in the future; and
- increasing our interest expenditure, since a significant portion of our debt bears interest at floating rates.

8. We have significant repayment and interest servicing obligations. In the recent past, there have been instances of delay in servicing of debt service obligations and devolvement of letter of credits. In future, if we are unable to meet debt service obligations under our financing arrangements, our results of operations, business and financial condition may be adversely affected.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business over time, as well as the capital markets as a source of capital. If we fail to meet our debt service obligations or financial covenants required under our financing documents, lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations, call for the conversion of debt to equity or take over the financed power project. We cannot assure you that, in the event of any such scenario, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under our debt financing arrangements could have an adverse effect on our cash flows, business and results of operations.

Some of our debt is repayable during the current financial year. For instance, we are required to repay Rs. 1,899.32 lakhs of secured loans and Rs. 4.32 lakhs of unsecured loans for other fixed assets during FY 2011.

If we are unable to generate sufficient cash flows to be able to service these loans or re-finance these loans, then our financial position could be adversely affected, which would result in a potential risk of default on part of the Company.

Additionally, we have availed loan facility from IDBI Bank vide agreement dated December 4, 2006 and vide a Working Capital Consortium Agreement dated May 21, 2010 with State Bank of India, Punjab National Bank, State Bank of Hyderabad, State Bank of Mysore, Axis Bank and Syndicate Bank. The loan facility availed from IDBI Bank and the cash credit facilities availed from the aforementioned consortium lenders may be recalled by the lenders at any time, which could have a material adverse effect on our business.

In the recent past, there have been instances of delay in servicing of debt obligations and devolvement of letter of credits on the part of the Company. In FY 2010, there have been 20 instances of delay ranging between 1 and 22 days in servicing the working capital loans, 5 instances of delay ranging between 3 and 25 days in servicing the term loans and 40 instances of devolvement of Letter of Credits, the delay ranging between 1 and 19 days. Additionally, the short term loan availed from Punjab National Bank was repaid in full after a delay of 47 days. A default by us under the relevant financing documents with Punjab National Bank may have triggered a cross-default under our other financing documents and for further information please see Risk Factor number 47 below.

Our Promoters have given personal guarantees in relation to certain debt facilities. In the event that our Promoters withdraw or terminate their guarantees, the lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities or terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

For more information regarding the above, please refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation" and "Financial Indebtedness" beginning on pages 238 and 258 respectively of the Red Herring Prospectus.

9. ICRA has recently downgraded the credit rating for short term and long term debt of the Company to below investment grade.

On May 11, 2010, ICRA downgraded the credit rating on the Company's Rs. 5,078 lakhs term loan and Rs. 14,000 lakhs fund based limit from LBBB- (pronounced as L triple B minus) to LB (pronounced as L B). LB indicates risk-prone-credit-quality rating implying that the rated instrument carries very high credit risk. Additionally, ICRA also downgraded the credit rating on the Company's Rs. 36,100 lakhs non fund based limits from A3 (pronounced as A three) to A5 (pronounced as A five). A5 indicates lowest-credit-quality rating assigned by ICRA to short-term debt instruments implying that the instruments rated in this category have very low prospect of recovery. In view of the capital intensive nature of our business, this could adversely affect the ability of the Company to raise funds which could adversely affect our results of operations.

10. Our contingent liabilities could adversely affect our financial condition.

For the year ended March 31, 2010, we had a net worth of Rs. 8,363.78 lakhs and contingent liabilities of Rs. 5,883.91 lakhs and for the three months ended June 30, 2010, we had a net worth of Rs. 9,705.95 lakhs and contingent liabilities of Rs. 4,028.43 lakhs. If these contingent liabilities were to materialise, our resources may not be adequate to meet these liabilities or our financial condition could be adversely affected. For further details about our contingent liabilities, refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 238 of the Red Herring Prospectus and the notes to our financial statements.

11. Our Promoters have significant control over us, including as a result of the terms of our Articles of Association, and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

As on date of the Red Herring Prospectus, our Promoters, together with the members of the Promoter Group, beneficially own 99.42% of our issued and outstanding Equity Shares. Our Promoters, together with the members of the Promoter Group and the Promoter Group Companies, will hold 64.52% of our post-Issue paid up capital. The Promoters have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends, election of our officers and directors and change of control transactions. The Promoters' control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. The Promoters and members of the Promoter Group may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders.

12. We may fail to realize the anticipated benefits of our acquisition of SAPL and the acquisition may also expose us to uncertainties and risks, any of which could adversely affect our future business performance and financial condition.

We believe that the acquisition of SAPL was a significant event in our business as post such acquisition, we believe that, we have the ability to participate in providing certain technology products, solutions and service solutions to the telecommunications infrastructure and power transmission sectors.

However, our investment in SAPL may not give us the returns that we expect due to following reasons:

- SAPL is in the initial stages of growth, and may not have the ability to scale up or may face increased competition from new players or technologies;
- SAPL may not be able to commercialize the products that it develops;
- The pilot tests that SAPL is currently running for its customers may not provide the results that we expect, or may not translate in future business revenue;
- The letter of intent received by SAPL from certain third party, may not translate into business revenue if the contract is not awarded to SAPL or if the contract is cancelled for reasons beyond our control.

Further, the success of our acquisition will depend, in part, on our ability to realize the anticipated synergies from our acquired business. The integration of our business operations is a challenging task that may result in unforeseen operating difficulties, absorb significant senior management attention or require additional financial resources. Further, the acquisition of SAPL may not meet our expectations and the realization of the anticipated benefits may not be achieved or may be delayed or reduced as a result of numerous factors, some of which are outside our control. These factors may include, among other things:

- difficulties in effectively managing, developing and overseeing the operations of SAPL, including its financial requirements, if any, information systems, policies and procedures;
- unforeseen contingent risks or latent liabilities relating to the acquisition that may become apparent in the future;
- loss of key personnel; and
- the lack of cooperation and integration between SAPL and our Company in successfully providing integrated products, solutions and service solutions to the telecommunications and power sectors.

Further multi tenant billing by SAPL may give rise to disputes with tenants in relation to the billing arising either from inaccuracies and failures of the system to perform.

Any of the above could adversely impact our anticipated benefits from the acquisition and could materially and adversely affect our future business performance and financial condition.

13. ***We have acquired equity shares of SAPL from our Promoters and have not paid consideration for the same.***

We acquired 10,52,283 equity shares of Rs. 10 each of SAPL from our Promoters. The total consideration for such acquisition was Rs. 14,731,962. For further details, please refer to the section titled "Related Party Transactions" beginning on page 155 of the Red Herring Prospectus. However, the said consideration has not been paid by the Company to the Promoters. In the event, any dispute is raised by the Promoter(s) over such consideration amount or the non-payment or delayed payment thereof, the Company's title to such equity shares and related rights over such equity shares may be adversely effected. Further there can be no assurance that the Company can resolve the dispute with our Promoter(s) on favorable terms. Any such dispute or proceedings related to the equity shares of SAPL held by the Company may adversely affect the business and revenues thereof and may further adversely affect the growth prospects of the Company.

14. ***Projects included in our order book could be delayed, cancelled or not fully paid for by our clients. Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in regard to contracts in our order book or disputes with clients in respect of any of the foregoing, could materially harm our business, results of operations and financial condition.***

Our order book as at July 31, 2010 was Rs. 53,169 lakhs, out of which the 10 largest orders represented 93.8%. Our order book represents business that is considered firm, but cancellations or scope or schedule adjustments could occur. We could also encounter problems in executing the contracts as ordered, or executing it on a timely basis. Moreover, factors beyond our control or the control of our clients could postpone a project or cause its cancellation, including delays or failures to obtain necessary permits, authorizations, permissions, right-of-way, and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in contract scope and schedule, as a result of exercises of our clients' discretion, problems we encounter in project execution, or reasons outside our control or the control of our clients, we cannot predict with certainty when, if or to what extent a contract in our order book will be performed.

Delays in the execution of a contract could result in our failure to receive, on a timely basis or at all, the final payments due to us on a contract. These payments often represent an important portion of the margin we expect to earn on the contract. In addition, even where a contract proceeds as scheduled, the other contracting parties could delay payment or otherwise fail to pay amounts owed to us. Further, delays in the execution of a contract could result in contractual penalties levied by the other contracting parties.

Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in regard to contracts in our order book or disputes with clients in respect of any of the foregoing, could materially harm our business, results of operations and financial condition.

15. ***We have not entered into long-term contracts with most of our telecommunication customers.***

We do not have long-term contracts with most of our telecommunication customers and any change in the buying pattern of the customers could adversely affect the business of our Company. Currently, the transactions with our customers are executed on the basis of work orders received. There is no compulsion on our clients to place orders, for tower manufacture, exclusively with us and they may concurrently place orders with more than one tower manufacturer. Although we have satisfactory business relations with our customers and have received continued business from them in the past, there is no certainty that the same will continue in the years to come and may affect our profitability.

16. ***Our buyers prescribe various product and service standards, which we are required to comply with, and they conduct on-site inspections to check on the compliance of the requisite standards and quality.***

Some of our buyers prescribe certain technical and quality standards, which we have to comply with. The customer has right to inspect the material before dispatch from our factory premises or third party premises to the site of construction. Whilst a customer has never rejected the materials in the past, the customer has the right to reject the materials if it is not in accordance to the specifications required or quality prescribed by them. Further, some of our service contracts prescribe quality standards and delivery benchmarks. If we are not able to meet such requirements, we may be faced with contractual penalties or loss of reputation. In the event that we are unable to comply with their standards and requirements in the future, our profitability and results of operations may be adversely affected. For our O&M business we have to provide a minimum uptime for our customers. Failure to deliver could result in significant penalties for us.

17. We have entered into arrangements with various parties for meeting the pre-qualification criteria for submission of bids for the execution of projects involving manufacture of power transmission towers and turnkey solutions. In the event we are unable to find suitable partners who are willing to enter into such arrangements with us, we may not be able to meet the pre-qualification criteria and hence our business and results of operations may be affected.

The Company lacks the pre qualification criteria to bid for certain projects involving manufacture of power transmission towers and providing turnkey solutions. As a result, in such situations, the Company has to largely depend upon its various joint venture partners for bidding for such projects.

In order to meet the pre-qualification criteria set out in certain tenders, some of our current operations for providing power transmission towers and turnkey services are conducted through joint partnerships for submission of the bids. We have entered into such arrangements with SEW Infrastructures Limited, Ranjit Singh and Co., K. Ramachandra Rao Transmission and Projects Private Limited, Dura-Fabs, Bhavani Electricals, Spic-SMO, Simplex Infrastructures Limited, Essel Infraprojects Limited and Patel Engineering Limited. This trend is likely to continue in the future. In case we are unable to forge alliances with other companies to meet the pre-qualification requirements, we may lose the opportunity to bid. Further, if we are unable to successfully manage relationships with our partners, our projects, and consequently our profitability, may suffer. The inability of our current partners or our partners in the future to continue with a project due to financial or legal difficulties could mean that we may be required to bear increased and possibly sole responsibility for the completion of the project and bear a correspondingly greater share of the financial risk of the project. In some cases, we may not be able to provide the services which our joint venture partners have failed to provide, due to our lack of experience or expertise in certain areas and we may not be successful in finding suitable substitute partners. Further, under the agreements entered into by us with our strategic partners, our inability to achieve the terms of the agreement would result in termination of the agreement or would restrict our ability to procure certain raw material for our business from other third parties at competitive rates. The marketing agreement dated March 16, 2010 entered into with Bejing Beikai Electric Company Limited, is valid for a period of 5 years, the parties are at a liberty to terminate the agreement in the event that the terms of the agreement are not achieved within a period of 1 year. Similarly, under the agreement dated December 14, 2009 entered into with U-Foam we are required to buy telecom shelters exclusively from U-Foam. Such terms in the agreements could severely and negatively impact our future business plans. For further details please see "History and Certain Corporate Matters" on page 114 of the Red Herring Prospectus.

In accordance with the terms of the arrangements with some of our partners, the responsibility and obligation for execution of the projects along with the liability for non-performance is both joint and several. We have also entered into written understandings subsequently, with our partners, whereby the responsibility for execution of a project has been transferred entirely to us and the revenue generated consequently would be paid entirely to us as well. However, the terms of the agreement to bid specifies that under no circumstances, the parties may be absolved of their responsibility for joint execution of the project. Such arrangements may prove to be an impediment on the execution of the projects and we are unable to assure you that we may be able to enforce the terms of the subsequent understanding with the joint bidding partner.

Moreover, in the event of any disagreements between us and our various partners regarding the execution of the projects, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests, which could have a material adverse effect on our business, financial condition and results of operations.

18. Due to increasing demand for our products and services, our dependence on third party manufacturers, service providers and sub contractors may increase.

Given the significant increase in demand for our products over the last year, our manufacturing facilities may not have sufficient capacity to cope with future demand. We already outsource some of our production to third parties. For instance, we have entered into memorandum of understanding with Beijing Beikai Electric Company Limited, China for gas insulated switchgear upto 245kV (GIS) and BTBECL, China to set up a joint venture company in India to carry on the business of manufacture of transformers initially with a capacity of 220KV and subsequently to manufacture, test, repair and maintain 765KV transformers. In the event the demand for our products exceeds our capacity, we will need to further outsource the manufacturing of our products. We also rely on third party manufacturers to produce various components which we subsequently use to form part of our completed products. As demand for our products increases, our dependence on these third party manufacturers and their components may also increase. There is no assurance that we will be able to find third party manufacturers to produce our products, or the components we use in our completed products, at the expected levels of quality or on terms that are acceptable to us. Further, non performance of these third party manufacturers and service providers could adversely affect our business. If we are unable to procure the required services or parts from these manufacturers for any reason (including the closing of operation or bankruptcy of such manufacturers), if the cost of these services or parts exceeds our budgeted cost, or if the services or parts provided are deficient or sub-standard, there may be an adverse effect on our business, financial condition and results of operations.

19. We face competition from other telecommunication and power transmission tower manufacturers and service providers.

At present, there are several players in the organized as well as in the unorganized sector who manufacture telecommunication and power transmission towers, substation structures and other related products and services. These entities offer their products at competitive prices. In the event we are unable to match their pricing or maintain quality standard demanded by our present or future customers, the business volume of our Company may be affected. The introduction of new technologies may reduce the cost of services similar to those that we plan to provide and create significant new competitors with superior cost structures. If we are not able to compete effectively with any of these industry participants, or if this competition places excessive downward pressure on prices, our operating results would be adversely affected.

SAPL manufactures products which are currently in testing phase. Testing for similar products is also being conducted by other manufacturers. Further there are a significant number of companies providing EPC and O&M services. Some of the competitors are significantly larger than us and have larger financial resources.

20. Our proposed foray into new businesses in the power transmission sectors may not be successful

We are exploring other opportunities in the power sector like transmission and distribution. Further, pursuant to the acquisition of SAPL, we propose to foray, with specific products and solutions, into sub-station management for both urban and rural segments. For further details, see "Business Overview-Business Strategy" on page 95 of the Red Herring Prospectus.

If we decide to develop any of these other opportunities, we will require a significant amount of additional capital to fund these developments and we may not be able to raise debt or equity financing on terms that would be acceptable to us, or at all. Further, given that we have had limited experience in the execution of such businesses, we may not be able to execute the projects within stipulated schedules or may not be able to completely satisfy our customers. If our services are claimed to be deficient or sub-standard, we may be held liable for penalties in the form of liquidated damages, amongst other action that the customers may take. If we fail to successfully develop and market products and services in these new business areas, we may not be able to recover the cost of establishing these new lines of business and our prospects and results of operations could be adversely affected. There can also be no assurance that we will be able to achieve the strategic purpose of developing such opportunities, an acceptable return on our investment or be successful. We also intend to spend significant costs and time for research and development. Any failure by us to successfully carry out our operations in these businesses could have a material adverse effect on our revenues, earnings and financial condition and could constrain our long term growth and prospects.

21. We have expanded our capacity recently and intend to further expand our capacity in the future. If we do not manage to procure sufficient orders, it would result in lower capacity utilization which could have a material adverse effect on our results of operations and financial condition.

We have expanded our tower manufacturing capacity from 36,000 MTPA to 120,000 MTPA as part of Phase I. We are further planning to expand our tower manufacturing capacity to 240,000 MTPA as part of Phase II. The tower manufacturing capacity as part of Phase I became operational in March 2010, as a result of which we have experienced lower capacity utilization. If we are not able to procure sufficient orders, we may continue to have lower capacity utilization which could have a material adverse effect on our results of operations and financial condition.

22. We have limited operating and financial history in manufacturing activities, O&M services and handling associated labour intensive operations.

Our Company was incorporated as an undertaking to carry on the business of steel trading. Though we diversified into tower manufacturing in 2007, a majority of our revenues in fiscal 2007 and 2008 were generated from our steel trading business. We are in the process of phasing our steel trading business out and for the fiscal year 2010, 28.74% of our total revenue was realized from the operations from our steel trading business. Thus we have limited experience in setting up and operating a manufacturing facility of a size similar to our Project. For further details, see "Our Management" on page 127 of the Red Herring Prospectus.

As a result of our limited operating history, there is little data on which to evaluate our past performance in setting up and operating a manufacturing facility of a size comparable to the proposed expansion. Also, this inexperience may hinder our ability to operate the proposed plant in a commercially successful manner. We also provide operations and maintenance services to our customers in the telecommunication sector and have limited experience in providing such services. Additionally, we also shall be required to employ a large work force and our limited experience in handling labour related issues may also prove to be a concern. These factors may adversely affect our results of operations and financials.

23. We have shifted from a manufacturing focused business model to a manufacturing, services and solutions business model. In the event we are unable to successfully manage this transition, our business and growth would suffer.

We have recently enlarged the scope of our business to providing turnkey services, operations and management services and solutions for the telecommunications infrastructure and power transmission industry. Additionally, we have acquired SAPL recently which is engaged in the business of designing, building and deploying related technology products, solutions and service solutions to the telecommunications infrastructure. We may not be able to manage this transition or make a profit as a service and solution provider. Further, efforts to gain entry into the services business may divert management's focus from our existing manufacturing business. If we are unable to successfully manage our transition from being a products manufacturing focused entity to a products and services provider, our results of operations may be adversely impacted. If any of our products do not perform in the manner they are supposed to or cause damage, we may be required to pay damages, and our reputation will suffer, which will adversely affect our results of operations.

Further, with the implementation of our technology initiatives, the importance of systems technology to our business has increased significantly. Our principal delivery channels include our sites. Each of these delivery channels is vulnerable to systems failures or other natural calamities. Although we currently have the technology and facilities in place to back up our systems, any failure in our systems, particularly those utilized for our billing, or the occurrence of natural calamities that affect areas in which we have a significant presence, could affect our operations and the quality of our customer service.

24. ***We have limited experience executing contracts outside India and we plan to further expand our operations outside India, which exposes us to additional risks. We may not be able to successfully manage some or all of the risks of such an expansion, which could have a material adverse effect on our results of operations and financial condition.***

To date, all of our business has been conducted in India. We plan to expand to other countries and regions where our international experience can provide cost and operational advantages. We face additional risks if we provide products and services in other countries or regions, including, adjusting our products and services to different geographies, obtaining the necessary construction materials and labour on acceptable terms, obtaining necessary governmental approvals and permits under unfamiliar regulatory regimes and identifying and collaborating with local business parties contractors and suppliers with whom we have no previous relationship. We may not be able to successfully manage some or all of the risks of such an expansion, which could have a material adverse effect on our results of operations and financial condition.

25. ***Our inability to manage our growth could disrupt our business and reduce our profitability***

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our existing businesses, as well as the development of related businesses and other projects. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Inability to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

26. ***If wireless service providers consolidate or merge with each other to any significant degree or increase the sharing of passive infrastructure, our growth, revenue and ability to generate positive cash flows could be adversely affected***

The Indian cellular telecommunication industry has experienced consolidation during the past couple of years, which may result in consolidation of cellular telecommunication networks and reduced capital expenditures due to the potential overlap in network coverage and in expansion plans. Significant consolidation among our existing or potential customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. Pursuant to any such consolidation, certain parts of our actual or potential customers' merged networks may be deemed to be duplicative and these customers may attempt to eliminate these duplications. Our future results of operations could be negatively impacted if a significant number of these contracts are eliminated from our ongoing contractual revenues and our growth prospects may be limited if such consolidations occur and eliminate what we currently believe to be potential markets for our services. In addition, the development and commercialization of new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks may significantly decrease demand for additional passive telecommunication infrastructure. Further, there is increased sharing of passive telecom infrastructure equipment between operators. This trend would reduce demand for our towers.

There can be no assurance that there will not be further consolidation of Indian cellular telecommunication operators in the future or that new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks will not emerge, each of which could decrease our Company's revenue from its key customers and may adversely affect its business and financial condition.

Further there is increased sharing of passive telecommunication infrastructure equipment operators. This trend could reduce demand for our towers.

27. ***Increases in the costs of executing our EPC contracts that are not covered by variation clauses in our agreements could adversely affect our results of operations.***

An increase in the quantity of material and labour required to execute our EPC contracts could cause the actual expense to us for executing the project to vary from the assumptions underlying our bid for such contract, which could reduce our expected profit margin or lead to losses. We derived 46.96% of our total income from operations in the fiscal ended March 31, 2010 and 71.53% of our total income from operations for the three months ended June 30, 2010 from our turnkey services. Variations in the quantity of material and labour from that estimated by us could be caused by various factors, including:

- unforeseen changes in engineering or design of the project;
- unforeseen site conditions, including soil, terrain and weather;
- unforeseen construction conditions, including the inability of the client to obtain environmental, right of way and other approvals, resulting in delays and increased costs;
- suppliers' or subcontractors' failure to perform; and
- inaccurate field surveys or estimations of variables by our tender estimation team.

Although most our EPC contracts provide for limited price variation clauses based on, among other things, increases in the prices of certain materials and taxes, we continue to be exposed to the risk of price changes in materials and labour costs if a price variation formula does not accurately reflect our increased costs. In addition, these contracts generally do not provide for increases in transportation costs, which exposes us to risk of increases in transportation costs.

28. ***We derive 35.54% of our revenue from our top five clients.***

Our revenue is currently dependent on the performance and business of top five clients. For the year ended March 31, 2010, our top five clients contributed Rs. 19,428.95 lakhs amounting to 35.54% of our revenue. Accordingly, risks that could harm our top five clients could adversely affect our business and financial condition as well. Further, if these top five clients decide to terminate or not to renew its contracts with us, it would adversely affect our profitability.

29. ***The substantial majority of SAPL's business is currently dependent on Indus Towers Limited.***

The revenue of SAPL is currently dependent on the performance and business of Indus Towers Limited ("Indus"). For the year ended March 31, 2010 94.63% of SAPL's revenue was from Indus. Accordingly, risks that could harm Indus or if Indus experiences financial difficulties, it could adversely affect our business and financial condition as well. Further, if Indus decides to terminate or not to renew its contracts with SAPL, it would adversely affect our profitability.

30. ***A significant part of our business transactions are with Government entities or agencies which present particular risks. Any change in Government policies or initiatives may cause delays in executing projects, which may adversely affect our business and results of operations.***

A significant part of our business is dependent on projects undertaken by Governments through power or utilities companies, many of which are directly or indirectly owned or controlled by the government or relevant government organizations. There could be delays in executing the projects with these authorities and due to changes in Government policies or initiatives, changes in budgetary allocation or the insufficiency of funds on the part of the Government or Government organizations.

Government contracts generally also contain unilateral termination provisions in favour of the Government. The provisions generally state that the Government has the right to terminate the contract for convenience, without any reason, at any time after providing us with reasonable notice. In the event that one or more of our material contracts are terminated, our business and results of operations may be adversely affected.

In addition, documentary closure or completion of Government contracts, including the release of performance guarantees and final acceptance notices, generally takes significant amounts of time and is subject to material delays, which also adversely affects our financial condition and results of operations.

31. Fluctuation in the cost of raw materials, particularly steel, have put pressure on our margins and could have a material adverse impact on our financial condition and results of operations.

Our business is significantly affected by the availability, cost and quality of the raw materials, purchased items and fuel, which we need to procure so as to construct and develop our projects and products. Our principal raw materials include steel, zinc, cables, diesel oil, concrete, cement and reinforcement bars. The prices and supply of these and other raw materials, purchased items and fuel depend on factors beyond our control, including general economic conditions, competition, production levels, transportation costs and import duties. Although we generally provide for price contingencies in our contracts to limit our exposure, if, for any reason, our primary suppliers of raw materials, purchased items and fuel should curtail or discontinue their delivery of such materials to us in the quantities we need or at prices that are competitive or expected by us, our ability to meet our material requirements for our projects could be impaired, our construction schedules could be disrupted, and our earnings and business could suffer. Further, we may not be able to pass on any increase in the cost of manufacturing our products to our customers, which may adversely affect our results of operations. Additionally, we rely on manufacturers and other suppliers for certain products and do not have control over the quality of products they supply, which may adversely affect the quality and workmanship of our projects.

32. The operations of the Company are subject to manufacturing risk and may be disrupted by failure in the facilities.

The Company’s manufacturing operations could be disrupted for reasons beyond its control. These disruptions may include extreme weather conditions, fire, natural calamities or raw material supply disruptions. In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays which may cause suspension of production and reduced output. Any significant manufacturing disruption could adversely affect the ability of the Company to manufacture its products, which could have a material adverse effect on its business, financial condition and future results of operations.

In addition, due to the nature of its business and despite compliance with requisite safety requirements and standards, the operations of the Company are subject to operating risks associated with steel manufacturing. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability and on the business, financial condition and future results of operations of the Company.

Also, our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs continued, loss of services of our external contractors, earthquakes other natural disasters and industrial accidents. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. The occurrence of any of these events could significantly affect our operating results.

The nature of our business requires us to work with electricity under potentially dangerous circumstances. If improperly handled or subjected to unsuitable conditions, high voltage electricity can cause causalities among employees or other persons and cause damage to our properties and the properties of others. This could subject us to disruptions in our business, legal and regulatory difficulties and costs and liabilities, which could adversely affect our results of operations. We do not carry any insurance against harm to third parties, other than during the course of construction of our projects.

In certain countries, there have been attempts by claimants to argue that the high-voltage transmission of electricity can have an adverse effect on the health of people who spend time near transmission infrastructure. If, however, any such claim were to be brought against us and succeed, our business and financial condition could be adversely affected.

33. ***Our O&M operations are subject to hazards such as theft and other risks and could expose us to liabilities, loss in revenues and increased expenses. A failure to effectively cover ourselves against these risks could expose us to substantial costs and potentially lead to losses.***

Our O&M operations are subject to hazards, such as risks of theft, vandalism, equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe loss or damage to and destruction of property and equipment and environmental damage. Improper handling of materials and machines used in our operations can also result in accidents. We have experienced accidents resulting in casualties among contract workers. We cannot assure you that we will be able to prevent similar accidents in the future. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. A failure to effectively cover ourselves against these risks could expose us to substantial costs and potentially lead to losses.

34. ***A breakdown or non-availability of machines and equipment may adversely affect our results of operations.***

We use various machines and equipment in our business such as fabrication machines, hydraulic machines, shearing machines and EOT Cranes. We have a limited ability to pass on increases in machine and equipment maintenance and running costs, including those resulting from a breakdown or temporary non-availability of machines and equipment. Unanticipated increases in equipment costs may also adversely affect our results of operations.

Further, any significant operational problems or the loss of our machines and equipment for an extended period of time could also adversely affect our results of operations.

35. ***Our costs could increase and our revenues could decrease due to perceived health risks from radio emissions from telecommunication towers, especially if these perceived risks are substantiated.***

Public perception of potential health risks associated with cellular and other wireless communications media could slow the growth of wireless companies, which could in turn slow our growth. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of tower sites, which could in turn materially restrict our ability to expand our business.

The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers in various jurisdictions. In India, petitions have been filed against the installation of communications towers near residential areas owing to concerns relating to the adverse effects of electromagnetic radiation. If a scientific study or court decision results in finding that radio frequency emissions poses health risks to consumers, it could negatively impact the market for wireless communications services, which would adversely affect our business, prospects, results of operations and financial condition.

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

Our insurance policies currently consist of a general fire, damage and flood coverage for our manufacturing units. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow could be adversely affected. Moreover, we do not maintain a key man insurance policy for any of our executive directors and our key managerial personnel. For details of our insurance cover, please refer to the section titled “Business Overview” beginning on page 92 of the Red Herring Prospectus.

37. ***A failure of our operational systems or infrastructure, or those of third parties, could impair our liquidity, disrupt our businesses, cause damage to our reputation and result in losses.***

Our business is highly dependent on our information technology systems. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and reputational damage.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our failure to maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control including, for example, virus threats or electrical or telecommunication service disruptions, which may result in a loss or liability to us.

38. ***All our present and proposed manufacturing facilities are situated in one geographical area, and thus exposed to any risks/adverse developments affecting that area.***

Our present manufacturing facility is situated at Medchal and the present Project is situated in Medak district, which are around the same geographical area and consequently, our business operations are vulnerable to damage or interruptions in operations due to adverse weather conditions, earthquakes, fires, explosions, power loss, viruses, transmission cable cuts, civil disturbances or other similar events which may affect these areas. Any failure of our systems or any shutdown of any part of our manufacturing units, networks, operations because of operational disruptions, natural calamities such as flood or earthquake, or other factors, could disrupt our services and result in significant costs and delays in execution of orders. We do not have a diversified base of manufacturing operations, and local disturbances would have a material adverse effect on our business, and consequently on our operations and financial condition.

39. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.***

A significant portion of our Net Proceeds would be utilized for funding our increased working capital requirement as a result of our proposed expansion. The Objects for which the funds are being raised has not been appraised by any bank or financial institution. The estimate of costs is based on quotations received from vendors and management estimates. Though these quotes/ estimates have been taken recently, they are subject to change and may result in cost escalation. The requirement of working capital has been determined based on the Company's estimates in line with the past trends. Any change or cost escalation can significantly increase the cost of the project.

40. ***We are yet to acquire the entire portion of land that we require for our Project and any failure to acquire such land may harm our business prospects***

We require 80.00 acres of land for Phase I and Phase II of the Project of which we have currently acquired 70.39 acres of land. We have identified the balance 9.01 acres of land and have entered into a lease deed dated March 1, 2009 with one of our Promoters Mr. Rakesh Agarwal, whereby we have agreed to lease land admeasuring 12.12 acres (including the said 9.01 acres) for a period of five years. In the event the lease deed is terminated or we do not have leasehold rights over the same at a favorable rate, we may not be able to implement our Project in a timely manner, resulting in cost and time overruns which may further lead to our business and future prospects being severely affected.

41. We have not placed orders for all the machinery and equipment amounting to Rs. 5,429 lakhs that is required for Phase II of our Project and as a result, we may face time and cost overruns.

We have not yet entered into definitive agreements or have placed orders for all the machinery and equipment amounting to Rs. 5,429 lakhs required for Phase II of our Project. We are subject to risks on account of inflation in the price of machinery and other equipment that we require for Phase II. These factors may increase the overall cost of Phase II, and we may have to raise additional funds by way of additional debt or equity placement to complete Phase II, which may have an adverse effect on our business and results of operations.

42. If there is a delay in the proposed schedule of implementation of Phase II of our Project, we may face time and cost overruns.

The proposed schedule of implementation of Phase II of our Project is based on our management's estimates. In the past, the expansion plans have been delayed as a result of market volatility and delay in completion of the IPO. If the schedule of implementation is delayed for the same reason or for any other reason whatsoever, we may face time and cost overruns and this may affect our results of operations. Additionally, we may also require various approvals from State Governments or other regulatory bodies, and there can be no assurance that we will receive such approvals in a timely manner, or at all. Delays in obtaining these approvals could result in delay in implementation of Phase II of our Project and impact our financial condition. For instance, we have in the past experienced time overruns for the Phase I plant by 14 months, backward integrated structural mill by six months and the Phase II time plant by 21 months from the original estimated date of completion. Further, there has been 6.6% overrun in the cost for the Phase I plant from the original estimated cost. If we are not able to implement our Project in a timely manner, our business and future prospects may be severely affected.

43. The completion of the Project is dependent on performance of external agencies. Any shortfall in the performance of these external agencies may adversely affect our expansion plans.

The completion of the Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect our expansion plans.

44. We have entered into, and will enter into, related party transactions

We have entered into transactions with several related parties, including our Promoters and Directors. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. For more information regarding our related party transactions, please refer to the section titled "Related Party Transactions" beginning on page 155 of the Red Herring Prospectus.

45. We require certain statutory approvals for conducting our business and our failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.

Our regional offices and project offices are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. Most of our branches have not applied for such registration. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

46. We have not obtained consent from one of our lenders for certain transactions requiring such consent.

In the past, we may not have complied with certain restrictive covenants contained in the loan agreements entered into by us with the lenders. Under our financing agreement dated December 4, 2006 with IDBI, we are required to seek their consent to, inter alia, be able to acquire a subsidiary. We have not obtained the consent and our failure in this regard, may result in an event of default under the aforementioned agreement, which would entitle the lender to call a default against us and enforce remedies under the terms of financing agreement. A default by us under the financing document may also trigger a cross-default under our other financing documents. Any such termination and subsequent action taken by our lenders may individually or in aggregate, have an adverse effect on our business, results of operations and financial condition.

47. We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.

In connection with our borrowings from lenders, we have agreed to restrictive covenants that require, amongst other things, the prior consent requirement of the lenders for change in our capital structure, incurring any further indebtedness, declaring dividend for any year, prepayment of any loan, change in the memorandum and articles of association, issue of debentures and acceptance of deposits from public, creation of a subsidiary, revaluation of our assets at any time during the currency of the loan and creation of any encumbrance or any type of preferential arrangement. Further, the loan agreement entered into with IDBI Bank also gives them the right to appoint a nominee director on our Board.

Further, some of our property and 48.79% of our equity share capital held by our Promoters are pledged in favor of the lenders as security for our loans. If we default under the loan agreements, our lenders may enforce the security. Additionally, any delay in removing the security after we repay our loans may make it difficult for us to obtain additional debt using the same security.

Our ability to execute expansion plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be severely and negatively impacted as a result of these restrictions and limitations. Our failure to comply with any of these covenants could result in an event of default, which could accelerate our need to repay the related borrowings and trigger cross-defaults under other borrowings. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. For further details, please refer to the section titled "Financial Indebtedness" beginning on page 258 of the Red Herring Prospectus.

48. We require certain approvals and licenses in the ordinary course of business, and the failure to obtain or retain them in a timely manner may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business. Some of the licenses and approvals that we require have expired for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For more information, see "Licenses and Approvals" on page 269 of the Red Herring Prospectus. Also, we require certain licenses and approvals for our Project which has also been listed out in the section titled "Licenses and Approvals". If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected. If we fail to comply or a regulator claims we have not complied with these conditions, our business, prospects, financial condition and results of operations may be materially adversely affected.

Further, our Company is subject to various national, state-level and municipal environmental laws and regulations in India concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. Our manufacturing facilities are also subject to environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. These laws can impose liability for non-compliance with regulations and are increasingly becoming more stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. While we intend to comply with applicable environmental legislation and regulatory requirements and believe that we are materially in compliance with these as of the date of this Red Herring Prospectus, it is possible that such compliance may come to have an adverse effect and/or prove to be costly. In addition to potential clean-up liability, we may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on our operations. We may also, in the future, become involved in proceedings with various regulatory authorities that may require us to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue us for damages and costs resulting from environmental contamination emanating from our properties.

While we believe we are currently in compliance in all material respects with all applicable and environmental laws and regulations, the discharge of materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Indian government or the state governments where our towers are located.

49. We have not registered any of our intellectual properties and any failure to protect our intellectual properties may affect our result of operations

We have made an application for registration of our label "BS Group", as appearing on the cover page, in class 9 under the Trade Marks Act, 1999. Currently, we cannot claim ownership over any registered trademark. Further, SAPL has made two applications for registering 'Multitenant Energy Optimizer' and 'System and Method for dynamic management of remote infrastructure' patents and two applications for registering the trademark 'Intelligent Data Device' and its abbreviation 'IDD' and an application to register its logo as a trademark. For more details, please refer to the section titled "Licences and Approvals" beginning on page 269 of the Red Herring Prospectus. Any failure to protect our intellectual property rights may adversely affect our business and results of operation.

50. Our business is capital intensive. If we experience insufficient cash flows or are unable to borrow funds to meet working capital and other requirements, there may be an adverse effect on our results of operations.

Our business requires a significant amount of working capital to finance the purchase of raw materials and other work related expenditures before receipt of payments. Circumstances or events which could also create large cash outflows include among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and professional and product liability claims. Significant amounts of capital expenditures are required to purchase, maintain and update plants and equipment that are important to our provision of products and services. There could be situations where the total funds available may not be sufficient to fulfill our commitments, and hence we may need to borrow additionally in the future or utilize cash flows from operations and other activities to satisfy our working capital and capital expenditure needs. If we experience insufficient cash flows or are unable to borrow funds on a timely basis or at all to meet working capital, and other requirements, there may be an adverse effect on our operations. Additionally, in some cases, there may be delay in the roll out of sites by the customer to which towers are to be dispatched, erected and painted. Under such circumstances, we would have to stock the towers at our premises and consequently this may lead to delay in the monthly dispatches, which would consequently lead to an increase in our working capital requirements. Such a situation would be detrimental to our business and may affect our results of operations.

51. We had negative net cash flows from operating and investing activities on a standalone and consolidated basis in the past and may experience such negative cash flows in the future. The negative cash flows from operating activities are primarily on account the working capital intensive nature of the business.

We have experienced negative cash flows from operating and investing activities for FY 2010, FY 2008, FY 2007 and FY 2006. The negative cash flows are primarily on account of the significant high working capital requirement of the business. For instance, total sundry debtors have increased from Rs. 9,817.95

lakhs as on March 31, 2009 to Rs. 21,752.62 lakhs for the year ended March 31, 2010 and Rs. 24,778.04 lakhs for the three months ended June 30, 2010 and total sundry creditors have increased from Rs. 4,264.54 lakhs as on March 31, 2009 to Rs. 13,854.80 lakhs for the year ended March 31, 2010 and Rs. 15,780.36 lakhs for the three months ended June 30, 2010. We expect our working capital requirement will continue to remain high in the foreseeable future. Any operating losses or negative cash flows in the future could affect our results of operations and financial conditions.

For further details, see "Financial Statements" on page 157 of the Red Herring Prospectus.

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

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

53. Additional issuances of equity may dilute the holdings of our shareholders

Any future issuance of our Equity Shares or securities linked to our Equity Shares may dilute the positions of investors. In addition, we intend to implement an employee stock option plan, under which additional Equity Shares may be issued to eligible employees subsequent to the listing of the Equity Shares. Any such issuance of Equity Shares may dilute holding of our shareholders. For further details on the BSTL ESOP, see "Capital Structure" on page 30 of the Red Herring Prospectus.

54. Our success depends largely on our senior management and our ability to attract and retain our personnel.

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team were unable or unwilling to continue in their present positions, those persons could be difficult to replace and our business could be adversely affected. Further, we propose to foray into new business activities for which we need employees with the required skill sets for project execution. Attracting and retaining scarce top quality managerial talent has become a serious challenge facing companies in India. We have in the past experienced a high attrition of our key managerial personnel. Competition for senior management in the industry in which we operate in India is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of our senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

55. We do not own the premises where our Registered Office and our branch offices are located.

At present we do not own the premises that we use as our Registered Office. I-Vantage Private Limited has entered into lease deed dated March 25, 2005 in relation to the same. Whilst the lease deed is in the name of I-Vantage Private Limited, we are permitted to utilize the said premises. Further, the rentals towards the lease of such premises are paid by us as the premises are entirely utilized by us. This lease deed was valid till June 30, 2010. In the event the owner of the premises fails to renew the tenancy, we may suffer disruption in our operations. Further, we do not own any of the premises from where we operate our regional offices and project offices. If the terms of the lease are violated by us or if we are unable to renew the leases prior to the expiry of the term thereof on terms and conditions favourable to us, we may suffer a disruption in our operations which may adversely affect our operations.

External Risk Factors

56. Fluctuations in exchange rates between the Rupee and foreign currencies may have a material adverse effect on our results of operations.

We currently do not engage in hedging to address our foreign currency exposure and significant fluctuations in exchange rates could have a material adverse effect on our business, prospects, results of operations and financial condition.

57. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

58. Our business or operation may be disrupted by technical failures, natural disasters or terrorism

The business of our Company is exposed to technical failures and natural calamities such as, explosions, earthquakes, storms and floods. The occurrence of a technical failure or natural disaster, or other mishaps could disrupt the operations of the business of our Company and result in loss of revenues and increased costs. Further, terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

59. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

60. ***Foreign direct investment in India under the "automatic route" is governed by a policy statement which may be ambiguous in its terms.***

FDI Regulations impose certain conditions on investments in India. Government policy in respect of FDI in India is regulated by Circular No. 1 of 2010 and Press Note 2 issued by the Government of India, Ministry of Commerce and Industry, which permits foreign direct investment of up to 100% subject to fulfilling certain specified conditions. The FDI Regulations, Circular No. 1 of 2010 and Press Note 2, however, are subject to differing interpretations. For example, foreign direct investment is subject to the condition that for joint ventures with Indian partners the "minimum capitalization" should be US$5 million. However, there is some ambiguity on what is meant by "minimum capitalization". In addition, although the FDI Regulations, Circular No. 1 of 2010 and Press Note 2 stipulate that funds have to be brought in within six months of "commencement of business of the Company", the term "commencement of business of the Company" has not been defined or explained and may also be subject to differing interpretations.

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

We derive substantially all of our revenues from operations in India and, consequently, our performance and growth is dependent on the state of the overall Indian economy. The Indian economy has shown sustained growth over the last several years, with real GDP expected to grow at 7.2% in the year ended March 31, 2010. It has grown by 6.7% in the year ended March 31, 2009 and 9.0% in the year ended March 31, 2008. However, growth in industrial production in India has been variable. Any slowdown in the Indian economy could adversely affect our business and the businesses of our customers. The Indian economy, following a period of significant growth, has more recently been adversely affected by challenging global market and economic conditions that has caused and may continue to cause a downturn in the economic growth rate in India. The current economic slowdown has had and could continue to have, and any future slowdown in the Indian economy could have a material adverse effect on the capital expenditure budgets of our customers and, as a result, on our financial condition and results of operations.

62. ***Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on our stock price.***

Our financial statements, including the restated financial statements provided in this Red Herring Prospectus, are prepared in accordance with Indian GAAP. US GAAP and IFRS differ in significant respects from Indian GAAP. We have not attempted to explain these differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

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

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

The price of the Equity Shares on the Indian stock exchanges may fluctuate as a result of the factors, including:

a. Volatility in the Indian and global securities market;

b. Company's results of operations and performance;

c. Performance of Company's competitors,

d. Adverse media reports on Company or pertaining to the industry in which we operate;

e. Changes in the estimates of Company's performance or recommendations by financial analysts;

f. Significant developments in India's economic liberalization and deregulation policies;

g. Significant developments in India's fiscal and environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for the industry. There has been no public market for our Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

64. Future sales of Equity Shares by shareholders or any future equity offerings by us may adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As a purchaser of the Equity Shares, you may experience dilution of your shareholding to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

65. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives appropriate trading approvals

Our Equity Shares will be listed on the NSE and the BSE. In accordance with the Indian law and practice, permission for listing and trading of Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. 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 under applicable Indian law in practice. Accordingly, any delay in obtaining the listing approvals would restrict your ability to dispose of your Equity Shares. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the Stock Exchanges, the Company is required to refund all monies collected to investors.

66. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

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

67. Conditions in and the volatility of the Indian securities market may affect the price or liquidity of our 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. Further, the Indian stock exchanges have often experienced periods of significant volatility, with the BSE index declining by 10.16% to 9,826.91 points (the intra-day low on May 22, 2006). The BSE index also fell by 453.36 points or 3.49% to 12,529.62 points on March 14, 2007. Moreover, the BSE index fell from a close of 20,873.33 points on January 8, 2008 to a close of 8,509.56 points on October 27, 2008, a fall of approximately 59.23%. Trading was also halted on the NSE and BSE on May 18, 2009 as the BSE Sensex rose by 17.34% after the announcement of India's parliamentary results. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of securities, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

68. Continuous rise in inflation in India as a result of global slowdown could lead to an increase in our operating costs and hence adversely affect our margins. Further, regulatory actions to rein inflation have led to increase in interest rates, and further increases cannot be ruled out, which again may affect our results of operations.

The global economy is emerging from a slowdown as a result of the sub-prime mortgage crisis. This has affected the Indian economy, like almost all other economies across the world, and inflation in India has been recorded at 13.93% (provisional) on a point to point basis for the week ended April 24, 2010 over April 25, 2009.The sharp increase in the inflation rate has adversely affected our margins. The increase in inflation has prompted the Reserve Bank of India to implement policies which include increase of interest rates of banks. In the event there is no let up in the global economic slowdown and the obvious consequent regulatory measures to check the affects in India, our results of operations may be severely affected.

Prominent Notes

- The net worth of our Company was Rs. 8,363.78 lakhs for the year ended March 31, 2010 and Rs. 9,705.95 for the three months ended June 30, 2010, as per our restated standalone financial statements and was Rs. 8,298.76 lakhs for the year ended March 31, 2010 and Rs. 9,633.81 for the three months ended June 30, 2010, as per our restated consolidated financial statements.

- Public issue of 76,79,410 Equity Shares for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●] lakhs by the Company. The Issue would constitute 35.10% of the fully diluted post issue paid-up equity capital of the Company.

- The net asset value/book value per Equity Share was Rs. 58.90 for the year ended March 31, 2010 and Rs. 68.36 for the three months ended June 30, 2010, based on the restated standalone financial statements and Rs. 58.45 for the year ended March 31, 2010 and Rs. 67.85 for the three months ended June 30, 2010, based on the restated consolidated financial statements of our Company.

- The average cost of acquisition of the Equity Shares by our Promoters is:

Name of the Promoter	Cost per Equity share (Rs.)
Mr. Rajesh Agrawal	21.93
Mr. Rakesh Agarwal	21.22
Mr. Mukesh Agarwal	20.53

- Except as disclosed in “Capital Structure” on page 30 of the Red Herring Prospectus, we have not issued any shares for consideration other than cash.

- Except as disclosed in “Our Management” and “Our Promoters and Promoter Group” on pages 127 and 144 respectively of the Red Herring Prospectus, none of our Promoters, our Directors and our key management personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

- Investors may contact the BRLM and the Syndicate Members for any complaints, information or clarifications pertaining to the Issue.

- Investors are advised to refer to “Basis for Issue Price” on page 59 of the Red Herring Prospectus.

- We have entered into related party transactions with our Promoters, Directors and Subsidiaries. The aggregate value of the related party transactions on a standalone basis for the year ended March 31, 2010 is Rs. 1,385.68 lakhs and for the three months ended June 30, 2010 is Rs. 335.42 lakhs and on a consolidated basis for the year ended March 31, 2010 is Rs. 314.55 lakhs and for the three months ended June 30, 2010 is Rs. 114.57 lakhs. For related party transactions, see the notes to our financial statements in “Related Party Transactions” on page 155 of the Red Herring Prospectus respectively.

- The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please refer to the section titled “Issue Procedure” beginning on page 291 of the Red Herring Prospectus.

- The name of our Company was changed to BS TransComm Limited pursuant to a fresh certificate of incorporation consequent upon change of name dated January 24, 2008. For further details, see “History and Certain Corporate Matters” on page 114 of the Red Herring Prospects.

- Trading in Equity Shares for all investors shall be in dematerialised form only.

SECTION III

SUMMARY OF INDUSTRY

Telecommunication - Passive Infrastructure Industry

The Indian Telecommunication Sector has shown significant levels of growth during the last decade. The total subscriber base has increased from 19 million in FY 1998 to 635.5 million as of June 30, 2010. The growth has been propelled largely by high demand for mobile telephony. It is noteworthy that the Indian mobile subscriber base grew ten-fold in just 4 years (from 7.6 million subscribers in December 2001 to 75.9 million in December 2005) and then 7-fold over the next 4 years (from 75.9 million subscribers in December 2005 to 525.9 million in December 2009). A significant part of this growth is now taking place in smaller cities and rural areas. With 635.5 million mobile phone connections at the end of June 2010, India is today the second largest and the fastest growing telecom market in the world in terms of number of wireless connections. The number of cell phone users is estimated to be at 1,000 million by 2014/15. *(Source: TRAI, DoT).* Key factors expected to drive wireless sector growth include favorable economic and demographic factors, low teledensity, fixed to mobile substitution, declining tariffs and handset costs, savings in costs and upfront capital expenditure, new operators launching services and uptake of new technologies like 3G. Telecom sector wireless services network infrastructure can be broadly classified into active and passive.

Passive infrastructure components include the tower site, steel tower, shelter room, power regulation, battery back up, DG set, air conditioner, fire extinguisher, security cabin. Passive Infrastructure accounts for around 60 percent of the capital costs for setting up a wireless network in India. The passive infrastructure industry can be further divided into (1) Telecom Tower Companies that build own and manage the passive infrastructure and lease it to multiple telecom operators (2) Allied Infrastructure Companies which supply products required at telecom tower sites to keep the active equipment functional (3) Turnkey Service Providers which offer passive infrastructure solutions on a turnkey basis to operator clients. *(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)*

Passive infrastructure sharing brings a lot of benefits to telecom operators and has now become a common practice in India. The key growth drivers for the passive infrastructure industry include growth in subscribers and network traffic, reduction in costs and capital expenditure, network expansion, roll out of services by new operators, need to improved network quality, emergence of new technologies like 3G & BWA, government initiatives on infrastructure sharing.

Passive infrastructure sharing though simplest but still requires consideration of load bearing capacity of the tower, azimuth angle of different service providers, tilt of the antenna, etc. While new towers can be built taking into consideration the ultimate load bearing capacity required, some of the existing towers may not have been designed to cater to combined load of antennae of service providers sharing the tower resulting in unsuitability of such towers for sharing. The operation and maintenance of shared site is a critical issue. Unsatisfactory maintenance may badly affect quality of service and coverage. Insufficient Power supply/ Power backup can totally paralyze the operation of the mobile service in that area. *(Source: TRAI)*

Power – Transmission and Distribution Industry

Historically India has experienced shortages in energy and peak power requirement. The energy deficit averaged at 8.9% and the peak power deficit averaged at 12.8% from Fiscal 2003 to Fiscal 2009. According to CEA, the energy deficit for the period April 2009 to January 2010 was 9.9% while the peak power deficit for the period April 2009 to January 2010 was 12.6%. The deficit is a consequence of slow progress in the development of additional power generation capacity. Recognizing electricity as one of the key drivers for rapid economic growth and poverty alleviation, the Government of India (GoI) has set the target of providing electricity to all households by 2012. The GoI has set a target to achieve 1,000 kWh per capita by Fiscal 2012, according to its mission of "Power for All by 2012" as envisaged in National Electricity Policy.

According to CEA March 2010 Report, as on March 31, 2010, the total installed power generation capacity in India was 159,398.49 MW. State Electricity Boards accounted for 49.8% and Central Public Sector Units accounted for 32.0% of the total installed power generation capacity. The participation from the private sector is comparatively small at 18.2%. The capacity additions envisaged in the 11th Plan (2008-12) and 12th Plan (2013-2017) are 78,700 MW and 100,000 MW respectively.

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. Most interstate transmission links are owned and operated by the Power Grid Corporation of India Limited, or PGCIL, though some are jointly owned by the State Electricity Boards, or SEBs. In addition, PGCIL owns and operates many inter-regional transmission lines (which are a part of the national grid) to facilitate transfer of power from a region of surplus to one with deficit. State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). The government is focused on development of strong national grid to ensure reliable supply of power to all. The 11th and 12th plan envisages addition of 24,600 cKM and 37,100 cKM respectively to increase the total inter regional capacity to 75,150 cKM by 2017.

The 11th Plan envisages a total addition of 95,283 cKM of transmission lines (220 KV and above) and the 12th Plan envisages addition of 120,000 - 125,000 cKM of transmission lines (220 KV and above). The total funding requirement estimated for the Transmission Segment in the 11th Plan and 12th Plan is Rs. 140,000 crores and Rs. 240,000 crores respectively. As per IEEMA, the total transmission lines market is estimated at Rs.9,200 crores at the end of FY09.

To improve the distribution of power, the GoI has formulated the Restructured Accelerated Power Development Reform Programme ("R-APDRP") and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). The focus of R-APDRP in 11th Plan and beyond is on actual, demonstrable performance in terms of loss reduction. State Power Utilities are expected to reduce AT&C losses to 15.0% by 2012 from 32.1% at the end of 10th plan (FY 2007). RGGVY is focused on rural electrification and aims at electrification of 125,000 un-electrified villages and hamlets and electrification of 7.8 crore households. The total funding requirement estimated for the Distribution and Rural Electrification Segment in the 11th Plan and 12th Plan is Rs. 309,000 crores and Rs. 404,000 crores respectively.

Disclaimer from CRISIL Limited: CRISIL Limited has used due care and caution in preparing the CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008. 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 this report may be published/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.

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian GAAP set forth elsewhere in the Red Herring Prospectus. In this section only, any reference to "we", "us" or "our" refers to BS TransComm Limited and its Subsidiaries.

Overview

We are engaged in the business of providing a range of services to telecommunication infrastructure providers for setting up their passive infrastructure and to power transmission companies for setting up their transmission lines and sub-stations. We are engaged in the manufacturing and supply of telecommunication and transmission towers, substation structures and providing service solutions to the telecommunication infrastructure and power transmission sectors. Subsequent to our acquisition of SAPL, we are also engaged in the designing, building and deploying related technology products and solutions to the telecommunications infrastructure sector**.**

Our tower manufacturing activities include designing and fabrication of telecommunication and power transmission towers. Our Company has a manufacturing capacity of 1,20,000 MTPA with a backward integrated structural steel plant supporting the raw material required for tower manufacturing. We are currently undertaking a Project to expand the manufacturing capacity to 240,000 MTPA.

Our product portfolio for the telecommunications infrastructure sector includes designing, building and manufacturing towers. Subsequent to our acquisition of SAPL, we have also started to provide solutions such as remote site monitoring solution (intelligent data device) for the telecommunication sector. Our remote site monitoring solution that is provided at certain of our telecommunication sites across India is intended to provide operational efficiencies in the management of the telecommunication infrastructure. Our services for the telecommunication infrastructure sector include turnkey services, engineering procurement construction ("EPC"), operations upgradation of towers and managed services including operations and maintenance ("O&M"). As a turnkey service provider to the telecommunication sector we undertake site identification, clearance and design, project management and control, equipment procurement, supply and installation and managing services. As a managed services provider to the telecommunication sector, we undertake complete site maintenance and reporting including activities such as fuel management, security management, estate management, trouble shooting and fault management and preventive and corrective maintenance.

Our product portfolio for the power transmission sector includes transmission towers, sub-station structures and equipments, insulators, transformers and conductors. Our services in the power sector include survey, design and setting up of transmission lines for power evacuation on turnkey basis and design and setting up of sub-stations. As a turnkey service provider ("TSP") to the power transmission sector, we execute power transmission and sub-station projects on turnkey basis which includes supply of materials, installation, erection, testing and commissioning.

We are headquartered in Hyderabad and have eight regional offices in India through which we service customers in 23 telecommunication circles and six project offices to serve the customers in power sector. As of June 30, 2010, we had 1,011 permanent employees and 780 contract employees for our operations.

We have supplied towers to companies such as Reliance Infratel Limited, Wireless - TT Info Services Limited, Indus Towers Limited, Power Grid Corporation India Limited ("PGCIL"), Transmission Corporation of Andhra Pradesh Limited ("APTransco"), Rajasthan Rajya Vidyut Prasaran Nigam Limited ("RRVPNL"), Sterling Projects and Engineering Limited, Tata BP Solar India Limited, Quippo Telecom Infrastructure Limited and other telecommunication companies. Some of our customers to whom we have provided turnkey solutions are Wireless - TT Info Services Limited and Indus Towers Limited. Our customer for our technology services in the telecommunication sector is Indus Towers Limited. We are also providing pilots for technology based products and services to Wireless-TT Info Services Limited, Global Towers Limited and Reliance Infratel Limited.

Our total order book was Rs. 53,169 lakhs, out of which our order book from manufacturing of telecommunication towers was Rs. 2,582 lakhs (typically these orders are for a period of 2 months), from turnkey service projects and managed services for the telecommunications sector was Rs. 3,329 lakhs and from manufacturing of power transmission towers and EPC contracts was Rs. 47,257 lakhs, as on July 31, 2010. The total order book of our subsidiary company, SAPL was Rs. 2,277 lakhs as on July 31, 2010, which includes an order from Applied Solar Technologies (India) Private Limited. In addition SAPL has received a Letter of Intent valued at Rs. 20,000 lakhs for 500 sites for a 10 year period.

We were accredited ISO 14001:2004 by Quest International in 2008 for manufacturing and supply of galvanized and ungalvanised towers for our factory situated at Athvelly, Medchal, Ranga Reddy District. We were also accredited with ISO 9001: 2008 certification from Quest Certification Private Limited in 2010 for manufacture and sale of structural steel bars and fabrication of structures for the telecom broadcasting and power sector. Additionally, the Company has received a Certificate of Appreciation from Indus on August 6, 2010 for its contribution in TN Circle by achieving 99.99% uptime and entering the gold club in July 2010. Further, SAPL has been awarded the Best Software Product (startup -enterprise) Award 2010 by ITsAP, the ITs and ITES Industry Association of Andhra Pradesh and award for excellence in technology and innovation at the Indus Partners Meet, 2009.

For the year ended March 31, 2010 our total revenue was Rs. 52,107.11 lakhs out of which our revenue from manufacturing was Rs. 12,660.32 lakhs, revenue from turnkey services, which includes managed services, was Rs. 24,473.73 lakhs and revenue from trading was Rs. 14,973.06 lakhs and for the three months ended June 30, 2010 our total revenue was Rs. 16,303.56 lakhs out of which our revenue from manufacturing was Rs. 3,802.79 lakhs, revenue from turnkey services, which includes managed services, was Rs. 12,500.76 lakhs and revenue from trading was nil.

Competitive Strengths

Established position in the growing Indian telecommunications infrastructure and power transmission sector

We believe the Indian telecommunications sector and the wireless technology in particular will continue to experience growth. With government initiatives focused on expanding rural telecommunication infrastructure, and the need to service the growing subscriber base has resulted in a requirement for expansion of networks which has resulted in increase in demand for towers. Also, with the telecommunication sector preparing itself for the 3G technology to enable high speed data transmissions and video conferencing over mobile phones, which will require higher and closer location of telecommunication sites, is expected to increase the demand for infrastructure. We believe we have established ourselves in supplying towers, passive infrastructure products and solutions and providing services to the telecommunication infrastructure and power transmission sectors which will enable us to exploit the growth opportunities in these sectors.

Further, with the falling ARPUs, telecommunication operators have realized the value of sharing infrastructure to maintain profitability. The Department of Telecommunications has allowed passive infrastructure sharing among operators, which includes sharing of physical sites, buildings, shelters, towers, power supply and battery backup. Sharing of passive infrastructure entails various operational bottlenecks such as lack of transparency in usage of energy, billing etc. and also increases criticality of operations at site which requires intense data access, monitoring and control mechanisms to enable transparency in operations on a real-time basis as well as to decrease response times for fault resolution.

We expect that the power sector will continue to experience growth. The total funding requirement estimated for the transmission segment in the 11^{th} plan and the 12^{th} plan is Rs. 1,40,000 crores and Rs. 2,40,000 crores respectively.

As on July 31, 2010, we have orders for Rs. 53,169 lakhs out of which our order book from manufacturing of telecommunication towers was Rs. 2,582 lakhs (typically these orders are for a period of 2 months), from turnkey service projects and managed services for telecommunications sector was Rs. 3,329 lakhs and from manufacturing of power transmission towers and EPC contracts was Rs. 47,257 lakhs. Given the same and our proposed expansion plans, we believe we are well positioned to benefit from the growth opportunities in the growing Indian telecommunications and power sectors. The total order book of our subsidiary company, SAPL was Rs. 2,277 lakhs as on July 31, 2010, which includes an order from Applied Solar Technologies (India) Private. In addition SAPL has received a Letter of Intent valued at Rs. 20,000 lakhs for 500 sites for a 10 year period.

Reputed customer base and strong customer relationships

Our customers in the telecommunication infrastructure sector include leading companies in the Indian wireless industry, such as Vodafone Essar Limited, Essar Telecom Infrastructure Private Limited, India Telecom Infra Limited, and Wireless- TT Info Services Limited. Our customers in the power sector include PGCIL, APTransco, RRVPNL and other leading power transmission companies. We believe that we have established a good relationship with our customers.

Pan India services presence in the telecommunication sector

We have created a strong service network covering all 23 telecommunication circles in telecommunication sector wherein we provide turnkey services which we believe enhances our delivery model. We believe that our pan India presence enables us to deliver effectively and also helps us maintain a local level relationship with our customers, at their circle offices. We believe that the geographical expansion of the telecommunication companies into rural and semi-urban areas will lead to an increase in the demand for tower infrastructure and with our delivery network, we would have an opportunity to tap the same.

Our integrated business model

We believe our integrated business model provides us with an advantage for meeting our customers' requirements. For the telecommunication infrastructure sector, we offer services which range from identification of sites, the design and manufacture of towers, sourcing and supply of equipment for erection of towers, erection of towers and provision of managed services, including supply, installation and commissioning of Intelligent Data Device for remote monitoring, SIM card integration and testing of successful data transmission to the server, transmission of KWH (energy meter reading) data at least once a day to the server through remote monitoring solutions like i-Site and passive telecommunication infrastructure services such as O&M, civil and electrical works, upgradation of towers, installation and commissioning of shelter, DG sets and battery banks. This, we believe, enables us to meet the requirements of our customers in an integrated manner.

For the power transmission sector, we provide services ranging from design, engineering, manufacturing, supply, erection, testing and commissioning for transmission lines and substations and providing turnkey solutions. Additionally, in the past offered managed services including installation, supply, erection, testing and commission of smart meters at a construction site of S&S Construction Private Limited for monitoring electricity, water and gas consumptions. We have been accorded approval by PGCIL for our backward integrated structural mill at our Project for rolling MS angle sections with size ranging from 40x40x4 mm to 150x150x20 mm and HT angle sections of size 40x40x4 mm to 150x150x20 mm for all PGCIL projects. We have also been accorded approval by Karnataka Power Transmission Corporation Limited ("KPTCL") as approved vendor for supply of substation structures and tower parts with bolts, nuts and washers for all KPTCL projects. Additionally, we have obtained vendor registration from Maharashtra State Electricity Transmission Company Limited for supply of transmission line towers and sub-station structures for EHV transmission projects. We now source a majority of structural steel from our own backward integrated structural mill which we believe enhances our ability to procure large orders and reduce our raw material costs potentially resulting in comparatively higher margins. We have also set-up a backward integrated structural mill with production capacity of 90,000 MTPA as backward integration to produce structural steel for manufacture of telecommunication and transmission towers.

Experienced management team with project execution and operations expertise

Our management team with an established track record and knowledge of the sectors in which we serve has helped us build relationships with reputed telecommunication infrastructure and power transmission players. Our management team has significant experience in areas such as procuring raw material, manufacturing and marketing of our products and services. Our Promoters, Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal, have over a decade of experience in the steel manufacturing. Further, they had family business which was engaged in manufacturing/trading of steel for the past 30 years. Pursuant to a family settlement deed dated July 20, 2008, the Promoters have disassociated with all the companies and firms established and promoted by their family members. The management of SAPL includes Mr. Surendran Nagilla, Mr. Sridhar Komaragiri and Mr. Sasidhar Rayasam who have 29 years, 16 years and 10 years of experience respectively. Additionally, our senior management including, Mr. Vinod Sharma, Mr. K. Jayachandran, Mr. I.V. Rama Rao, Dr. Allabaksh Naikodi, Mr. Y. Sethu, Mr. Ravi Kiran Sahukara, Mr. Sumanth Naidu, Mr. Sreenivasa Rao, Mr. D. G. Sohony, Mr. Vinod Kumar Gambhir Mr. N. V. Ratnam Mr. Ram Ganesh Yadav, Mr. B. Sreedhar and Mr. Swadesh Kumar Kesarwani on an average has over a decade of experience in telecommunication and power sectors. We believe that the experience of our management team and its understanding of the markets will enable us to continue to take advantage of market opportunities in the telecommunication and power sectors. We have established a track record in the fields of manufacturing and supply of telecommunication and transmission towers, substation structures and other technology products and solutions across India. In the process of building our portfolio, we believe that our management team has developed project and operational management expertise and understanding of the key opportunities and risks associated with our different business divisions.

Access to technology

With the acquisition of SAPL, we have recently implemented certain technology based solutions which have been developed by SAPL with the primary aim of energy audit and conservation and automation thereto. Through SAPL we provide managed services for the telecommunication towers, which includes supply, installation and commissioning of Intelligent Data Device for remote monitoring, SIM card integration and testing of successful data transmission to the server, transmission of KWH (energy meter reading) data at least once a day to the server through remote monitoring solutions like i-Site. Our ability to effectively service customers in the power transmission and telecommunication infrastructure sectors as a ‘single point’ partner has increased with such acquisition since we also have the ability to offer to our customers, intelligent monitoring solutions for operational efficiencies in the management of the infrastructure and therefore, mitigate associated costs and delays. While we are in the initial steps of offering such products and services, we believe that this differentiates us from our competitors who may not have such in-house expertise and access to technology. Further, the access to such technology may also enable us to diversify our operations into other sectors where the implementation of such energy audit and conservation technology may be required.

Business Strategy

Our business strategy for achieving our long term objectives involves the following:

Expansion in our tower manufacturing capacity

In order to capture the opportunity arising out of the growth in demand of telecommunication and power infrastructure, we have laid down expansion plans to increase our current tower fabrication and galvanization capacity from 36,000 MTPA to 240,000 MTPA in two phases, of which we have completed the first phase in March 2010, with the expansion of 84,000 MTPA, taking our current capacity to 1,20,000 MTPA. We have also commissioned our backward integrated structural mill as part of backward integration with a capacity of 90,000 MTPA in September 2009. This unit has provided us with raw material cost benefits.

Providing gamut of services to telecommunication infrastructure and power transmission players

Our Company seeks to position itself as an end to end solutions provider for the telecommunications infrastructure sector. We presently offer services under the EPC/TSP model and believe that these services provide benefits to our customers. We also believe that our IDD solutions will help customers monitor telecom sites remotely and reduce operational expense cost elements. Our integrated operations help us to manage costs and maintain our profit margins. We have entered into a marketing agreement with U-Foam Private Limited (“**U-Foam**”), pursuant to which we have agreed to sell, distributed, develop, market and supply on an exclusive basis telecommunication shelters manufactured and produced by U-Foam within geographical limits of India and abroad by various telecommunication companies. We propose to offer solutions like multi tenant energy optimizer, smart fuel management system, or SFMS, alternate energy solutions and intelligent universal controller to our telecommunication customers.

We intend to become a transmission service provider on a BOOM basis. For this purpose we have entered into a consortium agreement with Essel Infraprojects Limited, in which we hold 26% of the share capital, and a consortium agreement with Patel Engineering Limited and Simplex Infrastructures Limited, in which we hold 33.33% of the share capital, for the purpose of bidding for certain power transmission lines on a BOOM basis. Further, we are also performing pilot tests for technology-intensive solar and wind hybrid solutions specific to telecommunication site requirements. The solution has been developed through research and industry consultation and has been adapted to the specific requirements of telecommunication sites to considerably reduce energy costs, which is a major concern for a tower infrastructure company and telecommunication operators.

Further, to achieve the status of a preferred infrastructure service provider, our Company is currently taking steps to expand its services portfolio backed by technology product offerings.

Foray into new businesses in the power sector

We have also ventured into new business areas related to transmission and distribution by signing a memorandum of understanding with Beijing Beikai Electric Company Limited, China for gas insulated switchgear upto 245kV (GIS). Further, we have also entered into an agreement of intent with BTBECL to set up a joint venture in India to carry on the business of manufacture of transformers, initially with a capacity of 220KV and subsequently to manufacture, test, repair and maintain 765KV transformers. We believe that such relationships will enhance our ability to address our customers' needs across the value chain. For further details see, "History and Certain Corporate Matters – Agreement with Strategic Partners" on page 125 of the Red Herring Prospectus.

We believe we have the capability using our technology products to support implementation of 'smart grid' which would strengthen our proposed trading business by determining the power bought and sold by us. Further, we propose to foray, with specific products and solutions, into sub-station management for both urban and rural segments. The Company has installed a solar-wind hybrid solution at the telecommunications sites of Indus Towers Limited situated at Dindwar on a pilot basis. Further, SAPL has also received a letter of intent from Zamil New Delhi Infrastructure Private Limited to start negotiations for entering into a contract with SAPL, for a period of 10 years for installation of solar hybrid solution and operations and maintenance services for passive power infrastructure. Based on the Ramboll IMI Soft Report dated June 24, 2010 and the letter received by the Company from Indus Towers Limited which provides detailed statistics, it is observed that there has been a decrease in the monthly consumption of diesel pursuant to the installation of such solar-wind hybrid solution.

Foray into international markets in telecom infrastructure and power transmission sectors

We plan to foray into overseas markets and for this purpose have entered into a marketing and management services agreement with Mars Associates in February 2010 to provide business intelligence industry information, market developments, news, conditions and information on current practices, to introduce potential clients/prospects and arrange for necessary meetings with their officials, to provide assistance in negotiations and to facilitate the execution of contracts for selling products and services of the Company to international customers. Our strategy is to focus on markets in undeveloped or developing economies through joint ventures by supplying towers through our existing units and using the local joint ventures partners' strengths for execution of the projects. We expect to utilize the experience and expertise gained out of our Indian operations to procure and execute orders from international customers. We intend to develop relationships with overseas agents, who are regional or local providers to telecommunications operators and power transmission companies, to market and distribute our towers to those operators without our having to incur direct international marketing and business development costs.

Grow our business through strategic alliances and joint ventures

As a part of our growth strategy, we intend to undertake overseas and domestic corporate acquisitions in the active and passive telecommunication industry. We will evaluate such acquisitions on a case-by-case basis in order to grow our business, expand our product portfolio and enhance our geographical reach. For instance, we have recently acquired SAPL, which is a provider of certain technology, products and services. SAPL has successfully deployed 'Intelligent Data Device' or 'IDD' technology solutions over 2,000 telecom cell sites with shared operators at Indus sites. We also intend to grow our business by entering into joint ventures with various third parties, for instance, for the purpose of bidding for new projects or for manufacture of products for the telecommunications infrastructure sector and the power sectors.

Further please see Risk Factors beginning on page xiii of the Red Herring Prospectus.

SUMMARY FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

The statement of Assets and Liabilities of the Company, as restated as at quarter ended June 30, 2010 and financial year ended March 31, 2010, 2009, 2008, 2007 and 2006 is as set out below:

(Rs. in lakhs)

Particulars	**Quarter ended**	**As at 31st March**				
	30-Jun-10	**2010**	**2009**	**2008**	**2007**	**2006**
ASSETS						
A. Fixed Assets						
Gross Block	11,873.21	11,861.52	3,575.04	3,062.84	2,772.56	14.22
Less: Depreciation	1,559.80	1,293.29	741.72	403.09	40.50	4.58
Net Block	**10,313.42**	**10,568.23**	**2,833.32**	**2,659.75**	**2,732.06**	**9.64**
Less: Revaluation Reserve			-	-	-	-
Capital Work-in-progress (Include advances)	540.47	202.56	2,555.55	-	-	-
Net Block after adjustment of Revaluation Reserve	**10,853.89**	**10,770.79**	**5,388.87**	**2,659.75**	**2,732.06**	**9.64**
B. Investments	283.07	283.07	59.60	54.21	-	-
C. Current Assets, Loans & Advances						
Inventories	6,858.24	5,387.25	2,850.45	3,663.90	875.65	19.24
Sundry Debtors	24,778.04	21,752.62	9,817.95	10,914.58	6,237.07	2,344.88
Cash & Bank Balances	763.54	901.39	302.47	202.52	65.41	0.45
Loans & Advances	7,024.35	5,876.58	1,479.72	661.35	938.90	288.80
Other Current Assets	139.63	121.78	59.90	566.53	115.67	97.18
Total Current Assets	**39,563.79**	**34,039.63**	**14,510.49**	**16,008.88**	**8,232.70**	**2,750.55**
Deferred Tax Asset			-	-	-	0.28
Miscellaneous Expenditure (to the extent not written off / adjusted)	120.22	100.20	88.09	-	-	-
Total Assets(A)	**50,820.97**	**45,193.70**	**20,047.05**	**18,722.84**	**10,964.76**	**2,760.46**
LIABILITIES & PROVISIONS						
Secured loans	18404.43	16,684.26	8,265.11	6,258.56	4,136.32	605.11
Unsecured loans	3513.98	3,546.30	50.30	-	-	17.45
Deferred Tax Liability	437.70	421.44	52.11	54.68	49.52	-
Total Current Liabilities & Provisions	18758.91	16,177.93	5,731.92	7,731.11	4,103.74	1,471.80
Share Application Money	-		-	-	1,775.64	58.60
Share Suspense Account	-		-	-	14.00	-
Total Liabilities (B)	**41,115.02**	**36,829.92**	**14,099.44**	**14,044.35**	**10,079.22**	**2,152.96**
NETWORTH	**9,705.95**	**8,363.78**	**5,947.60**	**4,678.47**	**885.52**	**607.52**
Represented by						
1.Share Capital	1,419.93	1,419.93	1,419.93	1,413.50	580.00	580.00
2.Reserves & Surplus (see Note2)	8,286.03	6,943.86	4,527.68	3,264.97	305.52	27.52
Less: Revaluation Reserves	-	-	-	-	-	-
Reserves(Net of Revaluation Reserve)	8,286.03	6,943.86	4,527.68	3,264.97	305.52	27.52
NETWORTH	**9,705.95**	**8,363.78**	**5,947.60**	**4,678.47**	**885.52**	**607.52**

1. The above statement should be read with notes on adjustments ANNEXURE to restated financial statements, Significant accounting policies and notes to accounts appearing in Annexure-III A & B

2. Reserves & Surplus for 2007 excludes Rs.13.00 Lakhs adjustment on amalgamation of BS Integrated Steel Products Private Limited

3. Investments include investment in subsidiary Rs. 4.99 lakhs in wholly owned subsidiary M/s BS InfraTel Limited.

4. Miscellaneous expenditure to the extent not written off / adjusted relates to expenditure incurred during the year in connection with the proposed public issue and will be written off / adjusted commencing in the year in which the Initial Public Offer is completed.

5. Capital Work in progress include preoperative expenditure Rs. 219.48 lakhs incurred during the year 2009

6. Cash and Bank balances include fixed deposits pledged against guarantees and Letter of credits issued by bankers as Margin Money

STATEMENT OF PROFIT & LOSS, AS RESTATED

The statement of profit & loss of the Company as restated for the Quarter ended June 30, 2010 and financial year ended March 31, 2010, 2009, 2008, 2007 and 2006 is as set out below:

(Rs. in Lakhs)

Particulars	Quarter ended	For the year ended 31 March				
	30-Jun-10	2010	2009	2008	2007	2006
Income						
Sales:						
Sale of Manufactured Goods	3,802.79	12,660.32	10,859.46	6,787.87	144.47	-
Sale of Traded Goods		14,973.06	20,671.64	35,452.32	19,640.92	13,500.63
Turnkey Services	12,500.76	24,473.73	2,194.73	319.50	-	-
Total Sales	**16,303.56**	**52,107.11**	**33,725.83**	**42,559.69**	**19,785.39**	**13,500.63**
Other Income	12.16	102.48	59.24	330.71	135.70	43.86
Increase/(Decrease) in inventories	1,160.25	1,719.38	310.21	871.15	183.89	15.62
Total Income	**17,475.97**	**53,928.96**	**34,095.28**	**43,761.55**	**20,104.98**	**13,560.11**
Expenditure						
Raw material consumed	4,089.45	26,118.08	28,159.46	38,945.02	19,205.67	13,381.02
Staff Costs	454.72	647.48	405.95	270.99	37.39	14.06
Employee Benefit Expenses	29.02	71.68	47.30	7.75	0.25	0.18
Other Manufacturing Costs	9,736.58	20,315.07	1,175.44	1,005.86	150.02	85.91
Administration & Selling Expenses Add Prior year adjustment (net)	184.73	693.22	803.57	268.61	69.30	27.01
Miscellaneous Expenditure written off			-	-	1.81	3.84
Interest	705.21	1,864.10	1,261.11	771.49	224.11	8.28
Depreciation	266.51	553.38	338.83	362.60	35.93	3.09
Total Expenditure	**15,466.22**	**50,263.02**	**32,191.67**	**41,632.32**	**19,724.48**	**13,523.39**
Net Profit Before Tax and Extra ordinary items	2,009.76	3,665.96	1,903.62	2,129.23	380.50	36.72
Less: Taxation & Wealth Tax	651.32	880.44	661.75	725.86	78.98	17.50
Less: Excess Provision written back-Taxation		-	-	7.15	(26.43)	-
Less: Provision for Deferred Tax	16.26	369.33	(2.57)	5.16	49.80	(0.48)
Less: Provision for Fringe Benefit Tax		0	7.50	2.95	0.90	1.00
Net Profit after	**1,342.18**	**2,416.19**	**1,236.94**	**1,388.11**	**277.25**	**18.70**

Particulars	Quarter ended	For the year ended 31 March				
	30-Jun-10	2010	2009	2008	2007	2006
Tax as restated(A)						
Profit brought forward from the last year (B) (see Note 2)	5,359.76	2,943.57	1,706.63	318.52	41.28	8.82
Profit after Tax available for Appropriations (A) + (B)	**6,701.94**	**5,359.76**	**2,943.57**	**1,706.63**	**318.52**	**27.52**
EPS - Basic	9.45	17.02	8.72	10.16	2.39	0.28
EPS - diluted	9.45	17.02	8.72	10.16	0.97	0.26

Note:

1. The above statement should be read with notes on adjustments ANNEXURE to restated financial statements, Significant accounting policies and notes to accounts appearing in Annexure-III A & B

2. The statement of profit & loss referred above does not include any extra ordinary items.

3. Profit brought forward for 2007 includes Rs.13.76 lakhs adjustment on amalgamation of B.S. Integrated Steel Products Private Ltd.

4. Sales for the year 2005 & 2006 represents trading activity.

CASH FLOW STATEMENT, AS RESTATED

The cash flows statement of the Company for the quarter ended June 30, 2010 and financial year ended March 31 2010, 2009, 2008, 2007 and 2006 are set out below:

(Rs. in lakhs)

Particulars	Quarter ended	For the year ended March 31				
	30-Jun-10	2010	2009	2008	2007	2006
A. Cash Flow from Operating Activities :						
Net Profit Before Tax and after Extraordinary items	2,009.75	3,665.96	1,903.62	2,129.23	380.50	36.72
Adjustments for:						
Depreciation	266.51	553.38	338.63	362.60	35.93	3.09
Miscellaneous Expenditure written off			-	-	1.81	3.84
Interest Paid	705.21	1,864.10	1,261.11	771.49	224.11	8.28
Interest Received	(12.05)	(33.69)	(38.20)	-	-	-
Profit on Sale of Fixed Assets	-	-	(0.04)	-	-	-
Loss on Sale of Fixed Assets	-	0.93	0.35	-	-	-
Bad Debts Written off	-	8.83	10.52	-	-	-
Operating profit before working Capital Changes	**2,969.42**	**6,059.49**	**3,476.00**	**3,263.32**	**642.35**	**51.93**
Increase / Decrease :						
Loans & Advances (Assets)	(1,147.77)		(444.37)	586.16	(625.05)	(252.29)
Other Current Assets	(4,514.24)	(18,321.50)	2,406.31	(7,912.99)	(4,767.16)	(1,863.59)
Current Liabilities & Provisions	1,757.96	9,637.53	(2,359.20)	2,900.82	2,578.49	1,201.26
Other Loans and Advances			-	-	(17.45)	(291.12)
Cash outflow from Operations	**(934.63)**	**(2,624.49)**	**3,078.73**	**(1,162.70)**	**(2,188.83)**	**(1,153.80)**
Advance Income Tax Paid	-	(617.56)	(374.00)	(307.74)	(24.07)	(7.87)
Fringe Benefit Tax Paid	-	-	-	(0.87)	(0.98)	-
Net Cash flow from Operating Activities(A)	**(934.63)**	**(3,242.05)**	**2,704.73**	**(1,471.31)**	**(2,213.88)**	**(1,161.67)**
B. Cash Flow From Investing Activities :						
Purchase of Fixed Assets	(349.60)	(5,937.89)	(3,068.74)	(290.28)	(2,758.34)	(0.06)
Increase in Creditors for Capital Goods	171.70	(71.97)	(309.33)	-	-	-
Purchase of Investments	-	(223.47)	(5.39)	(54.23)	-	-
Interest received	12.05	33.69	38.20	-	-	-
Sale of Fixed Assets	-	1.66	0.67	-	-	-
Preliminary expenses at the beginning of the year	(20.02)	(12.11)	(88.09)	-	-	(3.85)

Particulars	Quarter ended	For the year ended March 31				
	30-Jun-10	2010	2009	2008	2007	2006
Prior Year Expenses		-	-	-	-	-
Net Cash flow from Investing Activities (B)	**(185.86)**	**(6,210.08)**	**(3,432.68)**	**(344.51)**	**(2,758.34)**	**(3.91)**
C. Cash Flow from Financing Activities :						
Issue of Share Capital	0		32.13	2,377.85	-	579.00
Share Application Money	0		-	(1,775.65)	1,730.04	(3.40)
Raising of Term Loans from Banks	1,687.85	11,915.15	2,056.85	2,122.24	3,531.21	598.55
Interest Paid	(705.21)	(1,864.10)	(1,261.11)	(771.49)	(224.11)	(8.28)
Net Cash in-flow from Financing Activities (C)	**982.64**	**10,051.05**	**827.86**	**1,952.95**	**5,037.14**	**1,165.87**
Net Increase / Decrease in Cash & Cash Equivalents(A+B+C)	**(137.85)**	**598.92**	**99.95**	**137.11**	**64.94**	**0.24**
Cash & Cash Equivalents at the beginning of the period	901.39	302.47	202.52	65.41	0.45	0.21
Cash & Cash Equivalents as at end of the period	763.54	901.39	302.47	202.52	65.41	0.45
Net Increase / Decrease in Cash & Cash Equivalents	**(137.85)**	**598.92**	**99.95**	**137.11**	**64.96**	**0.24**

CONSOLIDATED RESTATED STATEMENT OF ASSETS AND LIABILITIES

The Consolidated Statement of Assets and Liabilities of the Company, as restated as at quarter ended June 30, 2010 and financial year ended March 31, 2010 and 2009 is as set out below:

(Rs. in Lakhs)

	Quarter ended	As at 31st March	
Particulars	**30-Jun-10**	**2010**	**2009**
ASSETS			
A. Fixed Assets			
Gross Block	12,219.14	12,168.37	3,575.04
Less: Depreciation	1,591.95	1,321.50	741.72
Net Block	**10,627.19**	**10,846.87**	**2,833.32**
Less: Revaluation Reserve			-
Capital Work-in-progress (Include advances)	562.59	202.56	2,555.55
Net Block after adjustment of Revaluation Reserve	**11,189.79**	**11,049.43**	**5,388.87**
B. Investments	54.61	54.61	54.61
C. Current Assets, Loans & Advances			
Inventories	7,776.26	6,211.80	2,850.45
Sundry Debtors	24,147.89	21,222.71	9,817.95
Cash & Bank Balances	778.36	943.74	307.02
Loans & Advances	6,927.03	5,846.59	1,479.72
Other Current Assets	139.63	121.78	59.89
Total Current Assets	**39,769.17**	**34,346.62**	**14,515.03**
Deferred Tax Asset			-
Miscellaneous Expenditure (to the extent not written off / adjusted)	166.82	146.81	88.09
Total Assets(A)	**51,180.38**	**45,597.47**	**20,046.60**
LIABILITIES & PROVISIONS			
Secured loans	18,404.43	16,684.26	8,265.11
Unsecured loans	3,514.79	3,546.30	50.30
Deferred Tax Liability	435.61	419.33	51.99
Total Current Liabilities & Provisions	19,088.27	16,546.06	5,732.02
Share Application Money	-	-	-
Share Suspense Account	-	-	-
Minority Interest	103.47	102.77	0.01
Total Liabilities (B)	**41,546.57**	**37,298.72**	**14,099.42**
NETWORTH	**9,633.81**	**8,298.76**	**5,947.18**
Represented by			
1.Share Capital	1,419.93	1,419.93	1,419.93
2.Reserves & Surplus (see Note2)	8,213.89	6,878.83	4,527.25
Less: Revaluation Reserves	-	-	-
Reserves(Net of Revaluation Reserve)	8,213.89	6,878.83	4,527.25
NETWORTH	**9,633.81**	**8,298.76**	**5,947.18**

1. The above Consolidated Statement should be read with notes on adjustments ANNEXURE to restated financial Consolidated Statements, Significant accounting policies and notes to accounts appearing in Annexure-III A & B.
2. Miscellaneous expenditure to the extent not written off / adjusted relates to expenditure incurred during the year in connection with the proposed public issue and will be written off / adjusted commencing in the year

in which the Initial Public Offer is completed.

3. Capital Work in progress include preoperative expenditure Rs. 219.48lakhs incurred during the year 2009.
4. Cash and Bank balances include fixed deposits pledged against guarantees and Letter of credits issued by bankers as Margin Money

CONSOLIDATED RESTATED STATEMENT OF PROFIT & LOSS

The Consolidated Statement of profit & loss of the Company as restated for quarter ended June 30, 2010 the financial year ended March 31, 2010 and 2009 is as set out below:

(Rs. in lakhs)

Particulars	Quarter Ended	For the year ended 31 March	
	30-Jun-10	2010	2009
Income			
Sales:			
Sale of Manufactured Goods	3,705.64	11,905.12	10,859.46
Sale of Traded Goods		14,973.06	20,671.64
Turnkey Services	12,500.76	24,612.90	2,194.73
Consultancy Services	21.00	177.72	-
Total Sales	**16,227.41**	**51,668.80**	**33,725.83**
Other Income	12.20	110.12	59.24
Increase/(Decrease) in inventories	1,159.23	2,236.61	310.21
Total Income	**17,398.83**	**54,015.53**	**34,095.27**
Expenditure			
Raw material consumed	3,990.29	25,932.68	28,159.46
Staff Costs	463.89	717.21	405.95
Employee Benefit Expenses	29.23	73.23	47.30
Other Manufacturing Costs	9,737.17	20,422.66	1,175.44
Administration & Selling Expenses less Prior year adjustment (net)	189.88	732.28	803.65
Miscellaneous Expenditure written off			0.45
Interest	705.31	1,864.15	1,261.11
Depreciation	270.45	571.87	338.83
Total Expenditure	**15,386.22**	**50,314.07**	**32,192.19**
Net Profit Before Tax and Extra ordinary items	2,012.61	3,701.46	1,903.08
Less: Taxation & Wealth Tax	652.25	895.44	661.75
Less: Excess Provision written back-Taxation		-	-
Less: Provision for Deferred Tax	16.28	370.27	(2.69)
Less: Provision for Fringe Benefit Tax		-	7.50
Less: Unrealised Profit - Intergroup	8.33	64.43	-
Net Profit after Tax as restated(A)	**1,335.76**	**2,371.32**	**1,236.51**
Profit brought forward from the last year (B) (see Note 2)	5,294.26	2,930.20	1,693.68
Minority Share of Profits	0.70	7.25	(0.00)
Profit after Tax available for Appropriations (A) + (B)	**6,629.32**	**5,294.26**	**2,930.20**
EPS - Basic	9.40	16.65	8.72
EPS - diluted	9.40	16.65	8.72

Note:

1. The above Consolidated Statement should be read with notes on adjustments ANNEXURE to restated financial Consolidated Statements, Significant accounting policies and notes to accounts appearing in Annexure-III A & B.
2. The Consolidated Statement of profit & loss referred above does not include any extra ordinary items.

CONSOLIDATED RESTATED CASH FLOW STATEMENT

The cash flows Consolidated Statement of the Company for the quarter ended June 30, 2010 and financial year ended March 31 2010 and 2009 are set out below:

(Rs. in lakhs)

PARTICULARS	Quarter ended	For the year ended March 31	
	30-Jun-10	2010	2009
A. Cash Flow from Operating Activities :			
Net Profit Before Tax and after Extraordinary items	2,012.61	3,701.46	1,903.08
Adjustments for:			
Depreciation	270.45	571.87	338.61
Miscellaneous Expenditure written off	(20.02)	(71.19)	(88.09)
Interest Paid	666.11	1,548.30	1,261.11
Interest Received	(12.09)	(31.81)	(38.20)
Profit on Sale of Fixed Assets	-	(4.59)	(0.04)
Loss on Sale of Fixed Assets	(8.33)	0.93	0.35
Unrealised Profits - Intergroup Transactions	-	(64.43)	-
Bad Debts Written off	-	8.83	10.52
Operating profit before working Capital Changes	**2,908.74**	**5,659.36**	**3,387.34**
Increase / Decrease :			
Loans & Advances (Assets)	(1,080.44)	(3,749.31)	(388.68)
Other Current Assets	(4,507.49)	(14,836.83)	2,350.57
Current Liabilities & Provisions	1,718.26	9,990.57	(1,620.25)
Other Loans and Advances		-	-
Deferred Tax for Subsidery - Opening		(2.93)	
Cash outflow from Operations	**(960.93)**	**(2,939.15)**	**3,728.98**
Advance Income Tax Paid	-	(617.56)	(374.00)
Fringe Benefit Tax Paid	-	-	-
Minorities Share of Profit / loss	0.70	7.25	(0.00)
Net Cash flow from Operating Activities(A)	**(961.64)**	**(3,563.96)**	**3,354.98**
B. Cash Flow From Investing Activities :			
Purchase of Fixed Assets	(410.80)	(6,157.23)	(3,068.74)
Increase in Creditors for Capital Goods	171.70	(71.97)	(309.33)
Purchase & Sale of Investments	-	-	(0.40)
Interest received	12.09	31.81	38.20
Sale of Fixed Assets	-	21.66	0.67
Preliminary expenses at the beginning of the year	-	-	-
Fixed Assets In Subsidary - Opening	-	(93.21)	-
Net Cash flow from Investing Activities (B)	**(227.01)**	**(6,268.93)**	**(3,339.60)**
C. Cash Flow from Financing Activities :			
Issue of Share Capital	-	-	-
Share Application Money	-	-	32.13
Raising of Term Loans from Banks	1,688.66	11,915.15	1,318.09
Interest Paid	(666.11)	(1,548.30)	(1,261.11)
Minority Interest	0.70	102.76	0.01
Net Cash in-flow from Financing Activities (C)	**1,023.26**	**10,469.61**	**89.11**

PARTICULARS	Quarter ended	For the year ended March 31	
	30-Jun-10	2010	2009
Net Increase / Decrease in Cash & Cash Equivalents(A+B+C)	**(165.39)**	**636.72**	**104.50**
Cash & Cash Equivalents at the beginning of the period	943.74	307.02	202.52
Cash & Cash Equivalents as at end of the period	778.36	943.74	307.02
Net Increase / Decrease in Cash & Cash Equivalents	**(165.39)**	**636.72**	**104.50**

THE ISSUE

Issue in terms of the Red Herring Prospectus	76,79,410 Equity Shares
Of which*:	
1. Qualified Institutional Buyers Portion	Not more than 38,39,705 Equity Shares.
Of which	
Available for Allocation to Mutual Funds only	191,985 Equity Shares
Balance for all QIBs including Mutual Funds	3,647,720 Equity Shares
2. Non Institutional Portion	Not less than 11,51,911 Equity Shares
3. Retail Portion	Not less than 26,87,794 Equity Shares
Equity Shares outstanding prior to the Issue	1,41,99,250 Equity Shares
Equity Shares outstanding after the Issue	2,18,78,660 Equity Shares
For information on the use of the Issue proceeds, please see the section titled "Objects of the Issue" beginning on page 43 of the Red Herring Prospectus.	

* *Allocation to all categories shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of the Company, in consultation with the Book Running Lead Manager.*

GENERAL INFORMATION

We were originally incorporated as BS Steels and Minerals Private Limited on January 7, 2004. The name of our Company was changed to BS TransComm Private Limited pursuant to a fresh certificate of incorporation dated January 24, 2008. Our Company was converted into a public limited company and the name of our Company was changed to BS TransComm Limited pursuant to an EGM dated January 3, 2008 and a fresh certificate of incorporation was obtained on February 7, 2008. For details of incorporation and changes of name, please refer to the section titled "History and Certain Corporate Matters" beginning on page 114 of the Red Herring Prospectus.

Registered and Corporate Office of our Company

504, Trendset Towers
Road 2, Banjara Hills
Hyderabad 500 034
Tel: +91 40 6666 6204
Fax:+91 40 6666 7268
Website: www.bsgroup.com
Registration Number: 42375 of 2003-2004
Corporate Identification Number: U27109AP2004PLC042375

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Andhra Pradesh, situated at the following address:

Registrar of Companies
2nd Floor, CPWD Building
Kendriya Sadan
Sultan Bazar, Koti
Hyderabad 500 195
Andhra Pradesh

Board of Directors

The Board of Director comprises of:

S. No.	Name	Designation	Directors' Identification Number
1.	Mr. Rajesh Agrawal	Chairman and Managing Director *Non-Independent Director*	00142010
2.	Mr. Rakesh Agarwal	Joint Managing Director *Non-Independent Director*	01810818
3.	Mr. Mukesh Agarwal	Whole-Time Director *Non-Independent Director*	01914734
4.	Dr. Subrata Kumar De	Independent Director	01443116
5.	Mr. Suneel Babu Gollapalli	Independent Director *Nominee of IDBI*	01652638
6.	Mr. Mahesh Kumar Khera	Independent Director	02374913
7.	Mr. Kapil Kathpalia	Independent Director	02567813
8.	Mr. D.G.Sohony	Executive Director	03023925

For further details of our Directors, see "Our Management" on page 127 of the Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Subbaiah Raman
504, Trendset Towers

Road 2, Banjara Hills
Hyderabad 500 034
Tel: +91 40 6666 6204
Fax:+91 40 6666 7268
E-mail: investors@bsgroup.in

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account and refund orders. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA account number and the designated branch of the relevant SCSB where the ASBA BCAF was submitted by the ASBA Bidder.

Book Running Lead Manager

JM Financial Consultants Private Limited
141, Maker Chamber-III
Nariman Point
Mumbai 400 021
Tel: +91 22 6630 3030
Fax: +91 22 2204 2137
Email: bstranscomm.ipo@jmfinancial.in
Contact Person: Ms. Lakshmi Lakshmanan
Investor Grievance Email: grievance.ibd@jmfinancial.in
SEBI Registration No.: INM000010361

Legal Counsel to the Company

Khaitan & Co.
One Indiabulls Centre, 13th Floor
841 Senapati Bapat Marg
Elphinstone Road
Mumbai 400 013
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Legal Counsel to the Underwriter

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

1-10-20/2b, 4th Floor
Pooja Edifice
Chickoti Gardens, Begumpet
Hyderabad 500 016
Tel: +91 40 6633 6622
Fax: +91 40 6649 2727

Syndicate Members

JM Financial Services Private Limited Apeejay House, 3 Dinshaw Waccha Road, Church Gate, Mumbai 400 021 Contact Person: Mr. Deepak Vaidya Tel: +91 22 6704 3184 Fax: +91 22 6654 1511/6654 1512 E-mail: deepak.vaidya@jmfinancial.in	**Sunidhi Securities and Finance Limited** 22, Rajabahadur Mension, Near SBI Main Branch, Mumbai- 400 001 Contact Person: Mr. Jigar Desai Tel: +91 22 6636 9669 Fax: +91 22 6631 8638

Investor Grievance Email: grievance.ibd@jmfinancial.in Website: www.jmfinancial.in SEBI Registration no: NSE – INB/F231054835 BSE – INB/F011054831	E-mail:jigar.d@sunidhi.com Investor Grievance Email: complaints.redressal@sunidhi.com Website: www.sunidhi.com SEBI Registration no: BSE - INB 010676436 (CM) INF 010676436 (F&O) NSE - INB 230676436 (CM) INF 230676436 (F&O)

IPO Grading

Our Company has appointed ICRA Limited for the purposes of IPO Grading. ICRA Limited has assigned a grade of 'IPO Grading 2' to the proposed Issue by the Company. The rationale for the IPO Grading is attached as an Annexure to this Red Herring Prospectus.

Advisors to this Issue

QS Consultants Indian Private Limited
A/20, Nakshatra Apartments,
Ward No.7, Mehrauli,
New Delhi – 110030
Tel: +91 11 2664 3297
Email: Sunil Rao@qsconsultants.in

Seagull Value Consultants LLP
102 Hirani Villa,
45 Nehru Road, Vile Parle,
Mumbai – 400 057
Tel: +91 22 4026 4444
Email: prashant@theseagull.in

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17 to 24
Vithalrao Nagar
Madhapaur
Hyderabad 500 086
Tel: +91 40 23420818
Fax: +91 40 23431551
Email: einward.ris@karvy.com
Website: www.karvy.com
Contact Person: Mr. M Murali Krishna
Registration No: INR000000221

Bankers to the Issue and Escrow Collection Banks

Yes Bank Limited Nehru Centre, 9th floor, Discovery of India, Dr. AB Road, Worli, Mumbai – 400 018, India Contact Person: Mr. Shreejit Nair Email: Shreejit.nair@yesbank.com Website: www.yesbank.in SEBI Reg. No.: INBI00000935	**HDFC Bank Limited** Lodha, I Think Techno Campus, O-3 Level, next to Kanjurmarg Railway station, Kanjurmarg (East), Mumbai – 400 042, India Contact Person: Mr. Deepak Rane Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com SEBI Reg. No.: INBI00000063

HSBC Limited Shiv Building, Plot no. 139-140B, Western Express Highway, Sahar Road Junction, Vile Parle (east), Mumbai – 400 057, India Contact Person: Mr. Mustafa Sanchawalla and Mr. Sumit B Khanna Email: mustafasanchawalla@hsbc.o.in and sumitbkhanna@hsbc.co.in Website: www.hsbc.co.in SEBI Reg. No.: INBI00000027	**IndusInd Bank Limited** IBL House, 1st floor, Cross "B" Road, MIDC, J.B.Nagar, off Andheri – Kurla Road, Andheri (east), Mumbai - 400 059, India Contact Person: Mr. Harpal Singh and Mr. Suresh Esaki Email: singh.harpal@indusind.com Website: www.indusind.com SEBI Reg. No.: INBI100000002
State Bank of India Industrial Finance Branch, Somajuguda, Hyderabad – 500 083, India Contact Person: Mr. Rambabu Email: sa.09103@sbi.com Website: www.statebankofindia.com SEBI Reg. No.: INBI00000038	**Standard Chartered Bank** 270 D.N.Road, Fort, Mumbai – 400 001, India Contact Person: Mr. Joseph George Email: Joseph.George@sc.com Website: www.standardchartered.co.in SEBI Reg. No.: INBI000000885
Axis Bank E-Wing, 3rd Floor, Maker Towers, Cuffe Parade, Mumbai – 400 005, India Contact Person: Mr. Prasahnt Fernandes Email: prashant.fernandes@axis bank Website: www.axisbank.com SEBI Reg. No.: INBI00000017	**Punjab National Bank** 8-2-672, Sufi Chambers, Road No. 1, Banjara Hills, Hyderabad – 500 034, India Contact Person: Mr. A.R.M. Rao Email: bo4437@pnb.co.in Website: www.pnbindia.com SEBI Reg. No.: INB100000084

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is available on the website of SEBI at www.sebi.gov.in and for details on designated branches of SCSB collecting as per ASBA BCAF, please refer to the abovementioned link.

Bankers to the Company

IDBI Bank Limited
Main Branch Office
5-9-89/1&2, Chapel Road
Post Box No. 370
Hyderabad 500 001
Andhra Pradesh
Tel.: +91 40 2323 6846

State Bank of India
Industrial Finance Branch,
Somajiguda, Raj Bhavan Road,
Hyderabad 500 082
Andhra Pradesh
Tel.: +91 40 2341 0853
Fax: +91 40 2340 3862

Fax: +91 40 66746118
Email: bspmurthy@idbi.co.in

Email: sa.09103@sbi.co.in

Punjab National Bank
LCB, 8-2-672, Sufi Chambers
Banjara Hills
Hyderabad 500 034
Andhra Pradesh
Tel.: +91 40 2330 6688
Fax: +91 40 2330 1854
Email: bo4437@pnb.co.in

Axis Bank Limited
6-3-879/B, 1st Floor
G. Pulla Reddy Building
Green Lands
Begumpet Road
Hyderabad 500 016
Tel.: +91 40 2314 3507
Fax: +91 40 2341 8128
Email:ymadhukar.reddy@axisbank.com

State Bank of Mysore
Industrial Finance Branch
6-3-805, My home Jupally
Ameerpet Main Road
Hyderabad 500 016
Tel.: +91 40 23410910
Fax: +91 40 2340 0899
Email: ifbhyderabad@sbm.co.in

Syndicate Bank Limited
R. P. Road
Secunderabad
Andhra Pradesh
Tel.: +91 40 2770 2266
Fax: +91 40 2780 7755
Email: ap.3018hydrpr@syndicatebank.co.in

State Bank of Hyderabad
6-3-652, Kavtilya, Somajiguda,
Hyderabad – 500 082
Tel.: +91 40 23393116
Fax: +91 40 2331 2576
Email: alnsastry@yahoo.co.in

Auditors of the Company

P. Murali & Co.
Chartered Accountants
6-3-655/2/3
Somajiguda
Hyderabad 500 082
Tel: + 91 40 23326666
Fax: + 91 40 23392474
E-mail: pmurali.co@gmail.com
Firm Registration No.: 007257S

Monitoring Agent

There is no requirement to appoint a monitoring agency, since the Issue size is less than Rs. 50,000 lakhs.

Inter Se Allocation of Responsibilities

Since JM Financial is the sole BRLM for the Issue, the entire Issue related activities are handled by it. However, the details of responsibility for JM Financial are as follows:

Sr. No.	Activity	Responsibility and Coordinator
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	JM Financial

Sr. No.	Activity	Responsibility and Coordinator
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	JM Financial
3.	Drafting and approval of all statutory advertisement	JM Financial
4.	Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure, etc.	JM Financial
5.	Appointment of other intermediaries, i.e., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	JM Financial
6.	Preparation of road show presentations	JM Financial
7.	International Institutional Marketing strategy • Finalise the list and division of investors for one to one meetings, in consultation with the Company; and • Finalizing the International road show schedule and investor meeting schedules	JM Financial
8.	Domestic institutions / banks / mutual funds marketing strategy • Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company; • Finalizing the list and division of investors for one to one meetings; and • Finalizing investor meeting schedules	JM Financial
9.	Non-Institutional and Retail Marketing of the Issue, which will cover, *inter alia*, • Formulating marketing strategies, preparation of publicity budget • Finalise Media and PR strategy • Finalising centers for holding conferences for press and brokers • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material • Finalise collection centres	JM Financial
10.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading	JM Financial
11.	Finalisation of Pricing, in consultation with the Company	JM Financial
12.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Issue activities for the Issue involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.	JM Financial

Credit Rating

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

Trustees

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

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by the Company in consultation with the BRLM and advertised at least two (2) Working Days prior to the Bid/Issue Opening Date. The Issue Price is finalized after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. The Book Running Lead Manager;
3. The Syndicate Member who is an intermediary registered with SEBI/ registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members have been appointed by the Book Running Lead Manager;
4. Registrar to the Issue;
5. Self Certified Syndicate Banks, through whom ASBA Bidders would subscribe in this Issue; and
6. Escrow Collection Banks.

The SEBI Regulations has permitted the Issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Issue shall be allotted on a proportionate basis to QIBs. 5% of the QIB Portion shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company will comply with these regulations for this Issue. In this regard, our Company has appointed the Book Running Lead Manager to procure subscriptions to the Issue.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see “Terms of the Issue” on page 288 of the Red Herring Prospectus. Allocation to QIBs will be on a proportionate basis.

We will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

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

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

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

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken by the Bidders for Bidding

- Check eligibility for making a Bid (for further details, please refer to the section titled "Issue Procedure" on page 291 of the Red Herring Prospectus);

- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

- Ensure that you have mentioned your PAN number in the Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see "Issue Procedure" on page 291 of the Red Herring Prospectus);

- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form; and

- Bids by QIBs (except ASBA Bidders) will only have to be submitted through the BRLM or its affiliates.

The Bidders may note that in case the DP ID & Client ID and PAN mentioned in the Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members does not match with the DP ID & Client ID and PAN available in the depository database, the Application Form is liable to be rejected.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

In the event that the Company decides not to proceed with the Issue after Bid/ Issue Closing Date, the Company would be required to file a fresh draft red herring prospectus with SEBI.

Bid/Issue Programme

BID/ISSUE OPENS ON	**OCTOBER 6, 2010**
BID/ISSUE CLOSES ON	**OCTOBER 8, 2010**

Bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m. (Indian Standard Time)** during the Bid/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or, **except that on the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be accepted only between 10.00 a.m. and 3 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and (ii) 5.00 p.m. in case of Bids by Retail Individual Investors which may be extended to such time as may be permitted by BSE and NSE. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, the Company, BRLM, Syndicate Members, the Registrar to the Issue and the SCSBs will not be responsible. Bids will be accepted only on Business Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

The data contained in the electronic book, for a particular bidder, as per the details uploaded may be taken as the final data for the purpose of Allotment. In order that the data so captured is accurate, the Syndicate Members (or their affiliates) and SCSBs may be permitted an additional day, post Bid/Issue Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations provided that the Cap Price is 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 Floor Price can be revised up or down to a maximum of 20% on either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least 2 Working Days prior to the Bid /Issue Opening Date and the Cap Price will be revised accordingly.

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

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members does not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its affiliates, Syndicate/Sub Syndicate. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lakhs)
JM Financial Consultants Private Limited 141, Maker Chamber-III Nariman Point Mumbai 400 021 Tel: +91 22 6630 3030 Fax: +91 22 2204 2137 Email: bstranscomm.ipo@jmfinancial.in	[●]	[●]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lakhs)
JM Financial Services Private Limited Apeejay House, 3 Dinshaw Waccha Road, Church Gate, Mumbai 400 021 Contact Person: Mr. Deepak Vaidya Tel: +91 22 6704 3184 Fax: +91 22 6654 1511/6654 1512 E-mail: deepak.vaidya@jmfinancial.in	[●]	[●]
Sunidhi Securities and Finance Limited 144, Maker Chamber 4, Nariman Point, Mumbai 400 054 Contact Person: Mr. Jigar Desai Tel: +91 22 6636 9669 Fax: +91 22 6631 8638 E-mail:jigar.d@sunidhi.com	[●]	[●]

The abovementioned is indicative of the total number of Equity Shares to be underwritten and would be finalized after the pricing and actual allocation.

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

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

CAPITAL STRUCTURE

Our share capital as of the date of the Red Herring Prospectus is set forth below:

(in Rs. except share data)

	Particulars	Nominal Value	Aggregate value at Issue Price
A	**Authorised Capital**		
	3,00,00,000 Equity Shares of Rs. 10 each	30,00,00,000	
B	**Issued, Subscribed and Paid Up Capital before the Issue**		
	1,41,99,250 Equity Shares of Rs. 10 each	14,19,92,500	
C	**Present Issue in terms of the Red Herring Prospectus***		
	76,79,410 Equity Shares of Rs. 10 each	7,67,94,100	[●]
D	**Out of which:**		
1.	Qualified Institutional Buyers Portion – Not more than 38,39,705 Equity Shares shall be available for allocation	3,83,97,050	[●]
2.	Non-Institutional Portion – Not less than 11,51,911 Equity Shares shall be available for allocation	1,15,19,120	[●]
3.	Retail Portion – Not less than 26,87,794 Equity Shares shall be available for allocation	2,68,77,940	[●]
E	**Paid Up Equity Capital after the Issue**		
	2,18,78,660** Equity Shares of Rs. 10 each	21,87,86,600	[●]
F	**Share Premium Account**		
	Before the Issue	15,97,05,000	
	After the Issue	[●]	

* *The Issue in terms of this Red Herring Prospectus has been authorized by the Board of Directors pursuant to a resolution dated May 30, 2008 and by the shareholders of the Company, pursuant to a resolution in an AGM on June 3, 2008.*

** *Subject to valid bids being received from these categories at or above the Issue Price.*

History of changes in authorized share capital of our Company

Date of Shareholder's Resolution	Cumulative Number of Equity Shares	Face Value (Rs.)	Increase in number of Equity Shares	Authorized Share Capital (Rs.)
Incorporation of our Company	1,00,000	10	–	10,00,000
March 26, 2005	5,00,000	10	4,00,000	50,00,000
October 01, 2005	10,00,000	10	5,00,000	1,00,00,000
February 3, 2006	60,00,000	10	50,00,000	6,00,00,000
April 06, 2007	2,00,00,000	10	1,40,00,000	20,00,00,000
May 20, 2008	3,00,00,000	10	1,00,00,000	30,00,00,000

Notes to Capital Structure

1. Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
Incorporation of our Company	10,000	10	10	Cash	Allotment to the initial subscribers to the Memorandum of Association	10,000	1,00,000	-
November 2, 2005	9,90,000	10	10	Cash	Allotment of Equity Shares to: i. Mr. Rajesh Agrawal – 4,25,000 Equity Shares ii. Mr. Rakesh Agarwal – 85,000 Equity Shares iii. Mr. Mukesh Agarwal – 35,000 Equity Shares iv. Mr. Rakhee Agarwal – 50,000 Equity Shares v. Ms. Reema Agarwal – 65,000 Equity Shares vi. Ms. Shalini Agarwal – 10,000 Equity Shares vii. Ms. Shakuntala Devi – 1,40,000 Equity Shares viii. Ms. Premalata Jhawar – 55,000 Equity Shares ix. Ms. Kalpana Gupta – 55,000 Equity Shares x. Mr. Ganshyam B. Patel – 5,000 Equity Shares xi. Mr. Hemant Patel – 2,500 Equity Shares xii. Ms. Sheetal Patel – 2,500 Equity Shares xiii. Mr. Jayantilal Patel – 5,000 xiv. P. K. Bajaj Securities Private limited – 30,000 Equity Shares xv. Ramdev Investment and Leasing Private Limited – 25,000 Equity Shares	10,00,000	1,00,00,000	-
March 3, 2006	48,00,000	10	10	Cash	Allotment of Equity Shares to: i. Mr. Rajesh Agrawal – 10,00,000 Equity Shares ii. Mr. Rakesh	58,00,000	5,80,00,000	-

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
					Agarwal – 12,00,000 Equity Shares iii. Mr. Mukesh Agarwal – 12,00,000 Equity Shares iv. Mr. Kanti Kumar Agarwal – 2,00,000 Equity Shares v. Mr. R. Sadabhiraj – 2,00,000 Equity Shares vi. Mr. R. Manjubhai – 2,00,000 Equity Shares vii. Ms. R. Devi Singh – 2,00,000 Equity Shares viii. Mr. R. Suresh Singh – 2,00,000 Equity Shares ix. Mr. R. Ranjit Singh – 2,00,000 Equity Shares x. Mr. R. Santosh Singh – 2,00,000 Equity Shares			
April 10, 2007	9,52,600	10	150	Cash	Allotment of Equity Shares to the following: i. Mr. Dhruv Bansal, through his father and natural guardian Mr. Rajesh Agrawal – 1,400 Equity Shares ii. Mr. Mukesh Agarwal – 2,39,000 Equity Shares iii. Mr. Rajesh Agrawal – 4,56,500 Equity Shares iv. Mr. Rakesh Agarwal – 2,38,100 Equity Shares v. Ms. Rakhee Agarwal – 6,900 Equity Shares vi. Ms. Reema Agarwal – 3,900 Equity Shares vii. Ms. Shakuntala Devi Agarwal – 3,500 Equity Shares viii. Ms. Shalini Agarwal – 3,300 Equity Shares	67,52,600	6,75,26,000	13,33,64,000

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
December 22, 2007	1,40,000	10	-	Consideration other than cash	Pursuant to the Scheme of Amalgamation 1,40,000 Equity Shares were allotted to the following: i. Mr. Mukesh Agarwal – 35,000 Equity Shares ii. Mr. Rakesh Agarwal – 35,000 Equity Shares iii. Mr. Rajesh Agrawal – 70,000 Equity Shares	68,92,600	6,89,26,000	13,33,64,000
March 17, 2008	68,92,600	10	-	Consideration other than cash	Allotment of Equity Shares as bonus shares in the ratio of 1:1 to the following: i. Mr. Rajesh Agrawal – 24,66,500 Equity Shares ii. Mr. Rakesh Agarwal – 20,23,100 Equity Shares iii. Mr. Mukesh Agarwal – 21,19,000 Equity Shares iv. Ms. Shankuntala Devi Agarwal – 1,43,500 Equity Shares v. Ms. Reema Agarwal – 68,900 Equity Shares vi. Ms. Rakhee Agarwal – 56,900 Equity Shares vii. Ms. Shalini Agarwal – 13,300 Equity Shares viii. Mr. Dhruv Bansal, through his father and natural guardian Mr. Rajesh Agrawal – 1,400 Equity Shares	1,37,85,200	13,78,52,000	6,44,38,000
March 31, 2008	3,49,800	10	275	Cash	Allotment of Equity Shares to: i. Mr. Rajesh Agrawal – 77,400 Equity Shares ii. Mr. Mukesh Agarwal – 127,200 Equity Shares iii. Mr. Rakesh Agarwal – 127,200 Equity Shares iv. Mr. Satyam Anand Rao – 9,000 Equity	1,41,35,000	14,13,50,000	15,71,35,000

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
					Shares v. Mr. Sunil Anand Rao – 9,000 Equity Shares			
June 7, 2008	64,250	10	50	Cash	Allotment pursuant to an Employee Stock Purchase Plan	1,41,99,250	14,19,92,500	15,97,05,000
Total						**1,41,99,250**	**14,19,92,500**	**15,97,05,000**

Except for the allotment of Equity Shares pursuant to the Scheme of Amalgamation and the bonus issue of Equity Shares to our shareholders, as referred to hereinabove, our Company has not issued any Equity Shares for consideration other than cash.

2. Promoters Contribution and Lock-in

A. History of Equity Shares held by the Promoters

The Equity Shares held by the Promoters were acquired/ allotted in the following manner:

Sr. No.	Date of Allotment/ Transfer	Allotment/ Transfer	Nature of consideration	No. of Equity Shares	Face Value	Issue/Acquisition Price (Rs.)	No. of Equity Shares pledged	Percentage of Equity Shares pledged
Mr. Rajesh Agrawal								
1.	November 2, 2005	Allotment	Cash	4,25,000	10	10	29,35,899	58.60%
2.	March 3, 2006	Allotment	Cash	10,00,000	10	10		
3.	January 18, 2007	Transfer	Cash	5,15,000	10	10		
4.	April 10, 2007	Allotment	Cash	4,56,500	10	150		
5.	December 22, 2007	Allotment	Consideration other than cash*	70,000	10	-		
6.	March 17, 2008	Bonus Issue	Consideration other than cash**	24,66,500	10	-		
7.	March 31, 2008	Allotment	Cash	77,400	10	275		
		Total		**50,10,400**				
Mr. Rakesh Agarwal								
1.	January 7, 2004	First subscribers to the Memorandum	Cash	5,000	10	10	20,09,958	48.16%
2.	November 2, 2005	Allotment	Cash	85,000	10	10		
3.	March 3, 2006	Allotment	Cash	12,00,000	10	10		
4.	January 18, 2007	Transfer	Cash	4,05,000	10	10		
5.	April 7,	Transfer	Cash	55,000	10	10		

Sr. No.	Date of Allotment/ Transfer	Allotment/ Transfer	Nature of consideration	No. of Equity Shares	Face Value	Issue/Acquisition Price (Rs.)	No. of Equity Shares pledged	Percentage of Equity Shares pledged
	2007							
6.	April 10, 2007	Allotment	Cash	2,38,100	10	150		
7.	December 22, 2007	Allotment	Consideration other than cash*	35,000	10	-		
8.	March 17, 2008	Bonus Issue	Consideration other than cash**	20,23,100	10	-		
9.	March 31, 2008	Allotment	Cash	1,27,200	10	275		
		Total		**41,73,400**				
Mr. Mukesh Agarwal								
1.	January 7, 2004	First subscribers to the Memorandum	Cash	5,000	10	10	19,41,410	44.47%
2.	November 2, 2005	Allotment	Cash	35,000	10	10		
3.	March 3, 2006	Allotment	Cash	12,00,000	10	10		
4.	January 18, 2007	Transfer	Cash	4,05,000	10	10		
5.	April 7, 2007	Transfer	Cash	2,00,000	10	10		
6.	April 10, 2007	Allotment	Cash	2,39,000	10	150		
7.	December 22, 2007	Allotment	Consideration other than cash**	35,000	10	-		
8.	March 17, 2008	Bonus Issue	Consideration other than cash**	21,19,000	10	-		
9.	March 31, 2008	Allotment	Cash	1,27,200	10	275		
		Total		**43,65,200**				
	Total Promoter holding			**1,35,49,000**				

* *Equity Shares alloted pursuant to the Scheme of Amalgamation*
** *Equity Shares alloted pursuant to the bonus issue in the ratio of 1:1*

B. Details of Promoters contribution locked in for three years

The Equity Shares which are being locked-in are eligible for computation of promoters' contribution in accordance with the provisions of the SEBI Regulations. In this connection we confirm the following:

(i) The Equity Shares offered for minimum 20% promoters' contribution are not acquired for consideration of intangible asset or bonus shares out of revaluations reserves or reserves without accrual of cash resource or against shares which are otherwise ineligible for computation of promoters' contribution;

(ii) The minimum promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered;

(iii) Our Company has not been formed by the conversion of partnership firm into a company;

(iv) The Equity Shares held by the promoters and offered for minimum 20% promoters' contribution are not subject to pledge;

(v) The minimum promoters' contribution does not consist of any private placement made by solicitation of subscriptions from unrelated persons either directly or through any intermediary;

(vi) The minimum promoters' contribution does not consist of Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.

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

The details of such lock-in are set forth in the table below:

Sr. No.	Date of Allotment/Transfer	Nature of consideration	No. of Equity Shares locked in*	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	Percentage of Post-Issue Paid-up Capital (%)
Mr. Rajesh Agrawal						
1.	March 17, 2008	Consideration other than cash	16,42,412	10.00	Issued by way of bonus issue made out of capitalisation of the share premium account	7.51
Mr. Rakesh Agarwal						
2.	March 17, 2008	Consideration other than cash	13,68,042	10.00	Issued by way of bonus issue made out of capitalisation of the share premium account	6.25
Mr. Mukesh Agarwal						
3.	March 17, 2008	Consideration other than cash	14,30,915	10.00	Issued by way of bonus issue made out of capitalisation of the share premium account	6.54
Total			**44,41,369**			**20.30**

* *The minimum Promoter's contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as Promoter under the SEBI Regulations. Our Company has obtained a consent dated September 26, 2008 from our Promoters for the locking in of the said 44,41,369 Equity Shares, held by them, for three years from the date of Allotment.*

C. Details of share capital locked in for one year

In addition to 20% of the post-Issue shareholding of the Company held by the Promoters and locked in for three years as specified above, the entire pre-Issue share capital of the Company, that is 96,93,631 Equity Shares, will be locked in for a period of one year from the date of Allotment in this Issue in accordance with the SEBI Regulations.

D. Other Requirements in respect of lock-in

Locked-in Equity Shares of our Company held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Issue capital of the Company held by the Promoters that are locked in for a period of three years from the date of Allotment of Equity Shares in the Issue, may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more objects of the Issue.

The Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable. Further, Equity Shares held by the Promoter may be transferred to and among the 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 the SEBI Takeover Regulations, as applicable.

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

The Promoter's contribution has been brought in to the extent of not less than the specified minimum and from the persons defined as Promoters under the SEBI Regulations.

3. **Shareholding of our Company**

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

(Equity Shares of face value Rs.10 each)

Name of the shareholders	**Pre-Issue equity capital**		**Post-Issue equity capital***	
	Number of Equity Shares	**Percentage (%)**	**Number of Equity Shares**	**Percentage (%)**
A. Promoters				
Mr. Rajesh Agrawal	50,10,400	35.29	50,10,400	22.90
Mr. Rakesh Agarwal	41,73,400	29.39	41,73,400	19.07
Mr. Mukesh Agarwal	43,65,200	30.74	43,65,200	19.95
Sub Total (A)	**1,35,49,000**	**95.42**	**1,35,49,000**	61.92
B. Promoter Group				
Mrs. Shakuntala Devi Agarwal	2,87,000	2.02	2,87,000	1.31
Mrs. Reema Agarwal	1,37,800	0.97	1,37,800	0.63
Mrs. Rakhee Agarwal	1,13,800	0.80	1,13,800	0.52
Mrs. Shalini Agarwal	26,600	0.19	26,600	0.12
Mr. Dhruv Bansal, through his father and natural guardian Mr. Rajesh Agrawal	2,800	0.02	2,800	0.02
Sub Total (B)	**5,68,000**	**4.00**	**5,68,000**	2.60
Total Promoters and Promoter Group holding (A+B)	**1,41,17,000**	**99.42**	**1,41,16,000**	64.52
C. Non-Promoters				
Employees	4,300	0.3	4,300	0.02
Others	77,950	0.55	77,950	0.36
Sub-Total (C)	**82,250**	**0.58**	**82,250**	0.38
Total Pre-Issue Share Capital (A+B+C)	**1,41,99,250**	**100.00**	**-**	**64.90**
D. Public (Pursuant to the Issue)	**-**	**-**	**76,79,410**	**35.10**
Total Post-Issue Share Capital (A+B+C+D)	**-**	**-**	**2,18,78,660**	**100.00**

* *Assuming that the existing shareholders and that the employees who hold Equity Shares under the BSTL ESPP or may be granted options under BSTL ESOP shall continue to hold the same number of Equity*

shares after Issue.

4. **Equity Shares held by top ten shareholders**

a. On, and ten days prior to, the date of filing the Red Herring Prospectus:

S. No.	Shareholder	No. of Equity Shares held	Percentage (%)
1.	Mr. Rajesh Agrawal	50,10,400	35.38
2.	Mr. Mukesh Agarwal	43,65,200	30.83
3.	Mr. Rakesh Agarwal	41,73,400	29.47
4.	Mrs. Shakuntala Devi Agarwal	2,87,000	2.03
5.	Mrs. Reema Agarwal	1,37,800	0.97
6.	Mrs. Rakhee Agarwal	1,13,800	0.80
7.	Mrs. Shalini Agarwal	26,600	0.19
8.	Mr. Pradeep Agarwal	20,000	0.14
9.	Mr. Sunil Anand Rao	9,000	0.06
10.	Mr. Satyam Anand Rao	9,000	0.06
11.	Mr. Prem Kumar Bajaj	9,000	0.06
	Total	**1,41,61,200**	**100.00**

b. Two years prior to the date of filing the Red Herring Prospectus:

S. No.	Shareholder	No. of Equity Shares held	Percentage (%)
1.	Mr. Rajesh Agrawal	50,10,400	35.45
2.	Mr. Mukesh Agarwal	43,65,200	30.88
3.	Mr. Rakesh Agarwal	41,73,400	29.53
4.	Ms. Shakuntala Devi. S. Agrawal	2,87,000	2.03
5.	Ms. Reema Agarwal	1,37,800	0.97
6.	Ms. Rakhee Agarwal	1,13,800	0.81
7.	Ms. Shalini Agarwal	26,600	0.19
8.	Mr. Sunil Anand Rao	9,000	0.06
9.	Mr. Satyam Anand Rao	9,000	0.06
5.	Mr. Dhruv Bansal through his father and natural guardian Mr. Rajesh Agrawal.	2,800	0.02
	Total	**1,41,35,000**	**100.00**

5. **Employee Stock Option Plan and Employee Stock Purchase Plan**

A. BS Transcomm Employee Stock Option Plan

The BS Transcomm Employee Stock Option Plan ("**BSTL ESOP**") was formulated by the Board of our Company which approved the same at its meeting held on March 31, 2008. On the EGM dated May 20, 2008, our shareholders approved the BSTL ESOP, effective as of May 20, 2008.

The objective of the BSTL ESOP is to attract and retain talent, align the interest of the employees with the Company, motivate the employees to contribute to the Company's growth and profitability.

For the purposes of the BSTL ESOP, eligible employees would include individuals who are in whole time employment of the Company, including Directors, whether whole time or not (the "**Eligible Employees**") as are determined by the Remuneration and Compensation Committee under the BSTL ESOP. However, an employee who is a Promoter or belongs to the promoter group shall not be eligible to participate in the

BSTL ESOP. A Director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company shall not be eligible to participate in the BSTL ESOP. The BSTL ESOP may be extended to the employees of the Company's holding company and Subsidiaries, if any, subject to the necessary compliances.

The number of Equity Shares in the share capital of the Company that may arise on a cumulative basis upon exercise shall not exceed 3,00,000 (three lakhs) Equity Shares of the Company.

The Remuneration and Compensation Committee has been authorised to determine at its absolute discretion all the terms governing the BSTL ESOP including any variation thereof in accordance with the SEBI ESOP Guidelines, including but not limited to the determination of the Eligible Employees to whom the employee stock options ("**Options**") are to be granted, the number of Options to be granted to the Eligible Employees the quantum, time of grant and the criteria and eligibility for the grant of Options, the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche, the amount of up-front price payable, if any/ payable by the Eligible Employee at the time of grant of Options, the terms and conditions for vesting and exercise of Options including the exercise of Option on termination and resignation by Eligible Employee and the treatment of unvested Options, the conditions under which vested Option in Eligible Employees may lapse in case of termination of employment for misconduct, the exercise period and conditions for lapse of vested Option, the right of an Eligible Employee to exercise all the vested Options in him/her at one time or at various points of time within the exercise period, any adjustments of Options and exercise price in case of corporate actions including, rights issues, bonus issues, merger and so on, the procedure and terms for the vested Options and exercise of Option in case of employees who are on long leave, framing of all other relevant and appropriate procedures for the grant, vesting and exercise of Options and ensuring compliance with all the relevant provisions of applicable laws, regulations and guidelines, arranging to get the Equity Shares, issued under the BSTL ESOP, listed on the Stock Exchanges or may be listed in future and ensuring submission of information / reports, etc., in connection with the BSTL ESOP, to the Stock Exchanges at stipulated periodical intervals or otherwise.

Upon listing, the exercise price shall be calculated as per the suggested methods of valuations, or option pricing models, as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.

As of date of the Red Herring Prospectus, our Company has not granted any Options under the BSTL ESOP.

B. **BS Transcomm Employee Stock Purchase Plan**

The BS Transcomm Employee Stock Purchase Plan ("BSTL ESPP") was formulated by the Board of our Company which approved the same at its meeting held on March 31, 2008. The BSTL ESPP received the consent of our shareholders at EGM dated May 20, 2008 and was made effective from May 20, 2008.

The purpose of the BSTL ESPP is to reward eligible employees for the contribution made by them to the growth of the Company, enhance awareness for creating shareholder value, align rewards with the creation of value, attract and retain talent and remain competitive in the talent market while strengthening the interdependence between the individual and the organization for mutual prosperity.

The BSTL ESPP is restricted to certain selected employees of the Company as specified therein and the Board shall have the power and absolute discretion to select the employees to whom the Equity Shares are to be issued under the BSTL ESPP.

The number of Equity Shares in the share capital of the Company that may arise on a cumulative basis upon exercise shall not exceed 64,250 (Sixty Four Thousand Two Hundred and Fifty) Equity Shares of the Company.

The supervision, management and administration of the BSTL ESPP shall be the responsibility of the

Board and shall determine in its absolute discretion all the terms governing the BSTL ESPP including any variation thereof including the number of Equity Shares to be issued-the quantum, time of issue and the criteria and eligibility for the issue of Equity Shares and the share subscription price.

The Equity Shares issued under the BSTL ESPP shall rank pari passu with all the existing Equity Shares of the Company and shall be eligible for listing as the other Equity Shares of the Company. Any Equity Shares issued under the BSTL ESPP shall be locked in for a period of one year from the date of allotment as per the provisions of the Companies Act and the Articles of Association of the Company.

Particulars	Details
Equity Shares Issued	64,250
Date of issue	June 7, 2008
Allotment price of share (Rs.)	50.00
Person wise details of Equity shares granted to	
i) Directors and key managerial employees	Refer below
ii) Any other employee who was allotted Equity Shares amounting to 5% or more of the Equity Shares allotted during the year	Not applicable
iii) Identified employees who were allotted Equity Shares, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of allotment	Not applicable
Fully diluted EPS on a pre-Issue basis	Rs. 17.02(For the year ended as on March 31, 2010) and Rs. 9.45 for the three months ended June 30, 2010
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company has used fair value and impact of this difference on profits and EPS of the Company	Nil
Lock-in	One year from the date of allotment of the Equity Shares.
Impact on profits of the last three years (Rs.)	Nil
Intention of the holders of Equity Shares allotted to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	The holders of Equity Shares allotted on exercise of options may sell their Equity Shares within the three month period after the listing of the Equity Shares.
Intention to sell Equity Shares arising out of the BSTL ESPP within three months after the listing of Equity Shares by Directors, senior managerial personnel and employees having Equity Shares amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Not Applicable

Details regarding Equity Shares allotted to Directors and key managerial employees under the BSTL ESPP are set forth below:

Name of Director / Key Managerial Personnel	Number of Equity Shares allotted	Date of allotment/Transfer
Dr. Subrata Kumar De	4,000	June 7, 2008
Mr. Vijay Kumar Bajaj	2,500	June 7, 2008
Brig. Arun Kumar Sharma*	4,000	June 7, 2008

* *Brig. Arun Kumar Sharma resigned from the Board of Directors with effect from May 8, 2009 and he sold his Equity Shares to Mr. Prem Kumar Bajaj on July 24, 2009.*

6. Neither we nor our Directors or the Promoters, or the BRLM have entered into any buy back and/or

standby arrangements for the purchase of our Equity Shares other than the arrangements, if any, entered for safety net facility as permitted by the SEBI Regulations.

7. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.

8. In the case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion of the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, not less than 15% of Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of 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 further details, see "Issue Structure" on page 285 of the Red Herring Prospectus.

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

10. 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 the Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

11. Our Promoters, Director and our Promoter Group have not purchased or sold any Equity Shares within six months preceding the date of filing this Red Herring Prospectus with SEBI.

12. The Promoter Group, the Directors of the Issuer and their relatives have not financed the purchase by any other person of securities of the Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Red Herring Prospectus.

13. We have not issued any Equity Shares for consideration other than cash except the following:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Nature of Allotment
December 22, 2007	1,40,000	10	Issued in the ratio of 1:14, pursuant to the Scheme Of Amalgamation
March 17, 2008	68,92,600	10	Bonus issue of Equity Shares to the existing shareholders of the Company in the ratio of 1:1

14. Except as stated above, the Company has not issued or allotted any Equity Shares in terms of scheme approved under sections 391-394 of the Companies Act. For details with respect to the Scheme of Amalgamation of B.S. Integrated Steels Product Private Limited with our Company please refer to section titled 'History and Certain Corporate Matters' beginning on page 114 of the Red Herring Prospectus.

15. The Company has not issued any Equity Shares during the last 12 months at a price that may be lower than the Issue Price.

16. There are no outstanding warrants, financial instruments or any rights, which would entitle the Promoters or the shareholders of our Company or any other person any option to acquire any of the Equity Shares after the Issue.

17. The Equity Shares offered through this Issue shall be made fully paid-up at the time of Allotment.

18. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue opening date by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for Equity Shares) whether preferential or otherwise.

19. Except as disclosed in the section titled "Our Management" beginning on page 127 of the Red Herring Prospectus, none of our Directors or key managerial personnel holds any of the Equity Shares.

20. Our Promoters have pledged 30% of the total Promoters shareholding together to IDBI Bank Limited, Punjab National Bank and Axis Bank State Bank of India, Syndicate Bank, State Bank of Mysore, State Bank of Hyderabad and Syndicate Bank, 10.48% with State Bank of India and 8.31% with Tata Capital Limited.

21. Our Company has not revalued its fixed assets since incorporation.

22. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Red Herring Prospectus.

23. 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 investor.

24. There are no outstanding financial instruments or any other rights which would entitle the existing promoters or shareholders or any other person any option to acquire our Equity Shares after the Issue.

25. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

26. As per the RBI regulations, OCBs are not allowed to participate in this Issue.

27. As on the date of the Red Herring Prospectus, the total number of holders of Equity Shares is 33.

OBJECTS OF THE ISSUE

As a part of the Company's expansion plans, the Company is in the process of expanding its telecommunication and power transmission tower manufacturing capacity ("Tower Manufacturing Capacity") from 36,000 MTPA to 2,40,000 MTPA and setting up a backward integrated structural mill ("Backward Integrated Structural Mill") having an installed capacity of 90,000 MTPA (the "Project"). The Project is being set up by the Company at Majeedpally Village, Medak District, Andhra Pradesh and is divided into 2 phases as under:

- Phase I: Expansion in Tower Manufacturing and galvanizing capacity from 36,000 MTPA to 1,20,000 MTPA (i.e. an increase in installed capacity by 84,000 MTPA) and setting up of the Backward Integrated Structural Mill with an installed capacity of 90,000 MTPA. ("Phase I")
- Phase II: Expansion in Tower Manufacturing and galvanizing capacity from 1,20,000 MTPA to 2,40,000 MTPA (i.e. an increase in installed capacity by 1,20,000 MTPA) ("Phase II")

The Company has completed setting up the Backward Integrated Structural Mill in August 2009 and the commercial production has started in September 2009. The Company has also completed the expansion of Tower Manufacturing Capacity of Phase I and the commercial production has commenced in March 2010. The expansion in the galvanizing capacity of Phase I is currently under progress and is expected to be completed by October 2010.

Phase II is yet to commence.

The Phase I has been funded by the Company through internal accruals, Promoters' equity and long term and short-term loans.

The Objects of the Issue are:

1. Part funding of Phase I i.e. expansion in Tower Manufacturing and galvanizing capacity from 36,000 MTPA to 1,20,000 MTPA (i.e. an increase in installed capacity by 84,000 MTPA) and setting up of the Backward Integrated Structural Mill with an installed capacity of 90,000 MTPA*.

2. Funding of Phase II i.e. expansion in Tower Manufacturing and galvanizing capacity from 1,20,000 MTPA to 2,40,000 MTPA (i.e. an increase in installed capacity by 1,20,000 MTPA);

3. To part finance margin money for working capital for the Project*;

4. To fund general corporate purposes;

5. To meet expenses of this Issue; and

6. To get the Equity Shares of the Company listed on the Stock Exchanges.

* *As mentioned above, the Company has completed Phase I (except galvanizing capacity expansion and purchase of certain miscellaneous fixed assets) including margin money for working capital financing through certain short-term and long term loans which the Company now intends to repay out of the Net Proceeds of the Issue*.

The fund requirements and the intended use of Net Proceeds are based on management estimates and our current business plan and have not been appraised by any bank or financial institution.

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

Cost of the Project and other objects of the Issue

The expenditure envisaged for the Project is as under:

(Rs. in lakhs)

Sl. No.	Particulars	Phase I	Phase II	Total
1	Land	255	346	601
2	Site Development	1,467	1,179	2,646
3	Building and Foundations	2,039	2,569	4,608
4	Plant and Machinery	5,785	5,429	11,214
5	Miscellaneous Fixed Assets and other expenditure	250	348	598
6.	Working Capital Margin	4,801	1,850	6,650
	Total	**14,597**	**11,721**	**26,318**
7.	General Corporate Purposes**	[●]	[●]	[●]
8.	Issue Expenses**	[●]	[●]	[●]

** *To be determined by the Company upon finalization of Issue Price*.

The main object clause of our MoA and the objects incidental and ancillary to the main objects enables us to undertake our existing activities as well as activities for which the funds are being raised by us in the Issue.

Means of finance

The above requirement of funds of Rs. 26,605 lakhs for the Project is proposed to be financed through:

(Rs. in lakhs)

Particulars	Phase I	Phase II	Total
Equity / Owned Funds			
Net Proceeds	[●] #	[●]	[●]#
Promoters Equity	962	Nil	962
Internal Accruals	[●]	[●]	[●]
Total	[●]	[●]	[●]
Borrowed Funds			
Term Loan	3,950	Nil	3,950
Total	**3,950**	**Nil**	**3,950**
Grand Total (A+B)	**14,597**	**11,721**	**26,318**

Outstanding loans of Rs. 5,500 lakhs that were utilized for Phase I are proposed to be repaid from the Net Proceeds. Of this amount, an amount of Rs. 3,500 lakhs was originally obtained by the Company from Punjab National Bank and was due for repayment on June 30, 2010. However, the same was repaid by the Company through (i) a loan of Rs. 1,000 lakhs that was availed from Basai Steels and Powers Private Limited ("Basai Steels") pursuant to an agreement dated August 9, 2010; and (ii) Rs. 2,500 lakhs from Sanvijay Rolling and Engineering Limited ("Sanvijay Rolling") pursuant to an agreement dated August 13, 2010. For further details of Basai and Sanvijay Rolling, please see page 48 below. The remnant loan amount of Rs. 2,000 lakhs that is proposed to be repaid from the Net Proceeds has been obtained from Tata Capital Limited.

Details of use of Net Proceeds

Land (Phase I and Phase II)

We require 80 acres of land for the expansion of our Project out of which we have purchased land measuring 68.05 acres in Majeedpally Village, Medak District, Andhra Pradesh from the Andhra Pradesh Industrial Infrastructure Corporation Limited vide sale deed dated June 4, 2008 for a total consideration of Rs. 367.50 lakhs for the purposes Phase I and Phase II. Further an amount of Rs. 65.23 lakhs has being incurred towards differential costs and registration expenses. We have further acquired 2.34 acres vide sale deed dated January 8, 2010 for a total consideration of Rs. 23.40 lakhs. We have identified the remaining 9.01 acres of land and are under negotiations to acquire the remaining land. We estimate the cost of this land to be Rs. 144 lakhs.

Under Phase I we have allocated 25 acres of land to set up our manufacturing facility for telecommunication and power transmission towers having capacity of 84,000 MTPA and on 15 acres we have set up the backward integrated structural mill having capacity of 90,000 MTPA.

Under Phase II we require 40 acres of land for setting up our manufacturing facility for telecommunication and power transmission towers having capacity of 1,20,000 MTPA. Out of the 40 acres we have acquired 30.39 acres, and have identified the remaining 9.01 acres of land and are under negotiations for acquiring the same.

Currently we do not require any approvals for the land.

Details of Phase I

As mentioned above, the Company has completed both the Backward Integrated Structural Mill of 90,000 MTPA (commercial production started in September 2009) and the enhancement of manufacturing unit of Telecommunication and transmission towers by 84,000 MTPA (commercial production started in March 2010). Therefore, Phase I is completed except galvanizing unit with a capacity of 84,000 MTPA and part of miscellaneous fixed assets.

The actual cost incurred and balance of funds required for the pending galvanizing unit under Phase I are as follows:

(Rs. in lakhs)

Particulars	**Manufacturing capacity**	**Cost Incurred For 90,000 MT Backward Integrated Structural Mill**	**Balance pending for Galvanizing Unit**	**Total Amount**
Land	159	96		255
Site development	888	579		1,467
Building and foundation	1,322	717		2,039
Plant and Machinery	2,906	1,730	1,149**	5,785
Miscellaneous fixed assets	20		230	250
Working capital margin	4,801			4,801
Total	**13,218**		**1,379**	**14,597**

** *Out of which Rs. 173.61 lakhs has been spent on MS plates and beams for galvalnising tank (which has been included in work in progress as on June 30, 2010) and has been certified by the Auditors, P. Murali & Co., Chartered Accountants by their certificate dated September 20, 2010.*

The means of finance for the Phase I are as under:

Particulars	Phase I
Equity / Owned Funds	
Net Proceeds	[●] #
Promoters Equity	962
Internal Accruals	[●]
Total (A)	[●]
Borrowed Funds	
Loan Funding	3,950
Total (B)	**3,950**
Grand Total (A+B)	**14,597**

Outstanding loans of Rs. 5,500 lakhs that were utilized for Phase I are proposed to be repaid from the Net Proceeds. Of this amount, an amount of Rs. 3,500 lakhs was originally obtained by the Company from Punjab National Bank and was due for repayment on June 30, 2010. However, the same was repaid by the Company through (i) a loan of Rs. 1,000 lakhs that was availed from Basai Steels and pursuant to an agreement dated August 9, 2010; and (ii) Rs. 2,500 lakhs from Sanvijay Rolling pursuant to an agreement dated August 13, 2010. For further details of Basai and Sanvijay Rolling, please see page 48 below. The remnant loan amount of Rs. 2,000 lakhs that is proposed to be repaid from the Net Proceeds has been obtained from Tata Capital Limited.

Promoters' Equity

Our Company has raised Rs. 961.95 lakhs through the Issue of 3,49,800 Equity Shares of Rs. 10 each at premium of Rs. 265 per share to the Promoters and others on March 31, 2008. For further details about the issue of shares, please refer to the section titled "Capital Structure" beginning on page 30 of the Red Herring Prospectus.

Internal Accruals

Our Company has deployed Rs. [●] lakhs on the Phase I through internal accruals. Our Company has generated internal accruals of Rs. 1,750.58 lakhs as on March 31, 2008, Rs. 1,582.02 lakhs as on March 31, 2009 and Rs. 2,959.46 lakhs for the year ended March 31, 2010 and Rs. 1,608.69 for the three months ended on June 30, 2010.

Loan Funding

We have raised a term loan for the Phase I of Rs. 3,950 lakhs out of which we have received the sanction of Rs. 3,200 lakhs from Punjab National Bank Limited vide loan agreement dated April 13, 2009 and a sanction of Rs. 750 lakhs from Axis Bank Limited vide loan agreement dated April 6, 2009. We subsequently executed joint documentation for both the loans by way of a Consortium Term Loan Agreement entered into with Punjab National Bank Limited and Axis Bank Limited dated September 29, 2009. These Term Loans have been utilized by the Company for Phase I.

Phase I has been partially funded by the Company through loans obtained from Punjab National Bank of Rs. 3,500 lakhs and from Tata Capital Limited of Rs. 2,000 lakhs. These loans have been utilized for Phase I. The loan of Rs. 3,500 lakhs obtained from Punjab National Bank was due for repayment on June 30, 2010 and was accordingly repaid by availing a loan of Rs. 1,000 lakhs from Basai Steels and Rs. 2,500 lakhs from Sanvijay Rolling. The Company now intends to repay the loans obtained from Tata Capital Limited, Basai Steels and Sanvijay Rolling out of Net Proceeds of the Issue.

Loans to be repaid out of the net issue proceeds

As mentioned above, the Phase I has been partially funded by the Company through loans obtained from Punjab National Bank of Rs. 3,500 lakhs and from Tata Capital Limited of Rs. 2,000 lakhs. The loan of Rs. 3,500 lakhs obtained from Punjab National Bank was due for repayment on June 30, 2010 and was accordingly repaid by availing a loan of Rs. 1,000 lakhs from Basai Steels and Rs. 2,500 lakhs from Sanvijay Rolling. The Company now intends to repay these loans out of Net Proceeds of the Issue.

Brief details of the loans to be paid out of the Net Proceeds of the Issue are as under:

Name of the Bank/Financial Institution	**Tata Capital Limited**	**Basai Steels and Power (Private) Limited, Hyderabad**	**Sanvijay Rolling and Engineering Limited, Nagpur**
Nature of the loan facility	Term Loan	Business Loan	Business Loan
Amount (Rs. lakhs) of sanctioned facility	Rs. 2,000 lakhs	Rs. 1,000 lakhs	2,500 lakhs
Amount (Rs. lakhs) disbursed	Rs. 2,000 lakhs	Rs. 1,000 lakhs	2,500 lakhs
Amount outstanding as on August 14, 2010	Rs. 2,000 lakhs	Rs. 1,000 lakhs	Rs. 2,500 lakhs
Date of sanction letter/loan agreement	Term Loan Agreement dated October 29, 2009 and Sanction Letter dated September 29, 2009	Loan Agreement dated August 9, 2010	Loan Agreement dated August 13, 2010
Date of disbursement	October 30, 2009	August 9, 2010	Rs. 1,000 lakhs disbursed on August 10, 2010. Rs. 1,000 lakhs disbursed on August 11, 2010. Rs. 500 lakhs disbursed on August 13, 2010.
Tenor (years)	36 Months with a 6 month moratorium	Nine Months from the date of disbursement	Nine Months from the date of disbursement
Rate of Interest	13.50% p.a.	15%	15%
Interest Reset	Interest rate subject to change based on the changes in the long term lending rate as announced by Tata Capital Limited from time to time.	The interest is not subject to change	The interest is not subject to change
Repayment Schedule	Principal to be repaid in equated quarterly instalments after moratorium period.	To be repaid within 9 months from the date of disbursement or within one month of the receipt of Issue Proceeds of the public issue funds of the Company.	To be repaid within 9 months from the date of disbursement or within one month of the receipt of Issue Proceeds of the public issue funds of the Company.
End use and further break-up	The fund will be used for long term working capital requirement of the company	Not specified	Not specified
Prepayment /early settlement charges (if any)	2% of the outstanding principal to be paid as prepayment charges if the contract is closed within one year of disbursement, 1% if the contract is closed after one year and within 2 years and 0.5% if the contract is closed after 2 years and before the end of 3 years.	Not Applicable	Not Applicable

Brief details of Basai Steels and Sanvijay Rolling are set out hereunder:

- Basai Steels:

  Basai Steels was established in 1992 as a proprietorship firm by Ms. Pushpa Agarwal along with her son Mr. Piyush Agarwal and was subsequently converted to a private limited company in 2002. The promoters of Basai Steels are Mr. Gopal Agarwal, Ms. Pushpa Agarwal, Mr. Piyush Agarwal and Ms. Swetha Agarwal. The registered office of Basai Steels is at Hyderabad. Basai Steels is a supplier, authorized distributor and stockist of various kinds of mild steel and iron products. The products offered by Basai Steels include angles, beams, channels, flats, squares, sheets, rounds and plates.

  The Company is a customer of Basai Steels and has in the past supplied certain steel products to Basai Steels. The Company has not entered into any contract/agreements with Basai Steels, other than contracts/agreements entered into in the ordinary course of business. Further, the promoters and directors of Basai Steels are not related to the Promoters, Directors or shareholders of the Company. Additionally, Basai Steels is not a Promoter Group entity of the Company.

- Sanvijay Rolling:

  Sanvijay Rolling was established in 1971 by Mr. Puranlal Agrawal and has its registered office at Nagpur. The promoters of Sanvijay Rolling are Mr. Sanjay Agrawal and Mr. Ajay Agrawal. Sanvijay Rolling is in the business of supply of steel products to transmission line tower companies in the power, communications and engineering and construction sectors.

  The Company is a customer of Sanvijay Rolling. The Company has not entered into any contract/agreements with Sanvijay Rolling, other than contracts/agreements entered into in the ordinary course of business. The Company confirms that the promoters and directors of Sanvijay Rolling are not related to the Promoters, Board of Directors or shareholders of the Company. Additionally, Sanvijay Rolling is not a Promoter Group entity of the Company.

The auditors of the Company, P. Murali & Co., Chartered Accountants, have provided a certificate dated May 4, 2010 that the loans obtained from Punjab National Bank of Rs. 3,500 lakhs and from Tata Capital Limited of Rs. 2,000 lakhs have been utilised as on date for the purposes as indicated in the table above. Further they have also, provided a certificate dated August 17, 2010 that the short term loan of Rs. 3,500 lakhs from Punjab National Bank was repaid by the Company from the loan of Rs. 2,500 lakhs availed from Sanvijay Rolling vide agreement dated August 13, 2010 and Rs. 1,000 lakhs availed from Basai Steels, vide agreement dated August 9, 2010.

Capital Expenditure incurred on Phase I

The auditors of the Company, P. Murali & Co., Chartered Accountants have certified vide their certificate dated September 20, 2010, the capital expenditure incurred on the Phase I aggregating to Rs. 8,417 lakhs and the means of finance thereof as below.

(Rs. in lakhs)

S. No.	Particulars	Amount
	Expenditure for Phase I	
1	Land *	255
2	Site Development	1,467
3	Building and Foundations	2,039
4	Plant and Machinery	4,636
5	Miscellaneous Fixed Assets and other expenditure	20
	Total	**8,417**
	Sources of Funds for Phase I	
1	Promoter’s contribution	962

S. No.	Particulars	Amount
2	Term loan from Axis Bank	750
3	Term loan from Punjab National Bank	3,190
4	Balance from internal accruals and short term loans from Punjab National Bank**	3,515
	Total	**8,417**

* *Total land cost for 68.05 acre is Rs. 433 lacs. As estimated by the management, Phase I requires 40 acres of land and hence the above cost of land for Phase I is appropriately included for 40 acres.*

***The loan of Rs. 3,500 obtained from Punjab National Bank was due for repayment on June 30, 2010 and was accordingly repaid by availing a loan of Rs. 1,000 lakhs from Basai Steels and Rs. 2,500 lakhs from Sanvijay Rolling.*

Details of the Galvanizing Unit of Phase I

The Company proposes to set up the galvanizing unit with a capacity of 84,000 MTPA as the balance part of Phase I. The following is the list of plant and machinery for which orders are yet to be placed and the quotations received for the same are given below:

(Rs. in lakhs)

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Fibro Plasticss	Degreasing Tank	2	March 25, 2010	19.62
2.	Arvind Anticor Limited	Polypropylene Tank	8	March 25, 2010	92.66
3.	Fibro Plasticss	Rinsing Tank	4	March 25, 2010	39.23
4.	Fibro Plasticss	Fluxing Tank	2	March 25, 2010	19.62
5.	HRK Engineers	Galvanizing Bath size: 8m x 1m x 2m	2	March 26, 2010	61.00
6.	HRK Engineers	Drier / Chimney	2	March 26, 2010	84.00
7.	Usha Engineering Works	Galvanizing Furnace with Heating Temp. Control Systems and Combustion Equipment	2	March 24, 2010	236.26
8.	Usha Engineering Works	Galvanizing Bath size : 3.5m x 1m x 1.2m	1	March 24, 2010	61.88
9.	HRK Engineers	Galvanizing Furnace	1	March 26, 2010	40.50
10.	HRK Engineers	Drier / Chimney	1	March 26, 2010	42.00
11.	Fibro Plasticss	Quenching Tank	2	March 25, 2010	15.54
12.	Fibro Plasticss	Dichromate Tank	2	March 25, 2010	15.54
13.	Fibro Plasticss	Acid Storage Tank	4	March 25, 2010	30.16
14.	HRK Engineers	Oil Storage Tank	4	March 26, 2010	32.60
15.	HRK Engineers	Air Blower	3	March 26, 2010	1.80
16.	HRK Engineers	Oil Heating Pump	3	March 26, 2010	2.96
17.	HRK Engineers	Oil Pump	2	March 26, 2010	0.42
18.	Fibro Plasticss	Acid Pump	2 (3 HP each)	March 25, 2010	1.57
19.	HRK Engineers	Temperature Recorders for galvanizing furnace	3	March 26, 2010	7.56
20.	Saico Cranes Private Limited	EOT Crane (5+3 Tonnes)	6	March 25, 2010	204.50

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
21.	Shiv Pran Crane Private Limited	Monorail Hoist	1	March 26, 2010	11.81
22.	Arvind Anticor Limited	Polypropylene and fume extraction system	4	March 25, 2010	97.84
23.	Sun Enviro Technologies	Effluent Treatment Plant	1	March 27, 2010	30.39
Total			**62**		**1149.46**

The vehicles, fork lifts, trucks, furniture and fixtures, electronic weight bridge, architect fees etc. form part of the miscellaneous assets. The total miscellaneous assets and other expenditure are expected to cost Rs. 250 lakhs in the Phase I. Company has already incurred Rs.20 lakhs and the balance Rs. 230 lakhs is yet to be incurred is detailed as below:

The following is the breakup of miscellaneous assets and other expenditures yet to be incurred.

(Rs. in lakhs)

S. No.	Particulars	Amount	Supplier Name
1.	Architect and PMC Fees for Tower Manufacturing Plant	45	Management Estimates
2.	Vehicles – car, truck, forklift, etc	105	Management Estimates
3.	Furniture and Fixtures, Electronic weigh bridge,	80	Management Estimates
	Total	**230**	

Phase II

Under Phase II, our Company plans to expand the Tower Manufacturing Capacity of telecommunication and power transmission towers by 1,20,000 MTPA to enhance the Tower Manufacturing Capacity from 1,20,000 MTPA to 2,40,000 MTPA.

The cost of funds required under Phase II is as follows[#]:

(Rs in lakhs*)*

Particulars	Amount
Land	346*
Site development	1,179**
Building and foundation	2,569***
Plant and machinery	5,429
Miscellaneous fixed assets	348
Working capital margin	1,851
Total	**11,721**

\# *As per quotations received except for land and miscellaneous fixed assets.*

* *Out of which Rs. 202 lakhs has been paid to acquire 30.39 acres of land for Phase II*

** *Out of which Rs. 157.51 lakhs has been spent on site development (which has been included in work in progress as on June 30, 2010) and has been certified by the Auditors, P. Murali & Co., Chartered Accountants by their certificate dated September 20, 2010.*

*** *Out of which Rs. 16.20 lakhs has been spent on building and foundation (which has been included in work in progress as on June 30, 2010) and has been certified by the Auditors, P. Murali & Co., Chartered Accountants by their certificate dated September 20, 2010.*

The details of means of financing of Phase II are as follows:

(Rs. in lakhs)

Particulars	Phase II
Equity / Owned Funds	
Net Proceeds of IPO	[●]
Internal Accruals	[●]
Grand Total	[●]

Net Proceeds of the Initial Public Issue

The Company proposes to utilize the balance Net Proceeds towards Phase II.

We confirm that the firm arrangement of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed public Issue, has been made.

For Phase II, we require 40 acres of land out of we have already acquired 30.39 acres of land. We have identified the remaining 9.01 acres of this land and are under negotiations to acquire this land. We estimate the cost of this land to be Rs 144 lakhs. The cost estimate for setting up Phase II is detailed below:

Land and Site development

The Company proposes to utilize this land for setting Phase II. We have received quotations from M/s. Sanghi Engineers (Project Management and Technical Consultants) for construction of site development, building and foundations. The estimated cost of the same is Rs. 1,179 lakhs.

The following table shows the breakup of land and site development expenses.

(Rs. in lakhs)

S. No.	Particulars	Amount
1.	**Land**	
	30.39 acres at Majeedpally village	202
	Estimated cost for acquiring balance 9.01 acres	144
	Total (A)	**346**
2.	**Site Development**	
	Site Leveling and Filling	35
	Boundary Wall	80
	RCC Road	369
	Underground Sump and Storm Water Drain	130
	Elevated Service Reservoir	25
	Raw Material Yard	240
	Finished Goods Yard	240
	Proto – Assembly Yard	60
	Total (B)	**1,179**
	Total (A+B)	**1,525**

Building and Foundations

The total cost to be incurred on construction of factory building for telecommunication and power transmission towers is estimated to be Rs. 2,569 lakhs based on the estimates received from Sanghi Engineers, Nagpur.

The following table shows the total cost of construction of buildings:

(Rs. in lakhs)

S. No.	Particulars	Value of order
1.	Fabrication Shed	1,252
2.	Galvanizing Shed	640

S. No.	Particulars	Value of order
3.	Administrative Block	90
4.	Weigh Bridge	8
5.	Time Office	13
6.	Transformer, Meter and Panel Room	16
7.	Toilet Block	54
8.	Canteen – 2 no.	45
9.	Security Office	8
10.	Labour Quarters	193
11.	Toilets for Labour Quarters	20
12.	ETP/ Oil Storage/Acid Tank/Drainage System/Machine Foundations and Chimney, etc.	230
	Total	**2,569**

Plant and Machinery

The details of the plant and machinery and other related equipments is detailed in the following table:

(Rs. in lakhs)

S. No.	Particulars	Amount
1.	Fabrication Section	1,970
2.	Materials Yard	475
3.	Maintenance Shop	39
4.	Galvanizing	2,047
5.	Quality Control and Testing Lab Machinery	17
6.	Electricals	881
	Total	**5,429**

The following is the list of plant and machinery for which orders are yet to be placed and the quotations received for the same are given below:

Fabrication section

(Rs. in lakhs)

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Pradman Engineering Agencies Private Limited	CNC Machine 164T	1	March 27, 2010	157.59 (being €260,400 converted at a rate of Rs. 60.52 per Euro)
2.	Pradman Engineering Agencies Private Limited	CNC Machine 124T	1	March 27, 2010	147.31 (being €243,400 converted at a rate of Rs. 60.52 per Euro)
3.	Navabharat Engineering Works	55 and 70 TF Machine for punching and cropping operations	10	March 24, 2010	222.76
4.	Andhra Trading Company	Hydraulic Pillar type machines	14	March 27, 2010	121.59
5.	Mustafa Trading Company	Head Grinder Shaper “24”	8	March 29, 2010	36.20
6.	ITL Industries Limited	Band Sawing	2	March 23, 2010	18.00

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
		Machine			
7.	Classic Automotive Industries	Arco Whitney brand Hydraulic equipment including notching press	7	March 22, 2010	91.91
8.	Energy Machine Tools Private Limited	Radial Drilling machine	15	March 23, 2010	108.68
9.	Pradman Engineering Agencies Private Limited	CNC Angle Drilling line	1	March 27, 2010	144.88 (being €239,400 converted at a rate of Rs. 60.52 per Euro)
10.	Hydro Electric Machinery	100 ton capacity Horizontal Hydraulic Press (C-Frame type) along with power pack unit	6	March 22, 2010	46.62
11.	HRK Engineers	Oil Fired Furnace	6	March 26, 2010	24.60
12.	Weldor Engineering Private Limited	Hydraulic Guillotine Shearing Machine	4	March 26, 2010	90.27
13.	ISTCO Engineering Works	Hydraulic C type punching machine with press	10	March 23, 2010	129.00
14.	Lewis Machines	Hydraulic Press Machine	38	March 25, 2010	168.61
15.	Saico Cranes Private Limited	EOT Cranes (5+3 Tonnes)	10	March 25, 2010	346.00
16.	Shiv Pra Cranes Private Limited.	Jib Crane	6	March 26, 2010	24.03
17.	Andhra Trading Company	Welding Machine Sets	10	March 27, 2010	12.38
18.	First Consolidated Engineers Private Limited	Atlas Capco Screw Compressor	2	March 26, 2010	11.25
19.	Andhra Trading Company	Profile Cutter	2	March 27, 2010	4.39
20.	Andhra Trading Company	Pug Cutting Machine and Gas Cutter Set	10	March 27, 2010	13.76
21.	Andhra Trading Company	Hand Grinders	10	March 27, 2010	49.95
	Total				**1969.78**

Materials yard

(Rs. in lakhs)

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Design Fabrication and Consultants Engineers	Section Straightening Machine (75 HP)	1	March 25, 2010	45.78
2.	Design Fabrication and	Section	1		17.28

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
	Consultants Engineers	Straightening Machine (20 HP)		March 25, 2010	
3.	Saico Cranes Private Limited	Goliath Crane	4	March 25, 2010	399.62
4.	Andhra Trading Company	Packing Machines	4	March 27, 2010	11.88
	Total				**474.56**

Maintenance shop

(Rs. in lakhs*)*

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Mustafa Trading Company	Lathe Machine	2	March 29, 2010	10.53
2.	Mustafa Trading Company	Surface Grinder	2	March 29, 2010	20.63
3.	Mustafa Trading Company	Hand Grinder (Big)	2	March 29, 2010	2.00
4.	Mustafa Trading Company	Drilling Machine (Pillar Type)	1	March 29, 2010	6.00
	Total				**39.16**

Galvanizing

(Rs. in lakhs)

S. No.	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Fibro Plasticss	Degreasing Tank	4	March 25, 2010	39.23
2.	Arvind Anticor Limited	Polypropylene Tank	16	March 25, 2010	185.32
3.	Fibro Plasticss	Rinsing Tank	8	March 25, 2010	78.46
4.	Fibro Plasticss	Fluxing Tank	4	March 25, 2010	39.23
5.	HRK Engineers	Galvanizing Bath size: 8m x 1m x 2.2 m	4	March 26, 2010	122.00
6.	Usha Engineering Works	Galvanizing Furnace with Heating Temp. Control Systems	4	March 24, 2010	472.53
7.	HRK Engineers	Drier / Chimney	4	March 26, 2010	168.00
8.	HRK Engineers	Flux Heating Coil / Pump	4	March 26, 2010	85.20
9.	Fibro Plasticss	Quenching Tank	4	March 25, 2010	31.08
10.	Fibro Plasticss	Dichromate tank	4	March 25, 2010	31.08
11.	Fibro Plasticss	Acid Storage Tank	8	March 25, 2010	60.32
12.	HRK Engineers	Oil Storage Tank	8	March 26, 2010	65.20
13.	HRK Engineers	Air Blower	4	March 26, 2010	2.40
14.	HRK Engineers	Oil Heating Pump	4	March 26, 2010	3.95
15.	HRK Engineers	Oil Pump	4	March 26, 2010	0.84
16.	Fibro Plasticss	Acid Pump	4	March 25, 2010	3.14
17.	HRK Engineers	Temperature Recorders	4	March 26, 2010	10.08
18.	Saico Cranes Private Limited	EOT Cranes (5+3 Tonnes)	10	March 25, 2010	346.00

S. No.	Supplier Name	Description	Quantity	Date of Quote	Total
19.	Shiv Pra Cranes Private Limited.	Transfer Trolleys	6	March 26, 2010	77.63
20.	Arvind Anticor Limited	Fumes extraction system	8	March 25, 2010	195.67
21.	Sun Enviro Technologies	Effluent Treatment Plant	1	March 27, 2010	29.53
		Total			**2046.89**

Quality control and testing lab machinery

(Rs. in lakhs*)*

S. No	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Blue Star Limited	Universal Testing Machine (UTES 40)	1	March 25, 2010	8.91
2.	Fine Testing Machines	Impact Testing Machine	1	March 24, 2010	0.87
3.	HRK Engineers	Galvanizing coating measurement gauges	10	March 26, 2010	3.10
4.	Crescent Trading Company	Carbon Sulphur apparatus	1	March 25, 2010	1.59
5.	Crescent Trading Company	Physical Balance	2	March 25, 2010	0.54
6.	Crescent Trading Company	Laboratory glassware	1	March 25, 2010	1.27
7.	Fine Testing Machines	Brinel Hardness Tester	1	March 24, 2010	0.89
		Total			**17.17**

Electricals

(Rs. in lakhs*)*

S.No	Supplier Name	Description	Quantity	Date of Quote	Total
1.	Devi Power Systems	500 KVA 400 KW Diesel Generating Set	3	March 25, 2010	74.68
2.	Satyanarayana Electrical Works	1.6 M.V.A Transformers	1	July 15, 2009	31.49
3.	Satyanarayana Electrical Works	33 kV substation	1	July 15, 2009	10.25
4.	Satyanarayana Electrical Works	Electrical Panels	1	July 15, 2009	126.52
5.	Satyanarayana Electrical Works	Electrical cables / yard / office / factory lightings	1	July 15, 2009	638.41
		Total			**881.35**

We have not bought and we do not intend to buy any second hand machinery for the Project.

Apart from the expenses mentioned, the management estimates the following expenses to be incurred on miscellaneous assets and other expenditures

The vehicles, forklifts, trucks, furniture and fixtures, electronic weight bridge, architect fees etc. form part of the miscellaneous assets. The total miscellaneous assets and other expenditure are expected to cost Rs. 348 lakhs in Phase II are as follows:

(Rs. in lakhs*)*

S. No.	Particulars	Amount
1.	Architect and PMC Fees	63
2.	Vehicles – car, truck, forklift, etc	130
3.	Furniture and Fixtures	125
4.	Electronic weigh bridge	30
	Total	**348**

Orders for plant and machinery

We have not placed any orders for the plant and machinery required for Phase II.

Incremental margin money for working capital

Incremental Margin Money for working capital for Phase I

The working capital margin requirement for Phase I has been computed based on the increase in the average working capital margin post the commencement of the commercial production of the rolling steel mill in September 2009 as compared to the average working capital requirement prior to the commencement of the commercial production.

The Auditors of the Company have vide their certificate dated May 4, 2010 certified the margin money position at the end of each month for FY 2010.

The Company has funded the above margin for Phase I by way of short-term and long-term working capital loans and intends to utilize Net Proceeds of the Issue for repaying the same.

The working capital position of the Company for the various months is stated below*:

(Rs. in Lakhs)

Particulars	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010
Stock	3,017	2,522	2,455	2,552	2,728	3,392	3,518	3,889	4,193	4,288	5,024	5,171
Debtors	8,691	8,824	9,359	10,058	15,377	15,845	15,167	12,274	19,386	19,609	22,998	21,324
Less: Creditors	4,705	4,844	4,247	5,151	9,430	10,571	9,990	8,212	12,456	11,132	12,432	9,743
	7,004	**6,503**	**7,567**	**7,459**	**8,675**	**8,666**	**8,695**	**7,951**	**11,123**	**12,765**	**15,590**	**16,752**
Add: Advance's for Purchases	2,819	2,428	1,345	1,356	844	2,463	1,988	3,557	4,214	3,594	3,631	3,379
Net Working Capital	**9,823**	**8,930**	**8,912**	**8,815**	**9,519**	**11,129**	**10,683**	**11,508**	**15,337**	**16,359**	**19,221**	**20,131**
Bank Finance (Excluding Punjab National Bank – Short Term Loan and Tata Capital Limited)**	6,465	6,773	6,742	6,837	6,746	6,774	6,214	7,574	8,505	7,574	7,977	9,800
Companies Contribution	3,358	2,157	2,170	1,978	2,773	4,355	4,469	3,934	6,832	8,785	11,244	10,331

* *As certified by P. Murali & Co., Chartered Accountants, by their certificated dated May 4, 2010.*

** *The loan of Rs. 3,500 obtained from Punjab National Bank was due for repayment on June 30, 2010 and was accordingly repaid by availing a loan of Rs. 1,000 lakhs from Basai Steels and Rs. 2,500 lakhs from Sanvijay Rolling .*

Incremental Margin Money for working capital for Phase II

The incremental margin money for working capital requirement for our existing and proposed new manufacturing capacity has been currently estimated by the management at Rs. 1,851 lakhs.

The management has estimated the working capital margin requirement for Phase II on the basis of estimates as arrived based on limits as appraised by State Bank of India in October 2009 and the limits sanctioned by various banks.

We are currently availing fund based working capital facilities of Rs. 2,000 lakhs from IDBI Bank and Rs. 3,000 lakhs from Syndicate Bank, Rs. 750 lakhs from Axis Bank, Rs 3,125 lakhs from Punjab National Bank, Rs 350 lakhs from State Bank of India (out of Rs 3,500 lakhs sanction) and Rs. 2,000 lakhs from State Bank of Mysore. For further details please see section titled "Financial Indebtedness" on page 258 of the Red Herring Prospectus.

General Corporate purposes

We, in accordance with the policies set up by our Board of Directors, the Directors have the flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes towards strategic initiatives and acquisitions, strengthening our marketing capabilities, for other Project related investments and repayment of loans.

Issue Expenses

Issue related expenses includes underwriting and Issue management fees, selling commission, distribution expenses, legal fees, printing and stationery costs, advertising expenses and listing fees payable to the Stock Exchanges etc. The total expenses for the Issue are estimated at Rs. [●] lakhs, which is [●] % of the Issue size. All the Issue related expenses shall be met out of the proceeds of this Issue. The break-up of the same is as follows:

(Rs. in lakhs)

Particulars	Amounts*	As % of total expenses	As a percentage of Issue Size
Lead management fee (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:			
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- IPO Grading fees	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

**Will be incorporated after finalisation of Issue Price.*

No part of the Net Proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or companies promoted by our Promoters except in the course of normal business.

Details of balance fund deployment

The details of half yearly break-up of the expenditure proposed to be incurred on the proposed Project are as under:

(Rs. in lakhs)

Particulars	Upto March 2010	During Half Year Ended Sep 2010	During Half Year Ended March 2011	Total of Balance Fund Deployment	Total Project Cost
Land	457	144	-	144	601
Site Development	1,467	884	295	1,179	2,646
Building and Foundations	2,039	1,028	1,541	2,569	4,608
Plant and Machinery	4,636	1,317	5,261	6,578	11,214

Particulars	Upto March 2010	During Half Year Ended Sep 2010	During Half Year Ended March 2011	Total of Balance Fund Deployment	Total Project Cost
Total	**8,599**	**3,373**	**7,097**	**10,470**	**19,069**
Miscellaneous Fixed Assets and other expenditure	20	145	434	578	598
Total	**8,619**	**3,518**	**7,530**	**11,048**	**19,667**

The loans of Rs. 5,500 lakhs would be repaid out of Net Proceeds.

Schedule of implementation

The schedule of implementation for Phase II is as follows:

Activity	Start	Finish
Land	-	September 2010
Building and Foundation	December 2009	November 2010
Installation of Plant and Machinery	December 2010	Mid-February 2011
Trial Run	Mid-February 2011	End-February 2011
Commercial Production	March 2011	-

Interim use of funds

Pending use of funds as described above, we intend to temporarily invest the Net Proceeds of the Issue in high quality, interest/dividend bearing short-term liquid instruments including deposits with banks for the necessary duration or for reducing overdraft to save interest costs. These investments would be authorized by our Board or a duly authorized committee thereof. We may also use the same to fund our existing working capital requirement on a temporary basis.

Shortfall or surplus in Net Proceeds

In the event of a shortfall in raising the requisite funds from the Net Proceeds of the Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals and additional debt funding, if required. The Company may also decide not to repay certain loans to be paid out of Net Proceeds in the event of a shortfall subject to compliance with Law.

In case of any surplus of monies received in relation to the Issue, we may use such surplus towards further expansion and general corporate purposes. In case of variations in the actual utilization of funds earmarked for the purposes mentioned above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

Appraisal Report

The Project for which the Net Proceeds will be utilized have not been financially appraised by any banks, financial institutions or agency and the estimates of the costs of the Project mentioned above are based on the internal estimates of the Company or the relevant Subsidiary, as applicable.

Monitoring of utilization of funds

Our Board will monitor the utilization of the Net Proceeds. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet clearly specifying the purpose for which such Net Proceeds have been utilized. We will also, in our balance sheet provide details, if any, in relation to all such Net Proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds of the Issue.

BASIS OF ISSUE PRICE

The Issue Price shall be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. The face value of the Equity Shares is Rs. 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value.

Investors should read the following summary with the Risk Factors beginning on page xiii of the Red Herring Prospectus and the details about our Company and its financial statements included in the Red Herring Prospectus on page 157. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investment**.**

Qualitative Factors

- Established position in the growing Indian telecommunications infrastructure and power transmission sector
- Reputed customer base and strong customer relationships
- Pan India services presence in the telecommunication sector
- Our integrated business model
- Experienced management team with project execution and operations expertise
- Access to technology

For details, please refer to the section titled "Business Overview" on page 92 of the Red Herring Prospectus.

Quantitative Factors

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

1. Earnings Per Share (as adjusted for extraordinary items)

As per our Restated Unconsolidated Summary Statements

Year	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
2007-08	10.16	10.16	1
2008-09	8.72	8.72	2
2009-10	17.02	17.02	3
Weighted average	**13.10**	**13.10**	

Note:

- The earnings per share has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the year.
- The face value of each equity share is Rs. 10.
- We have not considered the EPS for period ended June 30, 2010.

2. Price/Earning Ratio (P/E) in relation to Price Band

P/E based at the Upper End of the Price Band of Rs. [●] and on the EPS of the year ended March 31, 2010 of Rs. [●]: [●]

P/E based at the Lower End of the Price Band of Rs. [●] and on the EPS of the year ended March 31, 2010 of Rs. [●]: [●]
Industry P/E – Transmission Line Towers / Equipments

i) Highest: 17.1
ii) Lowest: 11.9
iii) Industry Composite: 15.1

(Source: "Capital Market" Magazine Vol XXV14 September 06-19, 2010)

3. Average Return on Net Worth

As per our Restated Unconsolidated Summary Statements

Year	RONW (%)	Weight
2007-08	30	1
2008-09	21	2
2009-10	29	3
Weighted average	**26.5**	

- Minimum Return on Net Worth needed to maintain Pre-Offer EPS for the year ended March 31, 2010
  i) At floor price – [●]%
  ii) At cap price – [●]%

4. Net Asset Value

Net Asset Value per Equity Share as per our Restated Unconsolidated Summary Statements for the Year ended March 31, 2010 and for the period ended June 30, 2010 is Rs. 68.36

Post Offer Net Asset Value (based on March 31, 2010 NAV) per Equity Share after the Offer, based on the Cap Price of Rs. **[●]**: Rs. **[●]**

Post Offer Net Asset Value (based on March 31, 2010 NAV) per Equity Share after the Offer, based on the Floor Price of Rs. **[●]**: Rs. **[●]**

Issue Price*: [●]

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

Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by weighted average number of Equity Shares outstanding as of date.

5. Comparison with Industry Peers

Particulars	Face value (Rs.)[1]	EPS (Rs.)[2]	P/E[2]	RONW (%)[1]	BV (Rs.)[1]
BS Transcomm Limited*	10				
At Floor Price of Rs. **[●]**		**[●]**	**[●]**	**[●]**	**[●]**
At Cap Price of Rs. **[●]**		**[●]**	**[●]**	**[●]**	**[●]**
Peer Group					
Jyoti Structures	2	11.5	11.9	19.8	61.3

Particulars	Face value (Rs.)[1]	EPS (Rs.)[2]	P/E[2]	RONW (%)[1]	BV (Rs.)[1]
KEC Intl.	10	29.9	15.5	25.8	149.3
Kalpataru Power	10	56.9	17.1	18.7	468.5
Sujana Towers	5	5.0	12.3	11.5	46.8

1. On full year ended basis for March 31, 2010.
2. On trailing 12 month basis.

(Source: "Capital Market" Magazine Vol. XXV/14 September 06-19, 2010)

6. The face value of our Equity Shares is Rs. 10 per Equity Share and the Issue Price of Rs. [●] is [●] times of the face value of our Equity Shares. The final price has been determined on the basis of the demand from the investors.

7. The Issue Price shall be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. The Issue Price of Rs. [●] per Equity Share is justified in view of the above qualitative and quantitative parameters. Please refer to the section titled "Risk Factors" and our financials as set out in the Auditors Report beginning on page xiii and 157 respectively of the Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

To
The Board of Directors,
BS TransComm Limited
504, 5th Floor, Trendset Towers,
Road No.2, Banjara Hills,
Hyderabad – 500 034.

Dear Sir,

Re: Opinion on possible Direct Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to B S TransComm Limited (the "Company") and its shareholders under the current tax laws in India, Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperative the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

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

No assurance is given that the revenue authorities/courts will concur with the view expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to B S TransComm Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or international misconduct. We will not be liable to any other person in respect of this statement.

FOR P.MURALI & CO.,
CHARTERED ACCOUNTANTS

(M V JOSHI)
PARTNER
M NO. 024784
Firm Reg. No. 007257S

Date: 12-08-2010
Place: Hyderabad

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO B S TRANSCOMM LIMITED AND TO ITS SHAREHOLDERS

The company is not enjoying any "Special Tax Benefits". Given below are the "General Tax Benefits" that are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective Acts.

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

I. BENEFITS AVAILABLE TO THE COMPANY

B S TransComm Limited (herein referred to as 'BST') is an Indian Company, subject to tax in India. BST is taxable on its profits, profits are computed after allowing all reasonable business expenditure incurred for earning such income including depreciation. Up to Financial Year 2009-10 BST has not claimed any special tax holiday benefits.

Considering the activities and the business of BST, the following benefits may be available to BST.

1. The benefit of claiming weighted deduction of 125% of any sym paid to a company to be used by it for scientific research is available under Section 35, if the Company complies with the procedures required for obtaining such benefits. The above benefits are subject to BST satisfying the conditions required under the IT Act.

2. The company will be entitled to amortize preliminary expenses being the expenditure incurred on public issue of shares, under section 35D(2)(c)(iv) of the IT Act, subject to the limit specified in section 35D(3).

3. In case the income tax payable under the normal provisions of the IT Act is less than 18% of the book profits of the Company, then such book profit would be deemed to be the total income of the Company for that year and Minimum Alternate Tax (MAT) payable on such total income would be at the rate of 18% plus applicable surcharge and education cess.

4. Section 36 (1) (xv) has been inserted by Finance Act, 2008 w.e.f 1-4-2009.This is a consequential amendment upon removal of the concession of tax rebate to securities transaction tax. Where the income from taxable securities transactions is included in the income computed under the head "Profits and gains from Business or Profession", then the amount of securities transaction tax paid by the assessee in respect of such securities transactions is considered as allowable expenditure from such income during the previous year**.**

5. Under section 115JAA(1A) of the IT Act, credit is allowed in respect of any MAT paid under section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 10years succeeding the year in which the MAT credit is allowed.

Dividend Income

1. Under Section 10(33) of the Income Tax Act, 1961, any income arising from the transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule 1 to the Unit Trust of India (Transfer of undertaking and Repeal) Act, 2002 (58 of 2002) and where the transfer of such asset taken place on or after the 1st Day of April 2002 is exempt.
2. As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O of the IT Act *(i.*e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax.

3. As per section 10(35) of the IT Act, the following income will be exempt in the hands of the Company:

   a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or

b. Income received in respect of the units from the Administrator of the specified undertaking; or
c. Income received in respect of the units from the specified company:

However, this exemption does not apply to any income arising from transfer of such units by the unit holder.

Capital Gain Income:

1. Section 10(38) of the Income tax Act ,exempts following income

   As per Section 10(38) of the IT Act any income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of equity oriented fund where –

   a. The transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
   b. Such transaction is chargeable to securities transaction tax under that Chapter;

   For this purpose "Equity Oriented Fund" means a fund –

   a. Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds: and
   b. Which has been set up under a scheme of a Mutual Fund specified under Section 10(23D) of the IT Act.

2. As per section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 moths after the date of such transfer, if only part of the capital gain is so invested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assessee transfer or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.

   "Long term specified asset" for the purpose of making investment under section 54EC of the IT Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   c. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;
   d. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

   The investment in Long Term Specified Asset made by the Company on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

3. As per section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted thorough a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge ad education cess). Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

   - Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year.
   - Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains, balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

4. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the Company arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the company, in respect of Long Term capital gains from the sale of listed securities or units (in cases not covered under section 10(38) of the IT Act) or zero coupon bonds whether payable in respect of any such long term capital gains exceeds 10% of the amount of capital gain arrived at without indexing the cost, the capital gains is charged at concessional rate of 10% applicable surcharge and education cess.

5. In case any part of the business of the Company consists of purchase and sale of shares in companies, then provisions of the explanation to Section 73 may be attracted.

II. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred in Section 115 O of the IT Act**.** (i.e., dividends declared, distributed or paid on or after 1 April, 2003) received from a domestic company is exempt from income tax in the hands of shareholders.

2. Section 10(38) of the Income tax Act ,exempts following income.

   As per Section 10(38) of the IT Act any income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of equity oriented fund where –
   The transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
   Such transaction is chargeable to securities transaction tax under that Chapter;

   For this purpose "Equity Oriented Fund" means a fund –
   Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds: and
   Which has been set up under a scheme of a Mutual Fun specified under Section 10(23D) of the IT Act

3. As per the provisions of Section 111A of the IT Act, short term capital gains from the sale of equity shares of the Company would be taxable at a rate 15% (plus applicable surcharge and Education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Share of a Company, other than those covered by Section 111A of the IT Act, would be subject to tax calculated under the normal provisions of the IT Act.

4. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of shareholder arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act at applicable surcharge and education cess. Alternatively, at the option of the shareholder, in respect long term capital gains from the sale of listed securities or units (in cases not covered under section 10(38) of the IT Act) or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus surcharge as applicable and education cess.

5. Section 115H provides concession to a non-resident Indian who becomes a resident, to continue to avail the benefits of concessional rate of tax as per Chapter XII A on the investment income derived from foreign exchange assets even after he becomes a Resident, till such time the asset is either transferred or converted into money.

   Foreign Exchange Asset for this section as stated in the IT Act means the following assets acquired in convertible foreign exchange.

I. Shares in an Indian company

II. Debentures issued by an Indian Company which is not a private Company as defined in the Companies Act, 1956.

III. Deposits with Indian Company which is not a private Company as defined in the Companies Act, 1956.

IV. Any security of the Central Government as defined in Public Debt Act, 1944.

V. Other Assets as the Central Government may notify in the Official Gazette.

Such benefit is available only when the assessee furnishes a declaration in writing along with his return of income for the assessment year for which he is so assessable.

6. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38)) of the IT Act would be exempt from tax to the extent such capital gains are invested in long term specified asset within 6 months from the date of such transfer in the bonds issued by:

National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988;

Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during any financial year should not exceed 50 lakhs rupees.

The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the gross total income under Section 80C for any assessment year beginning on or after April 1, 2006.

7. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

8. Whether the resident shareholder is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, and then provisions of Explanation to Section 73 may be attracted.

III. BENEFITS AVAILABEL TO NON-RESIDENTS/NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs AND FOREIGN VENTURE APITAL INVESTORS)

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 O of the IT Act. (i.e., dividends declared, distributed or paid on or after April 1, 2003) received on the shares of any company is exempted from the tax and are not subjected to any deduction of tax at source.

2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction of sale has been

entered through a recognized stock exchange and such transaction is chargeable to securities transaction tax.

3. In terms of the first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares or debentures of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The Capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

4. As per provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains (which are not exempt under Section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

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

    If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

    The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the gross total income under Section 80C for any assessment year beginning on or after April 1, 2006.

5. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

6. As per the provisions of Section 111A of the IT Act, short term capital gains from the sale of equity shares of the Company would be taxable at a rate or 15% (plus applicable surcharge and Education cess) where such transaction of sale is entered on a recognized stock exchange in India is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares of a Company, other than those covered by Section 111A of the IT Act, would be subject to tax calculated under the normal provisions of the IT Act.

7. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of shareholder arising on transfer of capital assets other than bonds and debentures of the Company referred to in the First Proviso will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act as applicable surcharge and education cess. Alternatively, at the option of the shareholder, in respect long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount

of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% as applicable surcharge and education cess.

8. Section 115H provides concession to a non-resident Indian who becomes a resident, to continue to avail the benefits of concessional rate of tax as per Chapter XII A on the investment income derived from foreign exchange assets even after he becomes a Resident, till such time the asset is either transferred or converted into money.

   Foreign Exchange Asset for this section as stated in the IT Act means the following assets acquired in convertible foreign exchange.

   i) Shares in an Indian company
   ii) Debentures issued by an Indian Company which is not a private Company as defined in the Companies Act, 1956.
   iii) Deposits with Indian Company which is not a private Company as defined in the Companies Act, 1956.
   iv) Any security of the Central Government as defined in Public Debt Act, 1944.
   v) Other Assets as the Central Government may notify in the Official Gazette.

   Such benefit is available only when the assessee furnishes a declaration in writing along with his return of income for the assessment year for which he is so assessable.

9. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country or residence of the Non-Resident / Non-Resident Indian would prevail Over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident / Resident Indian.

10. Where shares of the Company have been subscribed to convertible foreign exchange, non-Resident Indian (i.e., an individual being a citizen of India or person of Indian origin who is not a resident) has the option of being governed by the provisions of Chapter XII – A of the IT Act, which inter alia entitles them to the following benefits:

    a. As per the provisions of section 115E of the Income Tax Act, 1961, and subject to the condition specified therein, long-term capital gains arising on the transfer of company's shares will be charged to Income Tax @ 10% (plus applicable surcharge and education cess)

    b. Under section 115F of the IT Act, long term capital gains arising to a non-resident Indian from the transfer of shares of the company, subscribed in convertible foreign exchange, shall be exempt from income tax, if the entire net consideration is reinvested in specified assets, as defined in Section 115C of the IT Act / saving certificates referred to in clause 10(4B) of the IT Act, within six months of the date of transfer. Where only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets / savings certificates are transferred or converted within 3 years from the date of their acquisition.

    c. Under section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if the only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII of the IT Act.

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

IV. BENEFITS AVAILABLE TO MUTUAL FUNDS

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

V. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115O of the IT Act) would be exempt from tax in the hands of the share holders of the Company and are not subjected to deduction of tax at source.

2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares of the company would be exempt from tax where the sale transaction has been entered into a on a recognized stock exchange of India and is liable to securities transaction tax.

3. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein. Long-term capital gains (which are not exempt under section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by :

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

   If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakh rupees.

   The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the gross total income under Section 80C for any assessment year beginning on or after April 1, 2006.

4. Where the Foreign Institutional investor is a corporate assessee, then to the extent its business consists of purchase and sale of shares of other companies, then provisions of explanation to Section 73 may be attracted.

5. As per the provisions of Section 115AD of the IT Act, income (other than income by way of dividends referred to in section 115O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to section 115AB of the IT Act) would be taxed at concessional rates, as follows:

Nature of income	Rate of Tax (%)
Income in respect of securities	20
Long term capital gains	10
Short term capital gains (Other than short term capital gains referred to in Section 111A)	30

The above rates would by increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT Act are not available.

As per the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 15% (Plus applicable surcharge and education cess) where such transaction of sale is liable to securities transaction tax.

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

VI. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

As per section 10(23FB) of the IT Act, all Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hand of such person.

UNDER THE WEALTH TAX ACT, 1957

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

UNDER THE GIFT – TAX ACT

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

Notes:

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

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

c. Legislation, its judicial interpretations and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry our any review of our comments for changes in laws or regulations occurring after the date of issue of this note.

d. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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.

e. In respect on non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

f. The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act 2008.

Our views expressed herein are based on the facts and assumptions indicated by you. 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. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for B S TransComm Limited. P.Murali & & Co., India shall not be liable to B S TransComm Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. P.Murali & Co., will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites/publications generally state that the information contained in 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, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.

Telecommunication and Power Sector - Turnkey Services Industry:

The telecommunication and power sector turnkey services industry covers tower manufacturing, allied infrastructure and other services for setting up and maintaining the telecom towers and power sector transmission lines. Telecom and Power transmission companies are facing the challenging task of meeting the growing demand and aggressive roll-out plans and the burgeoning operating costs. These companies also rely on specialists to get the signal transmission / power transmission equipment ready for their roll-outs and also to maintain them. The companies could be either only tower suppliers or turnkey solution providers who provide all services from designing to erection of towers and assisting in maintaining them. These players need to meet stringent quality requirements and also need to be capable of meeting the changing requirements of the telecom and power industries.

Transmission towers are one of the pillars of the telecommunication and the power sector. Both sectors are witnessing strong growth in terms of reach and user base.

The power sector has been identified by The Government of India as a key sector of focus. It has embarked on an aggressive mission – “Power for All by 2012” and has undertaken several reforms to make the power sector more attractive to private sector investment. Similarly, with great amount of capacities being set up in power generation by private sector as well as public sector players, demand for transmission and distribution would require huge investment in transmission and distribution sector.

Telecommunications Industry in India

The Indian telecommunications industry has experienced significant growth in recent years, primarily in the wireless sector. The sector is regulated by the Ministry of Communications and Information Technology, DoT. Telecommunications is one of the sectors in India, which has witnessed the most fundamental structural and institutional reforms since 1991. India still continues to register a significant growth in the current fiscal. Indian telecom has become the second largest wireless network in the world after China. The future progress of telecom in India is very encouraging. The target of 500 million connections by 2010 has been achieved in September 2009 itself. The 11th plan target of 600 million connections has already been achieved. The opening of the sector has not only led to rapid growth but also helped a great deal towards maximization of consumer benefits as tariffs have been falling across the board as a result of unrestricted competition. *(Source Annual Report 2009-10, Department of Telecom)*

Mobile Services in India

With 635.5 million mobile phone connections at the end of June 2010, India is today the second largest and the fastest growing telecom market in the world in terms of number of wireless connections. It is noteworthy that the Indian mobile subscriber base grew ten-fold in just 4 years (from 7.6 million subscribers in December 2001 to 75.9 million in December 2005) and then 7-fold over the next 4 years (from 75.9 million subscribers in December 2005 to 525.9 million in December 2009). A significant part of this growth is now taking place in smaller cities and rural areas. The number of cell phone users is estimated to be at 1,000 million by 2014/15
(Source: TRAI, Recommendations on Spectrum Management and Licensing Framework, 11th May 2010)

The Indian telecom market is divided into 22 service areas (23 circles) categorized as Metros, Category ‘A’, Category 'B' and Category 'C' (Chennai has been included in Category A, as part of Tamil Nadu)

(1) Metros

There are three Metro service areas and they include the major metropolitan cities of Delhi, Kolkata and Mumbai. These service areas contribute 77.6 million to the total wireless subscribers base (12.2% as of Jun 30, 2010) and have relatively high tele-densities. *(Source: TRAI, Press Release and Performance Report, Mar 2010)*

(2) Category A

There are five Category A service areas covering the states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu (including Chennai). These service areas form a major portion of the total wireless subscriber base with 229.7.3 million wireless subscribers (36.1% as of Jun 30, 2010) and have relatively high tele-densities. *(Source: TRAI, Press Release and Performance Report, Mar 2010)*

(3) Category B

There are eight Category B service areas which include Haryana, Kerala, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh (East), Uttar Pradesh (West) and West Bengal (including Andaman and Nicobar islands). These circles are the largest contributors to the total wireless subscriber base with 243.9 million subscribers (approximately 38.4% as of Jun 30, 2010) and have relatively low tele-densities. *(Source: TRAI, Press Release and Performance Report, Mar 2010)*

(4) Category C

There are six Category C service areas and they cover the states or regions of Assam, Bihar, Himachal Pradesh, North East, Orissa and Jammu and Kashmir. Category C circles account for 84.2 million wireless subscribers (13.3% as of Jun 30, 2010). These service areas have the lowest tele-density.

Wireless subscribers	**Tele density (%) (As of March 2010)**			**Subs (MM)**		**Total Subs Share (%)**	**Net Adds (MM)**	**Net Adds Share**
	Rural	**Urban**	**Total**	**March - 09**	**March -10**			
Andhra Pradesh	23.03	135.98	54.30	30.4	45.6	7.8%	15.2	7.9%
Assam	18.13	91.59	28.97	5.8	8.8	1.5%	2.9	1.5%
Bihar	14.21	122.82	28.98	21.0	37.0	6.3%	16.0	8.3%
Delhi	-	-	157.41	22.0	28.3	4.8%	6.3	3.3%
Gujarat	32.09	89.13	54.93	24.1	32.3	5.5%	8.2	4.3%
Haryana	37.56	94.38	56.42	9.9	14.1	2.4%	4.3	2.2%
Himachal Pradesh	47.79	288.16	74.04	3.3	5.0	0.9%	1.6	0.9%
J&K	26.41	107.10	47.90	3.5	5.5	0.9%	2.0	1.1%
Karnataka	22.53	132.48	63.09	23.5	37.1	6.4%	13.6	7.1%
Kerala	35.50	177.51	70.31	16.4	24.2	4.1%	7.8	4.0%
Madhya Pradesh	15.00	85.66	33.63	20.6	32.0	5.5%	11.4	5.9%
Maharashtra	30.72*	98.53*	61.96*	31.3	43.5	7.5%	12.2	6.3%
Mumbai				19.2	26.5	4.5%	7.2	3.8%
North East	24.48	92.45	40.71	3.3	5.3	0.9%	2.0	1.0%
Orrisa	19.93	127.54	37.78	8.7	15.3	2.6%	6.6	3.4%
Punjab	39.00	114.97	69.86	14.9	20.1	3.4%	5.2	2.7%
Rajasthan	30.38	114.64	50.48	22.8	33.7	5.8%	11.0	5.7%
TN (Chennai)	36.21	114.85	78.50	37.0	53.7	9.2%	16.7	8.7%
UP (E)	17.84*	99.93*	36.01*	27.1	44.0	7.5%	16.9	8.8%
UP (W)				19.5	30.6	5.2%	11.2	5.8%
Kolkata	23.74*	103.12*	46.28*	11.6	16.4	2.8%	4.8	2.5%
WB				15.6	25.2	4.3%	9.6	5.0%
All India	**23.08**	**112.03**	**49.60**	**391.7**	**584.3**	**100.0%**	**192.6**	**100.0%**

Source: TRAI performance report, Mar 2010, TRAI Press Release

**Population data/projections are available state-wise only.*

Notes 1.Teledensity figures are derived from the subscriber data provided by the operators and the population projections, for urban and rural areas, of the country, published by the Office of the Registrar General & Census Commissioner, India. 2. Delhi service area, apart from the state of Delhi, includes the areas served by the local exchanges of Ghaziabad & Noida (in UP) and Gurgaon & Faridabad (in

Haryana).

Key Indicators

Subscribers

The Indian telecom industry has witnessed high growth in subscribers. The total subscriber base has increased from 19 million in FY1998 to 671.7 million as of June 30, 2010. The growth has been primarily in the wireless sector. Wireless has been the preferred technology in India compared to wireline services due to inherent benefits like mobility, lower cost etc. In fact, the Indian wireless telecommunications market is currently the fastest growing market in the world in terms of wireless subscriber net additions. India added 208.2 million wireless subscribers during the period June 30, 2009 to June 30, 2010 *(Source: TRAI)* implying an average of 17.4 million per month. The Indian wireless subscriber base has grown to approximately 635.5 million as of June 30, 2010 as compared to 1 million as of March 31, 1998 (Source: TRAI).

Shifting focus on Rural Telephones

While the urban subscribers have been growing significantly, similar growth has not been on the rural front. However, with introduction of mobile services in rural areas, the rural subscribers recently are increasing.

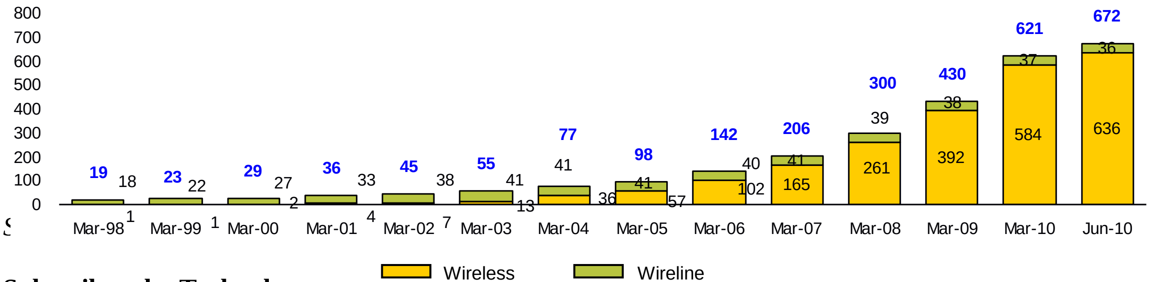
- The rural telephone connections have gone up from 3.6 million in 1999 to 12.3 million in March 2004 and further to 123.5 million in March 2009
- Their share in the total telephones has constantly increased from around 14% in 2005 to 31% as on December 31, 2009
- The rural subscribers have grown to 200.8 million as on March 31, 2010.
- The mobile connections have contributed substantially to total rural telephone connections
- During 2009-10, the growth rate of rural telephones was 41.4% as against the growth of 26.6% of urban telephones. The private sector has contributed to the growth of rural telephones as it provided more than 81% of rural telephones as on December 31, 2009. *(Source: DoT Annual Report 2009-10, TRAI Performance report March 2010)*

Potential for further Growth

Indian telecom market has still large untapped potential to grow further. With large population yet to have access to telecommunication and teledensity still being 53% and rural tele-density 24% (as of March 2010), potential for the sector remains large especially in urban areas where wireline and internet services are yet to make significant inroads. Even the mobile services space, which has seen exponential growth in urban areas, has not reached the vast majority in rural areas. The focus of the stakeholders is now shifting to these untapped rural areas which will provide engine for the second phase of the growth in Indian Telecom. Rural teledensity target is upgraded to 40% by 2014. There are talks about one billion telephones in the country by 2015. *(Source: DoT Annual Report 2009-10)*

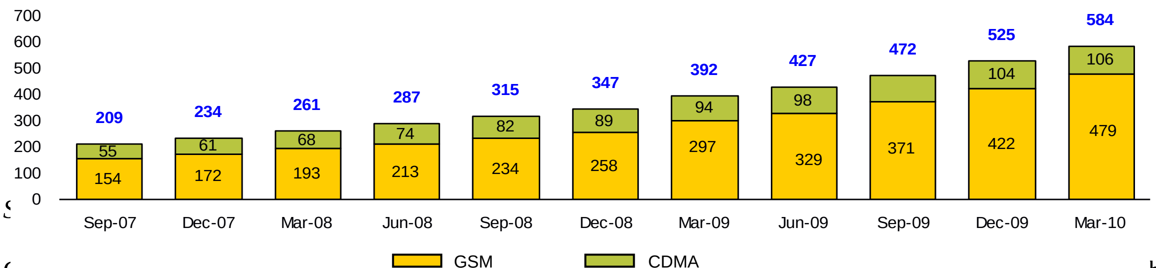
Total Subscribers Growth in India

Wireline and Wireless Subscribers
Million



Subscribers by Technology

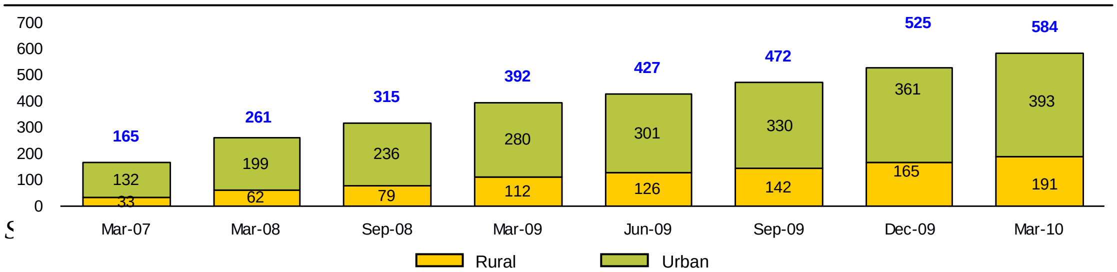
Mobile Subscribers by Technology
Million



GSM technology dominates the wireless/mobile services in India. As of March 2010, out of 584 million subscribers, 479 million (82%) were under the GSM technology and 105 million (18%) under the CDMA Technology *(Source: TRAI Performance Report, Mar 2010)*

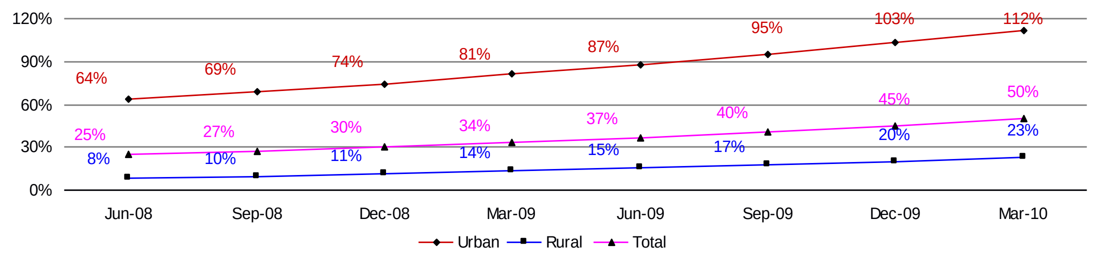
Recent Trends in Mobile Subscribers

Recent Trends in Mobile Subscribers
Million



Wireless Tele density – Urban and Rural

Wireless Tele density (%)

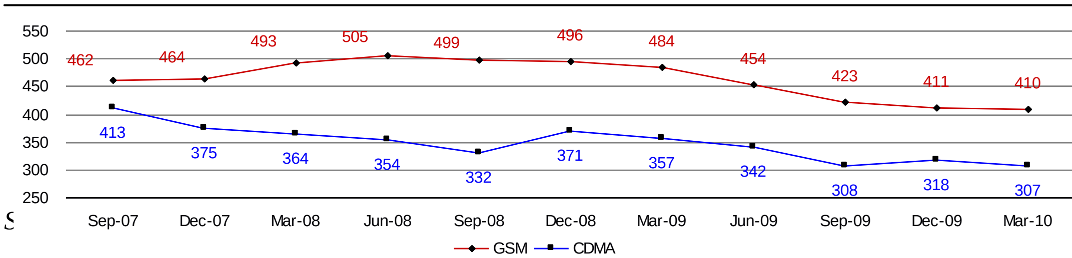


Source TRAI Performance Reports

The overall wireless teledensity in India is at 50% as of March 2010, however if compared on rural and urban basis, the urban teledensity is at 112% while the rural teledensity is at 23%. Increase in coverage in rural areas and increasing affordability is likely to bring about significant improvements in net addition contribution from the rural areas. At the end of Mar 2007, the rural wireless subscriber base stood at 33 million, accounting for 20 percent of total wireless subscriber base. Subsequently, the rural subscribers have registered substantial growth due to rising focus of telecom operators on rural operations. As of Mar 2010, the rural subscriber base has increased to 191 million (33 percent). *(Source: TRAI performance reports).* The share of net adds from rural India is also increasing. For the quarter ending Mar 2010, rural India contributed 44% (26.3 million) of the net adds compared to 34.8% (8.5 million) for QE Dec 2007.

Wireless Minutes of usage (MoU):

Minutes of Usage
Minutes of use/ sub/month



The GSM minutes of usage is at 410 minutes per subscriber per month as compared to 307 minutes per subscriber per month for CDMA users *(Source: TRAI).*

Industry Growth Drivers

India's economic growth, favorable demographics, deregulation, increasing affordability etc. fuelled the growth of telecommunication industry in India. The Indian wireless industry has experienced significant growth in recent years. The following factors are expected to contribute to growth of the wireless industry:

- **Favorable economic and demographic factors**

  In the recent past, India has seen robust real GDP growth. Amongst other things, large young and working population, increasing affordability are positives towards increasing demand for wireless services.

- **Fixed to mobile substitution**

Wireless services have distinct advantages over wireline services which include mobility, low cost, geographical coverage etc. In India, wireless subscribers have grown from 1 MM in FY1998 to 635.5 MM as of June 30, 2010. At the same time, wireline subscribers have increased from 18 MM in FY1998 to 36 MM as of March 2010, though it has reduced from 41 MM in FY 2003 to 36 MM currently (as of June 2010)

India's population is geographically spread out across semi-urban and rural areas and the high capital intensity of providing connectivity to wireline subscribers makes it economically un-remunerative to provide wireline services to a large section of the population.

- **Declining tariffs and reduced handset costs**

  Increased competition and regulatory changes have led to tariff declines. Factors including introduction of innovative tariff plans, launch of services by new service providers are expected to reduce the tariffs further. Entry of low cost handsets has reduced the entry barriers for new mobile subscribers. All these factors are contributing significantly to the increase in the subscriber base.

- **Savings in costs and capital expenditure**

  Economies of scale in terms of high utilization of fixed costs and negotiation will benefit the operators. This will result in lower costs for fresh roll – outs to expand coverage and capacity. Passive infrastructure sharing results in lower upfront capital expenditure.

- **Low existing teledensity levels and increasing focus on rural areas**

  India's mobile teledensity is significantly lower especially in rural India. As of Mar 2010, the total mobile teledensity is at 50%, while the urban teledensity rate is at 112% and the rural India teledensity rate is at 23%. This indicates that Indian market has considerable potential for growth especially in rural India. With high teledensity in urban India, mobile operators in India are expanding further into rural India.

- **Launch of services by new operators**

  Over the last few months, a number of mobile operators have launched mobile services in India. These include Tata DoCoMo, Uninor, STel, SistemaShyam, Videocon Mobile etc. The launch of services has resulted in an increase in uptake of mobile services.

- **Uptake of new technologies like** 3G and Broadband Wireless Access ("BWA")

  Recently, the spectrum auctions for 3G and BWA services were concluded in India. While Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) had already been allocated spectrum and are offering these services, the auction was for the private operators. Once the spectrum is received, private operators are expected to start providing services soon. 3G services allow high speed data transfer resulting in an increase in the uptake of data services.

Indian Telecommunications Passive Infrastructure Industry

The most important requirement for offering quality mobile services is the presence of a robust mobile network. A typical network can be divided into three parts: (a) Mobile Station (equipment carried by the subscriber), (b) Base Station Subsystem (which controls the radio link with the Mobile Station) and (c) The Network Subsystem (which is the Mobile Services Switching Center). Along with performing the function of switching calls between mobile users, and between mobile and fixed network users, Mobile Services Switching Center also handles the mobility management operations. The Base Station Subsystem is composed of two parts, the Base Transceiver Station (BTS) and the Base Station Controller. The BTS serves a cell, which could be a few kilometers in diameter and houses radio transceivers that are mounted on towers. The BTS defines a cell and handles the radio link protocols with the Mobile handset. A mobile service area has a large number of BTS's deployed that define and divide the service area into hexagon shape cells (known as cell sites). The infrastructure requirement for wireless telecommunications can be classified into passive and active infrastructure:

The active infrastructure sharing can broadly be defined sharing of the active elements in the network amongst service providers. Active infrastructure sharing is complex and need thorough understanding between the service providers. Though active infrastructure sharing is beneficial for the service providers because it considerably reduces the cost and time to roll-out networks by the service providers, the issues involved are more complex as compared to passive infrastructure sharing. *(Source: TRAI Consultation Paper No 17/2006 – Consultation Paper on Infrastructure Sharing)*

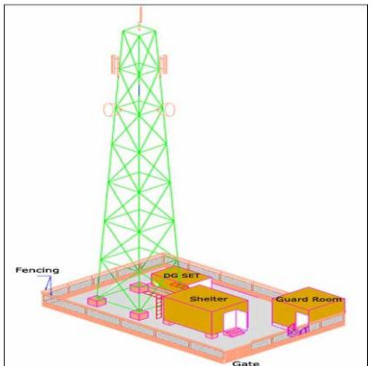
Passive Infrastructure Sharing: Sharing of passive infrastructure means sharing of physical sites, buildings, shelters, towers/masts, power supply and battery backup, etc. Usually, the space on masts is shared. Passive infrastructure sharing though simplest but still requires consideration of load bearing capacity of the tower, azimuth angle of different service providers, tilt of the antenna, height of the antennae, before executing the agreement. While new towers can be built taking into consideration the ultimate load bearing capacity required, some of the existing towers may not have been designed to cater to combined load of antennae of service providers sharing the tower resulting in unsuitability of such towers for sharing. In case of roof top mounted antennae, load bearing capacity of the building/ foundation also becomes very important and may limit the possibility of sharing. The operation and maintenance of shared site is a critical issue. Unsatisfactory maintenance may badly affect quality of service and coverage. Insufficient Power supply/ Power backup can totally paralyze the operation of the mobile service in that area. *(Source: TRAI Consultation Paper No 17/2006 – Consultation Paper on Infrastructure Sharing)*

Passive Infrastructure components include

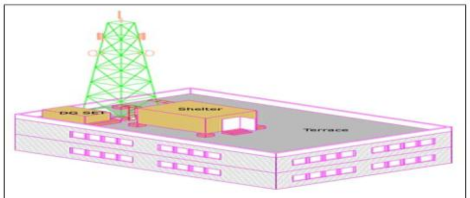
- Tower site, which is typically around 4,000 sqft of land for a Ground Based Tower (GBT) and Roof Top Tower (RTT)
- A steel tower on which active components such as an antennae are mounted
- Shelter room to house the equipment
- Power regulation equipment
- Battery back up
- DG Set
- Air conditioner
- Fire extinguisher
- Security Cabin

  (Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)

The picture below illustrates the general structure of a ground-based and roof-top telecommunication tower and its key elements.



Ground Based Tower Site External View



Roof Top Tower Site External View

According to TRAI's Consultation paper on Infrastructure Sharing (Nov 2006), to cater to 136 million mobile subscribers, all service providers together commissioned approximately 90,000 towers in the country. As per the information available with TRAI, the number of towers in the country is approximately 3 lakhs as on Feb 2010. In the TRAI Recommendations on Spectrum Management and Licensing Framework, it has been mentioned that as per research estimation, there will be an average annual growth of 17% in number of towers in the next 4-5 years. *(Source: TRAI's Recommendations on Spectrum Management and Licensing Framework, May 11th 2010*). According to CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008, investment of around Rs.950 billion is expected in the passive telecom infrastructure during 2008-09 t0 2010-11

Primary Growth Drivers of Passive Infrastructure in India

- **Growth in subscribers and network traffic**: In the month of Mar 2010, India added 20.3 million wireless subscribers. The wireless teledensity in India is 44.7% as of Dec 31, 2009, which provides opportunities for further growth in wireless subscribers. While there is growth in subscribers, there will be demand for networks also, which will further lead to demand for passive infrastructure. India has high Minutes of Usage ("MoU") (410 minutes per month per subscriber for GSM and 307 minutes per month per subscriber for CDMA for QE Mar 2010) which results in a higher demand for passive infrastructure.

- **Reduction in Cost and Capital Expenditure:** An asset-light service approach is possible for telecom operators due to passive infrastructure sharing. This allows telecom operators to focus on core activities like marketing etc

- **Network Expansion by operators**: The need for network expansion in India is driven by both coverage and capacity considerations. Coverage considerations are to bring more areas within the reach of telecom operators while capacity considerations are for augmenting additional capacity to existing networks. In the initial period of operations, the telecom operators incur coverage related capital expenditures and as the operators start getting more subscription and usage, capacity related capital expenditure is incurred. Both coverage and capacity considerations result into more demand for passive infrastructure. In addition, passive infrastructure sharing assists in faster roll out of services.

- **Roll out of services by new operators:** In addition to existing operators, a number of new operators including Sistema Shyam, S Tel, Tata DoCoMo, Videocon and Uninor have launched services. Given the importance of faster time to market and lower capital expenditure requirements involved, they are also opting for sharing passive infrastructure for their roll outs. This results in an increased demand for passive infrastructure. Passive Infrastructure sharing is expected to allow operators to enhance focus on core network roll out, brand building and marketing.

- **Need to improve network quality:** Given the increasing number of subscribers and the related increase in usage, coupled with spectrum constraints, there are problems of network congestions resulting in call drops and lower quality of services to the subscribers. According to TRAI some operators could not meet the quality of services requirement. One of the ways in which the operators can improve the quality of services is to increase the network, which may result into higher demand for passive infrastructure.

- **Emergence of New Technologies like 3G and Broadband Wireless Access ("BWA"):** 3G systems represent the next step in the evolution of mobile cellular communication. 2G systems focus on voice communication, while 3G systems support increased data communication. They allow high speed data transfer of at least 144 kbps, mobile Internet access, entertainment, and triple-play converged communications services, and have markedly greater capacity and spectrum efficiency than 2G systems. Broadband Wireless Access Spectrum ("BWA") technologies enable high-speed data communication over wireless links. BWA may offer significant advantages over fixed line broadband systems based on cable networks or DSL in terms of better coverage, speedy deployment, high scalability, lower maintenance and upgrade costs, and phased investment to match market growth. The Government of India (the "Government"), through the Department of Telecommunications ("DoT"), has proposed to allot the rights to use certain specified radio spectrum frequencies in the 2.1GHz band (the "3G Spectrum") and in the 2.3GHz band (unpaired) (the "BWA Spectrum") by means of auction in various telecom service areas in India. The auction process has recently concluded and the winners of the auction are expected to offer 3G and BWA services. They would need to increase/improve their networks to be able to provide customers such services. Thus, the adoption of new technologies will create more demand for passive infrastructure. *(Source: Notice Inviting Applications, Department of Telecom and Auction of 3G and BWA Spectrum Revised Information Memorandum, DoT)*

- **Government initiatives on infrastructure sharing:** DoT has promoted infrastructure sharing in India through schemes like the Universal Service Obligation (USO) Fund Schemes. The USO Fund scheme entails to provide subsidy support for setting up and managing 7,871 (revised to 7,436) number of infrastructure sites (towers) in 500 districts spread over 27 states for provision of mobile services in the specified rural and remote areas, where there is no existing fixed wireless or mobile coverage. The infrastructure so created shall be shared by three service providers for provision of mobile services. The agreements effective from 01.06.2007 have been signed with the successful bidders in May 2007. The status of the rollouts under the USO Fund Scheme is as under: *(Source: DoT website)*

Name of Provider	No of clusters	Towers to be set up	Towers commissioned as of Mar 2010
RCIL (RCOM)	5	407	396
QTIL (Quippo)	1	88	88
GTL	4	412	409
KEC	4	377	373
BSNL	63	5,794	5523
Vodafone	4	309	309
Total	**81**	**7,387**	**7,098**

Source: DoT website

In addition, USO Fund also proposes to cover the other uncovered areas in the country through mobile services for which additional towers are being identified. About 11,000 towers are proposed to be installed under the second phase of the scheme, which is likely to be launched shortly. *(Source: DoT Website)*

Passive Infrastructure industry accounts for around 60 percent of the capital costs for setting up a wireless network in India. In order to manage costs in an environment of declining average revenue per user (ARPU), wireless operators in India have been increasingly adopting passive infrastructure sharing. *(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)*

The passive telecom infrastructure market includes:

Telecom Tower companies that build own and manage the passive infrastructure and lease it to multiple telecom operators.
(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)

Allied Infrastructure companies supply products required at telecom tower sites to keep the active equipment functional;

- Shelters: An enclosure that houses the BTS and other equipment at tower sites. The shelter keeps the equipment at tower sites keeps the equipment protected from the vagaries of the external environment and reduces the amount of sunlight coming into the room
- Power Management System: Performs the functions of handling power fluctuation, phase selection, and lightning and surge protection
- Battery back up: Provides back up during short-term disruptions of power supply
- Air conditioning systems: Used to cool down the temperature within the shelter
- Diesel generator sets: Used to provide back up power supply in case of prolonged disruption of electricity supply. Generally DG sets of 7.5 or 15 KVA capacity are installed at tower site

(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)

Turnkey Service Providers (TSPs) offer passive infrastructure solutions on a turnkey basis to operator clients. This business model differs from that of tower companies as TSPs build the site for the operator and subsequently hand it

over to the operator. Thereafter, they provide Operations and Maintenance services to the operator depending on the terms of the contract. On the other hand, telecom tower companies build sites for operators and the asset lies on their own books, in return, they receive monthly rentals from operators occupying the site.
(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)

Indicative timelines in setting up a tower:

The principal steps in the construction of a tower at a new site are acquisition of land/space, procurement of the requisite government/municipal/local authorities and electricity related approvals and construction and erection activity
The first step is to identify an appropriate location and acquiring/taking on lease the land requirement to put up the passive infrastructure. For selecting an appropriate location, telecom tower companies typically make use of surveys and radio frequent planning techniques. Once land/space has been acquired and if an operator is desirous of coming aboard the tower, telecom tower companies and their operator clients enter into a site agreement in respect of each site, setting forth details of the site an charges payable in respect of the same.

The approvals required include site clearance from Standing Advisory Committee for Frequency Allocation (SACFA), structural stability certification of RTT from authorized architects/civil engineers, approval from the relevant local bodies for site erection, clearance from the relevant housing society for erection of RTT, pollution control approval for development of diesel generator (DG), DG running clearance from the respective state electricity authorities and a no objection certificate from electrical load for site.

Construction and erection activity comprises laying the civil foundation, shelter foundation, telecom tower construction, shelter construction, and finally installing other passive components at the tower site.

The process of setting up a tower typically requires 45-90 days from start to finish; however, the amount of time taken may vary significantly from case to case. Once these steps are completed and a site is ready to be handed over to an operator, a site is said to be “ready for installation”, which means wireless service providers can install their active components and make the networks operational.
(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)

Cost Structure of Telecom Tower Companies

Operating Costs

The main items of operating costs in the telecom tower business are:

- Network operating expenses comprising:

    a. Power and Utilities: Power consumption in the cell site including the cost of diesel required during power break downs and DG set is operational; these costs are pass through in nature
    b. Repairs and Maintenance: All kinds of preventive, corrective, and breakdown maintenance required to keep a cell site operational
    c. Lease rent: For the land/structure on which the tower is erected
    d. Security, insurance, and other miscellaneous expenditure

    (Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)

- **Power Supply**: In a number of villages the power supply is irregular and available only for a few hours. As a result even if the battery back up is provided, due to non availability of electricity for reasonable duration, the batteries do not get fully charged. Further due to frequent interruption of power supply these batteries get shortened which in turn increases the operational cost to run services in rural areas. Non availability of reliable power supply in rural and semi urban India increases operational costs further as sufficient back up systems have to be maintained. Due to lack of reliable power in rural areas there is substantial increase in the cost of diesel for running of the engine alternators for keeping exchanges, transmission equipment and BTSs in the live conditions. *(Source: TRAI’s Recommendations on An Approach to Rural Telephony – Suggested Measures for an Accelerated Growth)*

- **Operations and Maintenance**: Maintenance costs of the network in the rural areas are high as compared to the urban areas because of several factors such as poor transportation systems, difficulty in supply of spare parts, non availability of skilled man-power etc.

  (Source: TRAI's Recommendations on an Approach to Rural Telephony – Suggested Measures for an Accelerated Growth)

- Employee costs *(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)*
- Selling, General and administrative expenses (SG&A expenses) *(Source: CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008)*

With the growing number of towers, telecom tower operators are focusing on operating efficiency and control, monitoring infrastructure (active and passive) and getting real time information on site performance and improving asset management (including optimizing site equipment)

In order to emphasize and encourage the use of eco-friendly green equipment in telecom and ICT sector, TRAI has released a pre-consultation paper on Green Telecom and has invited stakeholders views on the following:

1. Increasing carbon footprint- Contribution of telecom industry
2. Need for carbon credit policy for telecom sector
3. Methods / options to reduce the carbon foot print by ICT industry in India
4. Standardization of Green Telecom equipment and incentive for their adoption.
5. Framework for monitoring carbon emission and corrective action for telecom sector
6. Options for environment friendly alternate energy sources
7. Cost implication for adopting alternate energy source
8. Incentive schemes for promoting alternate source of energy in telecom sector
9. Type of incentives to boost research & development in Green Telecom initiative
10. Challenges and alternative to meet the futuristic energy demand for telecom sector
11. Management of e-waste and related issues
12. Any other issues

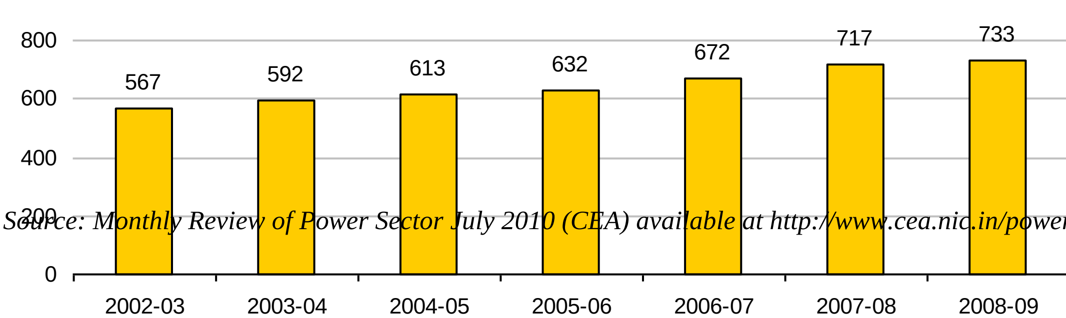
(Source: TRAI, Pre-consultation on Green Telecom, May 2010)

POWER SECTOR

Power Consumption

The per capita consumption of power in India has increased from 566.7 kWh/year in 2002-03 to 733.5 kWh/year in 2008-09, at a CAGR of 4.4% from 2002-03 to 2008-09.

Per Capita Consumption
(kwh)



Source: Monthly Review of Power Sector July 2010 (CEA) available at http://www.cea.nic.in/power_sec_reports

Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the Government of India (GoI) has set the target of providing electricity to all households by 2012. The GoI has set a target to achieve 1,000 kWh per capita by Fiscal 2012, according to its mission of "Power for All by 2012" as envisaged in National Electricity Policy.

Demand / Supply Scenario

Demand for energy increased at a CAGR of 6.2% from Fiscal 2003 to Fiscal 2010 and during the same period, supply of energy increased at a CAGR of 6.0%. As depicted in the table below, historically India witnessed shortages in energy and peak power requirements. The energy deficit averaged at 9.0% and the peak power deficit averaged at 12.9% from Fiscal 2003 to Fiscal 2010 with the deficits increasing.

Period	Energy Requirement (MU)	Energy Availability (MU)	Energy Deficit/ Surplus (MU)	Energy Deficit/ Surplus (%)	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)
2002-03	545,983	497,890	(48,093)	(8.8)	81,492	71,547	(9,945)	(12.2)
2003-04	559,264	519,398	(39,866)	(7.1)	84,574	75,066	(9,508)	(11.2)
2004-05	591,373	548,115	(43,258)	(7.3)	87,906	77,652	(10,254)	(11.7)
2005-06	631,757	578,819	(52,938)	(8.4)	93,255	81,792	(11,463)	(12.3)
2006-07	690,587	624,495	(66,092)	(9.6)	100,715	86,818	(13,897)	(13.8)
2007-08	739,345	666,007	(73,338)	(9.9)	108,866	90,793	(18,073)	(16.6)
2008-09	774,324	689,021	(85,303)	(11.0)	109,809	96,685	(13,124)	(12.0)
2009-10	830,300	746,493	(83,807)	(10.1)	118,472	102,725	(15,748)	(13.3)
Average			(61,587)	(9.0)			(12,752)	(12.9)
CAGR	6.2%	6.0%			5.5%	5.3%		

Source: Power Scenario at a Glance, Apr 2010 (CEA) available at http://www.cea.nic.in/planning

The deficits in electric energy and peak power requirements varies across India. The following table depicts the energy and peak power deficits across various regions in India during Fiscal 2010.

Period (Fiscal 2010)	Energy Require-ment (MU)	Energy Availability (MU)	Energy Deficit / Surplus		Peak Demand (MW)	Peak Met (MW)	Peak Deficit / Surplus	
			(MU)	(%)			(MW)	(%)
Northern	253,803	224,447	(29,356)	(11.6)	37,159	31,439	(5,720)	(15.4)
Western	258,551	223,153	(35,398)	(13.7)	39,609	32,586	(7,024)	(17.7)
Southern	220,557	206,525	(14,032)	(6.4)	32,082	29,053	(3,029)	(9.4)
Eastern	88,040	84,054	(3,986)	(4.5)	13,963	12,885	(1,078)	(7.7)
N. Eastern	9,349	8,315	(1,034)	(11.1)	1,760	1,445	(315)	(17.9)

Source: Power Scenario at a Glance, Apr 2010 (CEA) available at http://www.cea.nic.in/planning

The North Eastern region faced the highest peak deficit of 17.9% for Fiscal 2010, closely followed by the Western region with a peak power deficit of 17.7%. The deficit is a consequence of slow progress in the development of additional power generation capacity.

Demand Projections of Energy and Peak Power

The Government of India, Integrated Energy Policy, Report of the Expert Committee (August 2006) has made the following estimate for total projected energy, peak power requirement and the installed capacity required accordingly. The installed capacity requirement at the end of 2017 is 306 GW and 337 GW for assumed GDP growth rate of 8% and 9% respectively against the current installed power generation capacity of 159 GW as on March 2010.

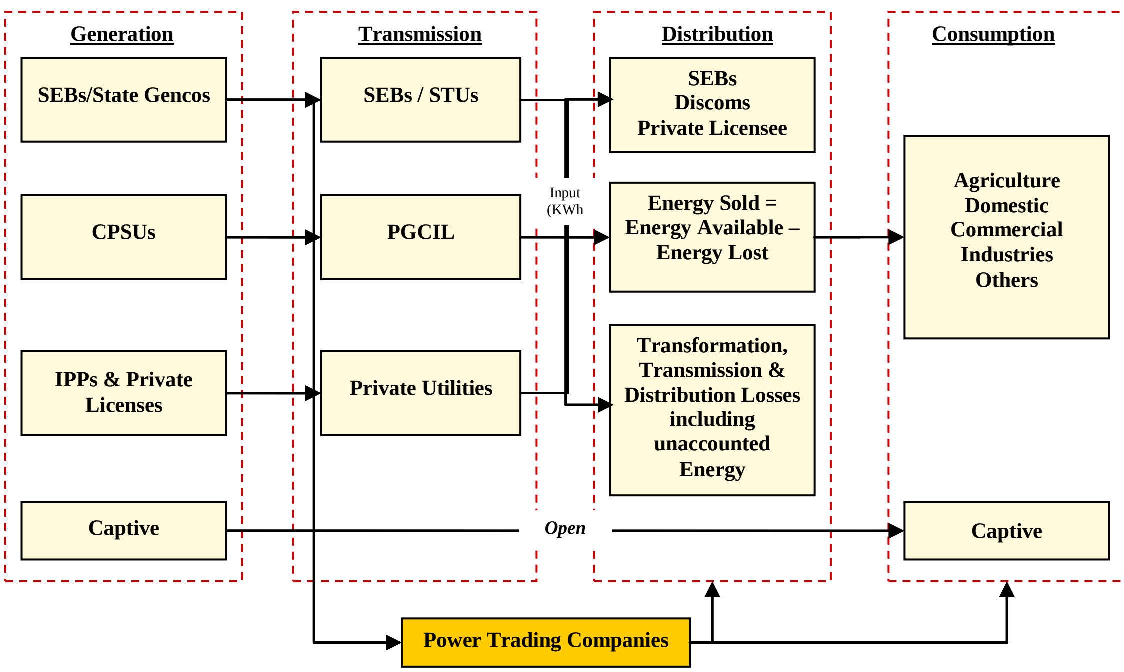
Year	Billion kWh				Projected Peak Demand (GW)		Installed Capacity Required (GW)	
	Total Energy Requirement @ GDP Growth Rate		Energy Required at Bus Bar(1) @ GDP Growth Rate		@ GDP Growth Rate		@ GDP Growth Rate	
	8%	9%	8%	9%	8%	9%	8%	9%
2011-12	1,097	1,167	1,026	1,091	158	168	220	233
2016-17	1,524	1,687	1,425	1,577	226	250	306	337
2021-22	2,118	2,438	1,980	2,280	323	372	425	488
2026-27	2,866	3,423	2,680	3,201	437	522	575	685
2031-32	3,880	4,806	3,628	4,493	592	733	778	960

(1) Energy demand at bus bar is estimated assuming 6.5% auxiliary consumption.

Source: Government of India Integrated Energy Policy, Report of the Expert Committee (August 2006) available at http://planningcommission.gov.in/reports/genrep/rep_intengy.pdf

Structure of Indian Power Industry

The following diagram depicts the structure of the Indian power industry for generation, transmission and distribution and consumption:



State Gencos: State Generation Companies
CPSUs: Central Public Sector Units
IPPs: Independent Power Producers
SEBs: State Electricity Boards
STUs: State Transmission Unit
Discoms: Distribution Companies
PGCIL: Power Grid Corporation of India Limited

Generation

Generation generally refers to the bulk production of electric power for industrial, residential and rural use. Currently, under Indian law, any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with a grid.

Installed Generation Capacity

According to CEA July 2010 Report, as on July 31, 2010, the total installed power generation capacity in India was 163,669.80 MW. State Electricity Boards accounted for 49.4% and Central Public Sector Units accounted for 31.6% of the total installed power generation capacity. The participation from the private sector is comparatively small at 19.0%.

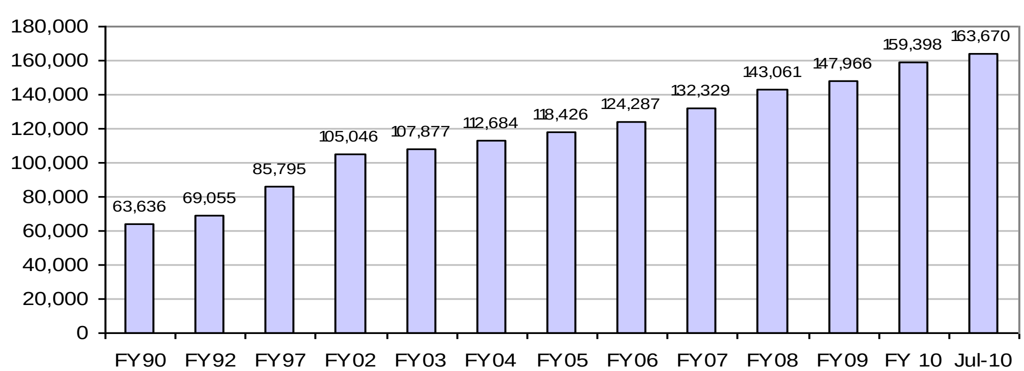
Currently, Indian generation uses all available fuel options and conventional, non-conventional and emerging power generation technologies. Thermal power plants powered by coal, gas, naphtha and oil accounted for approximately 64.5%, hydro electric plants accounted for 22.6%, nuclear power plants accounted for 2.8% and renewable energy sources accounted for approximately 10.0% as on July 31, 2010.

Installed Capacity as on July 31, 2010 (Figures in MW)						
Sector	**Hydro**	**Thermal**	**Nuclear**	**R.E.S.**	**Total**	**% of Total**
State	27,115.0	50,870.7	-	2,789.4	80,775.1	49.4%
Central	8,685.4	38,482.2	4,560.0	-	51,727.6	31.6%
Private	1,233.0	16,294.0	-	13,640.0	31,167.0	19.0%
Total	**37,033.4**	**105,646.9**	**4,560.0**	**16,429.4**	**163,669.8**	100.00%
% of Total	22.6%	64.5%	2.8%	10.0%	100.00%	

R.E.S: Renewable Energy Sources
Source: Monthly Review of Power Sector July 2010 (CEA) available at http://www.cea.nic.in/power_sec_reports

The following chart depicts the historical installed capacity of generation in India.

Growth of Installed Capacity (in MW)



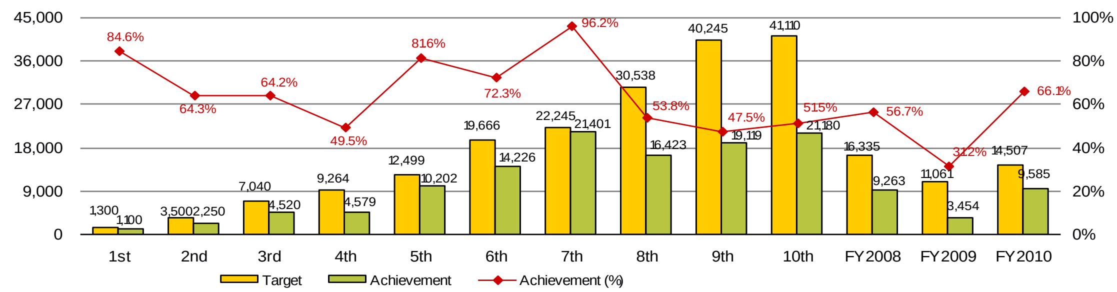
Source: http://cea.nic.in/power_sec_reports

Historical Capacity Additions

India follows a system of successive five-year plans that establish targets for economic development in various sectors, including the power sector. During the last 10 five-year plans, the actual capacity addition always fell short of the targeted capacity. During the last 2 five-year plans, the achievement in terms of capacity addition has declined to a level of 47.5% in 9th and 51.5% in 10th plan, as illustrated by the graph below. According to the CEA Monthly Review of Power Sector reports for March 2008, March 2009 and March 2010, the capacity addition achievement rate for FY 2008, FY 2009 and FY 2010 was 56.7%, 34.2% and 66.1% respectively.

The following table depicts the targeted capacity additions set forth in each five year plan by Ministry of Power.

All India Capacity Addition Targets and Achievements
(MW) **(%)**



Source: National Electricity Plan (April 2007) available from printed reports procured from Central Electricity Authority and CEA Monthly Review of Power Sector Report available at http://www.cea.nic.in/power_sec_reports

The failure to meet these capacity addition targets, due to delays in land acquisition, equipment procurement and coal linkages has aggravated the demand/supply gap for electric power in India.

Capacity Addition Plans (11th and 12th Plans)

The capacity additions envisaged in the 11th Plan (2008-12) and 12th Plan (2013-2017) are 78,700 MW and 100,000 MW respectively.

The following table depicts the capacity addition during the 11th Plan and the 12th Plan:

Projected Capacity Additions (MW)				
Sector	**Hydro**	**Thermal**	**Nuclear**	**Total**
11th Plan	15,627	59,693	3,380	78,700
12th Plan	20,100	76,500	3,400	100,000

Source: CEA- Base Paper for International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for 12th Plan & Beyond (Aug 2009)

This represents a growth in generation capacity of 9.8% per annum during the 11th Plan period, over the installed capacity of 132,329 MW at the end of Fiscal 2007 and growth of 8.1% per annum during the 12th Plan period over the planned generation capacity of 211,029 MW at the end of Fiscal 2012.

Transmission

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. Most interstate transmission links are owned and operated by the Power Grid Corporation of India Limited, or PGCIL, though some are jointly owned by the State Electricity Boards, or SEBs. In addition, PGCIL owns and operates many inter-regional transmission lines (which are a part of the national grid) to facilitate transfer of power from a region of surplus to one with deficit. State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments).

The generation resources in the country are unevenly located, the hydro in the northern and north-eastern states and coal being mainly in the eastern part of the country. Also peak demand does not occur simultaneously in all states, and therefore situations may arise in which there is surplus of power in one state while another state faces a deficit. The regional grids facilitate transfers of power from a power surplus state to a power deficit state. The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. Expansion of regional transmission network and inter regional capacities is critical to achieve optimal utilization of the generation resources spread across the country. Development of strong National Grid has therefore become a necessity to ensure reliable supply of power to all.

Existing Transmission Lines and Planned Expansion (in cKM) (220 KV and above)					
Transmission Lines	**Existing at the end of 10th Plan (2007)**	**Planned Addition during 11th Plan**	**Total at the end of 11th Plan (2012)**	**Planned Addition during 12th Plan**	**Total at the end of 12th Plan (2017)**
765KV	2,184	5,428	7,612	25,000 - 30,000	32,612 – 37,612
HVDC 500 KV	5,872	1,606	7,478	-	7,478
HVDC 800 / 600 KV	-	3,600	3,600	5,000	8,600
400 KV	75,722	49,278	125,000	50,000	175,000
220 KV	114,629	35,371	150,000	40,000	190,000
Total	**198,569**	**95,283**	**293,852**	**120,000 – 125,000**	**413,690 – 418,690**

Source: CEA (Aug 2009)

The 11th Plan envisages addition of 95,283 cKM of transmission lines and the 12th Plan envisages addition of 120,000 - 125,000 cKM of transmission lines. This will result in total installed transmission line network of 413,690 – 418,690 cKM of 220 KV and above class at the end of 2017.

Existing Inter-Regional Capacity and Planned Expansion (in cKM)					
System	**Existing at the end of 10th Plan (2007)**	**Planned Addition during 11th Plan**	**Total at the end of 11th Plan (2012)**	**Planned Addition during 12th Plan**	**Total at the end of 12th Plan (2017)**
ER-SR	3,130	500	3,630	4,200	7,830
ER-NR	3,430	8,700	12,130	5,900	18,030
ER-WR	1,790	4,700	6,490	10,500	16,990
ER-NER	1,260	1,600	2,860	-	2,860
NR-WR	2,120	2,100	4,220	10,200	14,420
WR-SR	1,720	1,000	2,720	6,300	9,020
NER/ER – NR/WR	-	6,000	6,000	-	6,000
Total	**13,450**	**24,600**	**38,050**	**37,100**	**75,150**

Source: CEA (Aug 2009)

ER: Eastern Region
SR: Southern Region
NR: Northern Region
WR: Western Region
NER: North Eastern Region

With increased focus of government of India on improving the inter-regional transmission network, the 11th plan envisages addition of 24,600 cKM and the 12th Plan envisages addition of 37,100 cKM to increase the total capacity to 75,150 cKM by 2017.

Existing HVDC/Substation Capacity and Planned Expansion (220 KV and above)					
Transmission Lines	**Existing at the end of 10th Plan (2007)**	**Planned Addition during 11th Plan**	**Total at the end of 11th Plan (2012)**	**Planned Addition during 12th Plan**	**Total at the end of 12th Plan (2017)**
HVDC (in MW)	8,200	6,000	14,200	16,000 - 22,000	30,200 - 36,200
765 KV (in MVA)	-	53,000	53,000	110,000	163,000
400 KV(in MVA)	92,942	52,058	145,000	80,000	225,000
220 KV(in MVA)	156,497	73,503	230,000	95,000	325,000
Total KV (in MVA)	**2449,439**	**178,561**	**428,000**	**285,000**	**713,000**

Source: CEA (Aug 2009)

The 11th Plan envisages addition of 178,561 MVA of substation transformation capacity and the 12th Plan envisages addition of 285,000 MVA to increase the total transformation capacity to 713,000 MVA of 220 KV and above class at the end of 2017.

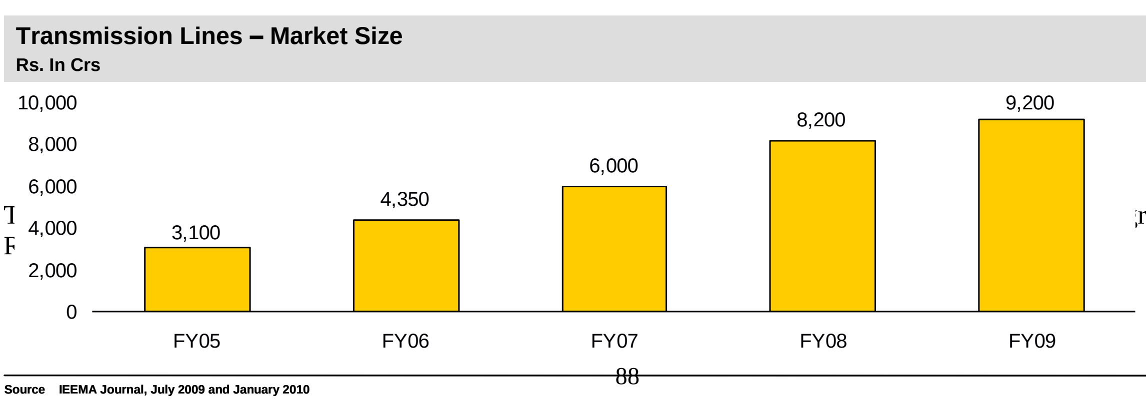
<u>Funding Requirement</u>

Funding Requirement (Rs. Crores)			
	Centre	**State**	**Total**
11th Plan	75,000	65,000	140,000
12th Plan	140,000	100,000	240,000

The total funding requirement estimated for the Transmission Segment in the 11th Plan and 12th Plan is Rs. 140,000 crores and Rs. 240,000 crores respectively.

In addition, the Electricity Act 2003 provides for open access, whereby any generator has non-discriminatory access to transmission lines or distribution systems, and permits the creation of alternative or parallel distribution networks, provided there is available space on the transmission network. Private sector investments have been allowed in the transmission sector and foreign direct investment in this sector is being encouraged by the GoI.

Transmission Line – Market Size



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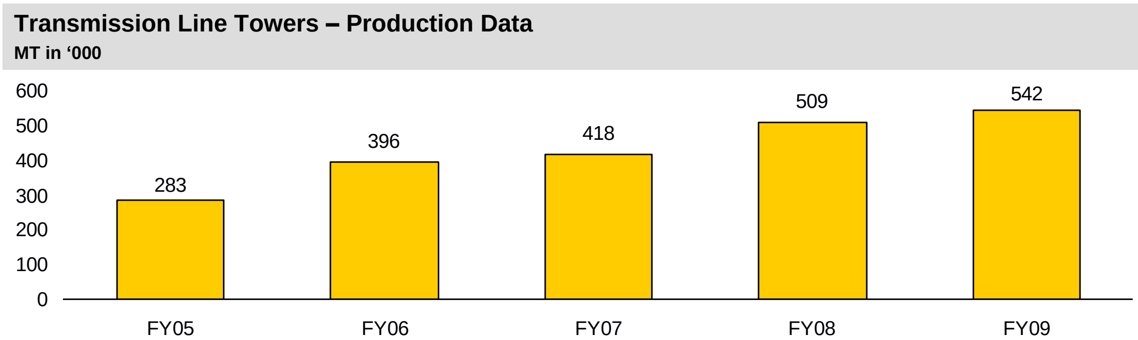
Transmission Line Towers – Production Statistics



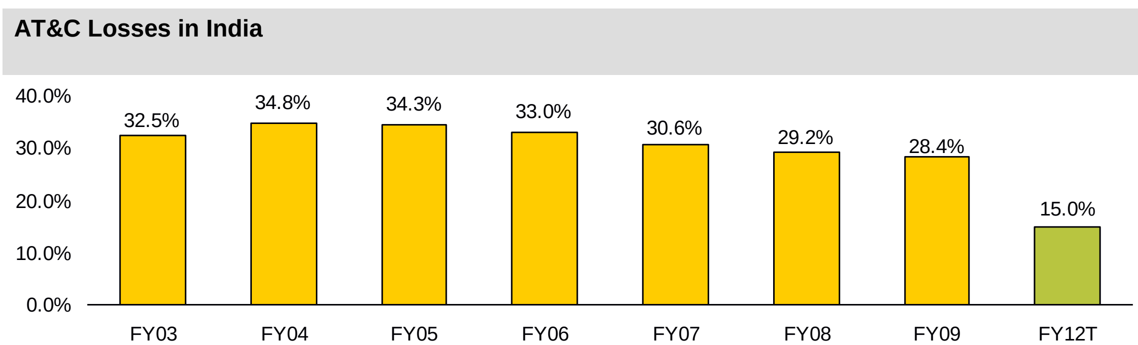
Source IEEMA Journal, July 2009

The total production of Transmission Line Towers in FY 2009 is 542,000 MT. It has grown from 283,000 MT in FY 05 at a CAGR of 17.6%.

For Transmission Line Towers & Hardware, IEEMA has estimated a CAGR for the period 2009-10 to 2010-12 (on base of 2008-09) of 34.3% on Conservative basis and 47.9% on realistic basis *(source: IEEMA Journal, January 2010).*

Distribution

Power distribution is a critical link between power generation, power transmission and end users of power. India has high Aggregate Technical and Commercial (AT&C) Losses of 28.4% at the end of FY 2009.



Source CEA

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

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

To improve the distribution of power, the GoI has formulated the Accelerated Power Development Reform Programme ("APDRP") and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

APDRP was launched in 2002-03 as Additional Central Assistance to the States for strengthening and upgradation of sub-Transmission and Distribution systems. 50% incentives were given to SEBs / Utilities to reduce their financial losses for actual cash loss reduction.
Ministry of Power took up a comprehensive evaluation of the APDRP programme and approved the continuation of this programme in the 11th Plan with revised terms and conditions under the Restructured Accelerated Power

Development and Reform Programme (R-APDRP) laying emphasis on performance of Distribution companies and linking grants to achievements.

R-APDRP scheme:

The focus of R-APDRP in 11th Plan and beyond is on actual, demonstrable performance in terms of loss reduction. State Power Utilities are expected to reduce AT&C losses to 15%. The Utilities are also to achieve the following target of AT&C loss reduction for the Utility as a whole:
Utilities having AT&C loss above 30%: Reduction by 3% per year
Utilities having AT&C loss below 30%: Reduction by 1.5% per year

Projects under the scheme are proposed to be taken up in Two Parts.

Part – A
- Total Outlay – Rs. 10,000 crores.
- Towns having population – 30,000
- Focus Area - Preparation of Base-line data for the project area covering Consumer Indexing, GIS Mapping, Metering of Distribution Transformers and Feeders, Automatic Data Logging for all Distribution Transformers and Feeders and SCADA / DMS system, IT in Distribution.
- Completion Time -3 years for 100% assistance

Part – B
- Total Outlay – Rs. 40,000 crores.
- 25%/90% Loan to Non-Special (NS)/Special Category (SC) States
- Conversion of Loan into Grant upto 50%/90% To NS/SC States
- Loan to Grant conversion on reduction of AT&C Losses to 15% In town area
- Focus Area - Renovation, Modernization and strengthening of 11 kV level Substations, Transformers /Transformer Centers, Re-conductoring of lines at 11kV level and below, Load Bifurcation, Load Balancing, HVDS, installation of capacitor banks and mobile service centers etc. In exceptional cases, where sub-Transmission system is weak, strengthening at 33 kV or 66 kV levels may also be considered.
- Completion Time –maximum 5 years

RGGVY Scheme:

RGGVY was launched in April-05. Under the programme 90% grant is provided by Government of India and 10% as loan by REC to the State Governments. REC is the nodal agency for the programme.

The RGGVY aims at:

- Electrifying all villages and habitations as per new definition
- Providing access to electricity to all rural households
- Providing electricity Connection to Below Poverty Line (BPL) families free of charge

RGGVY aims at electrification of 125,000 un-electrified villages and un-electrified hamlets and electrification of 7.8 crore households.

Status of RGGVY as on 1st August 2009:

- Detail Project Report (DPRs) Received- 619
- DPRs Sanctioned In X Plan -562
- Cost Of DPRs Sanctioned (X & XI Plan) - Rs.26,001 crores
- Funds released (X & XI Plan) - Rs.15,013 crores
- Franchisees - 99,745 villages
- Villages Electrified – 63,040
- Households - 7.38 million (6.35 million BPL)

- Tentative Cost of RGGVY Phase II – Rs. 30,000 crores

The total funding requirement estimated for the Distribution and Rural Electrification Segment in the 11th Plan and 12th Plan is Rs. 309,000 crores and Rs. 404,000 crores respectively.

Disclaimer from CRISIL Limited: CRISIL Limited has used due care and caution in preparing the CRISIL Research Report on Telecom Towers and Allied Infrastructure, December 2008. 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 this report may be published/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.

BUSINESS OVERVIEW

Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian GAAP set forth elsewhere in the Red Herring Prospectus. In this section only, any reference to "we", "us" or "our" refers to BS TransComm Limited and its Subsidiaries.

Overview

We are engaged in the business of providing a range of services to telecommunication infrastructure providers for setting up their passive infrastructure and to power transmission companies for setting up their transmission lines and sub-stations. We are engaged in the manufacturing and supply of telecommunication and transmission towers, substation structures and providing service solutions to the telecommunication infrastructure and power transmission sectors. Subsequent to our acquisition of SAPL, we are also engaged in the designing, building and deploying related technology products and solutions to the telecommunications infrastructure sector**.**

Our tower manufacturing activities include designing and fabrication of telecommunication and power transmission towers. Our Company has a manufacturing capacity of 1,20,000 MTPA with a backward integrated structural steel plant supporting the raw material required for tower manufacturing. We are currently undertaking a Project to expand the manufacturing capacity to 240,000 MTPA.

Our product portfolio for the telecommunications infrastructure sector includes designing, building and manufacturing towers. Subsequent to our acquisition of SAPL, we have also started to provide solutions such as remote site monitoring solution (intelligent data device) for the telecommunication sector. Our remote site monitoring solution that is provided at certain of our telecommunication sites across India is intended to provide operational efficiencies in the management of the telecommunication infrastructure. Our services for the telecommunication infrastructure sector include turnkey services, engineering procurement construction ("EPC"), operations upgradation of towers and managed services including operations and maintenance ("O&M"). As a turnkey service provider to the telecommunication sector we undertake site identification, clearance and design, project management and control, equipment procurement, supply and installation and managing services. As a managed services provider to the telecommunication sector, we undertake complete site maintenance and reporting including activities such as fuel management, security management, estate management, trouble shooting and fault management and preventive and corrective maintenance.

Our product portfolio for the power transmission sector includes transmission towers, sub-station structures and equipments, insulators, transformers and conductors. Our services in the power sector include survey, design and setting up of transmission lines for power evacuation on turnkey basis and design and setting up of sub-stations. As a turnkey service provider ("TSP") to the power transmission sector, we execute power transmission and sub-station projects on turnkey basis which includes supply of materials, installation, erection, testing and commissioning.

We are headquartered in Hyderabad and have eight regional offices in India through which we service customers in 23 telecommunication circles and six project offices to serve the customers in power sector. As of June 30, 2010, we had 1,011 permanent employees and 780 contract employees for our operations.

We have supplied towers to companies such as Reliance Infratel Limited, Wireless - TT Info Services Limited, Indus Towers Limited, Power Grid Corporation India Limited ("PGCIL"), Transmission Corporation of Andhra Pradesh Limited ("APTransco"), Rajasthan Rajya Vidyut Prasaran Nigam Limited ("RRVPNL"), Sterling Projects and Engineering Limited, Tata BP Solar India Limited, Quippo Telecom Infrastructure Limited and other telecommunication companies. Some of our customers to whom we have provided turnkey solutions are Wireless - TT Info Services Limited and Indus Towers Limited. Our customer for our technology services in the telecommunication sector is Indus Towers Limited. We are also providing pilots for technology based products and services to Wireless-TT Info Services Limited, Global Towers Limited and Reliance Infratel Limited.

Our total order book was Rs. 53,169 lakhs, out of which our order book from manufacturing of telecommunication towers was Rs. 2,582 lakhs (typically these orders are for a period of 2 months), from turnkey service projects and managed services for telecommunications sector was Rs. 3,329 lakhs and from manufacturing of power transmission towers was and EPC contracts Rs. 47,257 lakhs, as on July 31, 2010. The total order book of our subsidiary company, SAPL was Rs. 2,277 lakhs as on July 31, 2010, which includes an order from Applied Solar Technologies (India) Private Limited. In addition SAPL has received a Letter of Intent valued at Rs. 20,000 lakhs for 500 sites for a 10 year period.

We were accredited ISO 14001:2004 by Quest International in 2008 for manufacturing and supply of galvanized and ungalvanised towers for our factory situated at Athvelly, Medchal, Ranga Reddy District. We were also accredited with ISO 9001: 2008 certification from Quest Certification Private Limited in 2010 for manufacture and sale of structural steel bars and fabrication of structures for the telecom broadcasting and power sector. Additionally, the Company has received a Certificate of Appreciation from Indus on August 6, 2010 for its contribution in TN Circle by achieving 99.99% uptime and entering the gold club in July 2010. Further, SAPL has been awarded the Best Software Product (startup -enterprise) Award 2010 by ITsAP, the ITs and ITES Industry Association of Andhra Pradesh and award for excellence in technology and innovation at the Indus Partners Meet, 2009.

As on March 31, 2010 our total revenue was Rs. 52,107.11 lakhs out of which our revenue from manufacturing was Rs. 12,660.32 lakhs, revenue from turnkey services, which includes managed services, was Rs. 24,473.73 lakhs and revenue from trading was Rs. 14,973.06 lakhs and for the three months ended June 30, 2010 our total revenue was Rs. 16,303.56 lakhs out of which our revenue from manufacturing was Rs. 3,802.79 lakhs, revenue from turnkey services, which includes managed services, was Rs. 12,500.76 lakhs and revenue from trading was nil.

Competitive Strengths

Established position in the growing Indian telecommunications infrastructure and power transmission sector

We believe the Indian telecommunications sector and the wireless technology in particular will continue to experience growth. With government initiatives focused on expanding rural telecommunication infrastructure, and the need to service the growing subscriber base has resulted in a requirement for expansion of networks which has resulted in increase in demand for towers. Also, with the telecommunication sector preparing itself for the 3G technology to enable high speed data transmissions and video conferencing over mobile phones, which will require higher and closer location of telecommunication sites, is expected to increase the demand for infrastructure. We believe we have established ourselves in supplying towers, passive infrastructure products and solutions and providing services to the telecommunication infrastructure and power transmission sectors which will enable us to exploit the growth opportunities in these sectors.

Further, with the falling ARPUs, telecommunication operators have realized the value of sharing infrastructure to maintain profitability. The Department of Telecommunications has allowed passive infrastructure sharing among operators, which includes sharing of physical sites, buildings, shelters, towers, power supply and battery backup. Sharing of passive infrastructure entails various operational bottlenecks such as lack of transparency in usage of energy, billing etc. and also increases criticality of operations at site which requires intense data access, monitoring and control mechanisms to enable transparency in operations on a real-time basis as well as to decrease response times for fault resolution.

We expect that the power sector will continue to experience growth. The total funding requirement estimated for the transmission segment in the 11th plan and the 12th plan is Rs. 1,40,000 crores and Rs. 2,40,000 crores respectively.

As on July 31, 2010, we have orders for Rs. 53,169 lakhs out of which our order book from manufacturing of telecommunication towers was Rs. 2,582 lakhs (typically these orders are for a period of 2 months), from turnkey service projects and managed services for the telecommunications sector was Rs. 3,329 lakhs and from manufacturing of power transmission towers and EPC Contracts was Rs. 47,257 lakhs. Given the same and our proposed expansion plans, we believe we are well positioned to benefit from the growth opportunities in the growing Indian telecommunications and power sectors. The total order book of our subsidiary company, SAPL was Rs. 2,277 lakhs as on July 31, 2010, which includes an order from Applied Solar Technologies (India) Private Limited. In addition SAPL has received a Letter of Intent valued at Rs. 20,000 lakhs for 500 sites for a 10 year period.

Reputed customer base and strong customer relationships

Our customers in the telecommunication infrastructure sector include leading companies in the Indian wireless industry, such as Vodafone Essar Limited, Essar Telecom Infrastructure Private Limited, India Telecom Infra Limited, and Wireless- TT Info Services Limited. Our customers in the power sector include PGCIL, APTransco, RRVPNL and other leading power transmission companies. We believe that we have established a good relationship with our customers.

Pan India services presence in the telecommunication sector

We have created a strong service network covering all 23 telecommunication circles in telecommunication sector wherein we provide turnkey services which we believe enhances our delivery model. We believe that our pan India presence enables us to deliver effectively and also helps us maintain a local level relationship with our customers, at their circle offices. We believe that the geographical expansion of the telecommunication companies into rural and semi-urban areas will lead to an increase in the demand for tower infrastructure and with our delivery network, we would have an opportunity to tap the same.

Our integrated business model

We believe our integrated business model provides us with an advantage for meeting our customers' requirements. For the telecommunication infrastructure sector, we offer services which range from identification of sites, the design and manufacture of towers, sourcing and supply of equipment for erection of towers, erection of towers and provision of managed services, including supply, installation and commissioning of Intelligent Data Device for remote monitoring, SIM card integration and testing of successful data transmission to the server, transmission of KWH (energy meter reading) data at least once a day to the server through remote monitoring solutions like i-Site and passive telecommunication infrastructure services such as O&M, civil and electrical works, upgradation of towers, installation and commissioning of shelter, DG sets and battery banks. This, we believe, enables us to meet the requirements of our customers in an integrated manner.

For the power transmission sector, we provide services ranging from design, engineering, manufacturing, supply, erection, testing and commissioning for transmission lines and substations and providing turnkey solutions. Additionally, in the past offered managed services including installation, supply, erection, testing and commission of smart meters at a construction site of S&S Construction Private Limited for monitoring electricity, water and gas consumptions. We have been accorded approval by PGCIL for our backward integrated structural mill at our Project for rolling MS angle sections with size ranging from 40x40x4 mm to 150x150x20 mm and HT angle sections of size 40x40x4 mm to 150x150x20 mm for all PGCIL projects. We have also been accorded approval by Karnataka Power Transmission Corporation Limited ("KPTCL") as approved vendor for supply of substation structures and tower parts with bolts, nuts and washers for all KPTCL projects. Additionally, we have obtained vendor registration from Maharashtra State Electricity Transmission Company Limited for supply of transmission line towers and sub-station structures for EHV transmission projects. We now source a majority of structural steel from our own backward integrated structural mill which we believe enhances our ability to procure large orders and reduce our raw material costs potentially resulting in comparatively higher margins. We have also set-up a backward integrated structural mill with production capacity of 90,000 MTPA as backward integration to produce structural steel for manufacture of telecommunication and transmission towers.

Experienced management team with project execution and operations expertise

Our management team with an established track record and knowledge of the sectors in which we serve has helped us build relationships with reputed telecommunication infrastructure and power transmission players. Our management team has significant experience in areas such as procuring raw material, manufacturing and marketing of our products and services. Our Promoters, Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal, have over a decade of experience in the steel manufacturing. Further, they had family business which was engaged in manufacturing/trading of steel for the past 30 years. Pursuant to a family settlement deed dated July 20, 2008, the Promoters have disassociated with all the companies and firms established and promoted by their family members. The management of SAPL, includes Mr. Surendran Nagilla, Mr. Sridhar Komaragiri and Mr. Sasidhar Rayasam who have 29 years, 16 years and 10 years of experience respectively. Additionally, our senior management including Mr. Vinod Sharma, Mr. K. Jayachandran, Mr. I. V. Rama Rao, Dr. Allabaksh Naikodi, Mr. Y. Sethu, Mr. Ravi Kiran Sahukara, Mr. Sumanth Naidu, Mr. Sreenivasa Rao, Mr. D.G.Sohony, Mr. Vinod Kumar Gambhir Mr. N. V. Ratnam , Mr. Ram Ganesh Yadav Mr. B. Sreedhar and Mr. Swadesh Kumar Kesarwani on an average has over a decade of experience in telecommunication and power sectors. We believe that the experience of our management team and its understanding of the markets will enable us to continue to take advantage of market opportunities in the telecommunication and power sectors. We have established a track record in the fields of manufacturing and supply of telecommunication and transmission towers, substation structures and other technology products and solutions across India. In the process of building our portfolio, we believe that our management team has developed project and operational management expertise and understanding of the key opportunities and risks associated with our different business divisions.

Access to technology

With the acquisition of SAPL, we have recently implemented certain technology based solutions which have been developed by SAPL with the primary aim of energy audit and conservation and automation thereto. Through SAPL we provide managed services for the telecommunication towers, which includes supply, installation and commissioning of Intelligent Data Device for remote monitoring, SIM card integration and testing of successful data transmission to the server, transmission of KWH (energy meter reading) data at least once a day to the server through remote monitoring solutions like i-Site. Our ability to effectively service customers in the power transmission and telecommunication infrastructure sectors as a 'single point' partner has increased with such acquisition since we also have the ability to offer to our customers, intelligent monitoring solutions for operational efficiencies in the management of the infrastructure and therefore, mitigate associated costs and delays. While we are in the initial steps of offering such products and services, we believe that this differentiates us from our competitors who may not have such in-house expertise and access to technology. Further, the access to such technology may also enable us to diversify our operations into other sectors where the implementation of such energy audit and conservation technology may be required.

Business Strategy

Our business strategy for achieving our long term objectives involves the following:

Expansion in our tower manufacturing capacity

In order to capture the opportunity arising out of the growth in demand of telecommunication and power infrastructure, we have laid down expansion plans to increase our current tower fabrication and galvanization capacity from 36,000 MTPA to 240,000 MTPA in two phases, of which we have completed the first phase in March 2010, with the expansion of 84,000 MTPA, taking our current capacity to 1,20,000 MTPA. We have also commissioned our backward integrated structural mill as part of backward integration with a capacity of 90,000 MTPA in September 2009. This unit has provided us with raw material cost benefits.

Providing gamut of services to telecommunication infrastructure and power transmission players

Our Company seeks to position itself as an end to end solutions provider for the telecommunications infrastructure sector. We presently offer services under the EPC/TSP model and believe that these services provide benefits to our customers. We also believe that our IDD solutions will help customers monitor telecom sites remotely and reduce operational expense cost elements. Our integrated operations help us to manage costs and maintain our profit margins. We have entered into a marketing agreement with U-Foam Private Limited ("**U-Foam**"), pursuant to which we have agreed to sell, distributed, develop, market and supply on an exclusive basis telecommunication shelters manufactured and produced by U-Foam within geographical limits of India and abroad by various telecommunication companies. We propose to offer solutions like multi tenant energy optimizer, smart fuel management system, or FMS, alternate energy solutions and intelligent universal controller to our telecommunication customers.

We intend to become a transmission service provider on a BOOM basis. For this purpose we have entered into a consortium agreement with Essel Infraprojects Limited, in which we hold 26% of the share capital, and a consortium agreement with Patel Engineering Limited and Simplex Infrastructures Limited, in which we hold 33.33% of the share capital, for the purpose of bidding for certain power transmission lines on a BOOM basis. Further, we are also performing pilot tests for technology-intensive solar and wind hybrid solutions specific to telecommunication site requirements. The solution has been developed through research and industry consultation and has been adapted to the specific requirements of telecommunication sites to considerably reduce energy costs, which is a major concern for a tower infrastructure company and telecommunication operators.

Further, to achieve the status of a preferred infrastructure service provider, our Company is currently taking steps to expand its services portfolio backed by technology product offerings.

Foray into new businesses in the power sector

We have also ventured into new business areas related to transmission and distribution by signing a memorandum of understanding with Beijing Beikai Electric Company Limited, China for gas insulated switchgear upto 245kV (GIS). Further, we have also entered into an agreement of intent with BTBECL to set up a joint venture in India to carry on the business of manufacture of transformers, initially with a capacity of 220KV and subsequently to manufacture, test, repair and maintain 765KV transformers. We believe that such relationships will enhance our ability to address our customers' needs across the value chain. For further details see, "History and Certain Corporate Matters – Agreement with Strategic Partners" on page 125 of the Red Herring Prospectus.

We believe we have the capability using our technology products to support implementation of 'smart grid' which would strengthen our proposed trading business by determining the power bought and sold by us. Further, we propose to foray, with specific products and solutions, into sub-station management for both urban and rural segments. The Company has installed a solar-wind hybrid solution at the telecommunications sites of Indus Towers Limited situated at Dindwar on a pilot basis. Further, SAPL has also received a letter of intent from Zamil New Delhi Infrastructure Private Limited to start negotiations for entering into a contract with SAPL, for a period of 10 years for installation of solar hybrid solution at and operations and maintenance services for passive power infrastructure. Based on the Ramboll IMI Soft Report dated June 24, 2010 and the letter received by the Company from Indus Towers Limited which provides detailed statistics, it is observed that there has been a decrease in the monthly consumption of diesel pursuant to the installation of such solar-wind hybrid solution.

Foray into international markets in telecom infrastructure and power transmission sectors

We plan to foray into overseas markets and for this purpose have entered into a marketing and management services agreement with Mars Associates in February 2010 to provide business intelligence industry information, market developments, news, conditions and information on current practices, to introduce potential clients/prospects and arrange for necessary meetings with their officials, to provide assistance in negotiations and to facilitate the execution of contracts for selling products and services of the Company to international customers. Our strategy is to focus on markets in undeveloped or developing economies through joint ventures by supplying towers through our existing units and using the local joint ventures partners' strengths for execution of the projects. We expect to utilize the experience and expertise gained out of our Indian operations to procure and execute orders from international customers. We intend to develop relationships with overseas agents, who are regional or local providers to telecommunications operators and power transmission companies, to market and distribute our towers to those operators without our having to incur direct international marketing and business development costs.

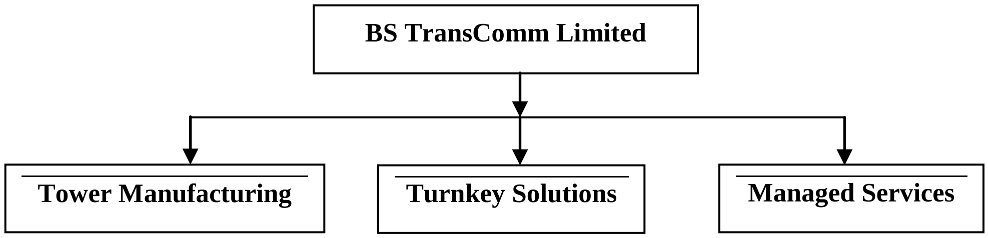
Grow our business through strategic alliances and joint ventures

As a part of our growth strategy, we intend to undertake overseas and domestic corporate acquisitions in the active and passive telecommunication industry. We will evaluate such acquisitions on a case-by-case basis in order to grow our business, expand our product portfolio and enhance our geographical reach. For instance, we have recently acquired SAPL, which is a provider of certain technology, products and services. SAPL has successfully deployed 'Intelligent Data Device' or 'IDD' technology solutions over 2,000 telecom cell sites with shared operators at Indus sites. We also intend to grow our business by entering into joint ventures with various third parties, for instance, for the purpose of bidding for new projects or for manufacture of products for the telecommunications infrastructure sector and the power sectors.

Further please see Risk Factors beginning on page xiii of this Red Herring Prospectus.

Our Business Divisions

The operations of our Company in the power and telecommunication sectors can be broadly divided into the following categories:



Tower Manufacturing

We manufacture customized towers as per the requirements of our customers in the telecommunication infrastructure and power transmission sector.

Telecommunication Towers

We manufacture two types of towers: Ground Based Towers and Roof Top Towers

Ground Based Towers:

Ground based towers are erected on the natural ground after excavation of soil and provided with a suitable foundation system. The height of a ground based tower varies from 30 m to 80 m depending on the line of sight required.

Roof Top Towers:

Roof top towers that are erected on existing buildings by raising the existing columns and are provided with tie beams in between the columns. The height of a roof top tower varies from 9 m to 30 m.

Power Transmission Towers

We manufacture transmission line towers ranging from 66kv, 132kv, 220kv and 400kv. The height of a power transmission tower varies from 25 m to 60 m.

The activities in tower division consist of:

- Designing of towers as per customers' requirement
- Obtaining design certificates from third party agencies if required
- Fabrication of towers parts
- Galvanizing of tower parts
- Manufacturing tower accessories such as foundation bolts, templates, stubs etc
- Segregation and packaging of each tower
- Shipment to the sites
- Tower erection and painting

Our Manufacturing Units

We have two manufacturing units through which we undertake the manufacturing of towers for our customers in the telecommunications and power sectors.

Our manufacturing facility at Medchal ("Unit I") is spread over an area of 6.35 acres and is located at survey numbers 82, 83, 92-95 and 107, Athvelly village, Medchal, Andhra Pradesh and has a capacity to manufacture of 36,000 MTPA of towers.

As part of our expansion plans to increase our capacity from the current annual capacity of towers to 240,000 MTPA, we have established our Phase I expansion unit ("Unit II"). This unit is spread over an area of 68.05 acres and is located at survey no. 41, Majeedpally, Toopran, Medak District, Andhra Pradesh and has an annual capacity to manufacture of 84,000 MTPA fabricated and galvanized towers with a backward integration to produce structural steel of 90,000 MTPA required for tower manufacturing. As a result of the completion of Phase I out of our expansion Project, our current tower manufacturing capacity is 1,20,000 MTPA.

Machinery

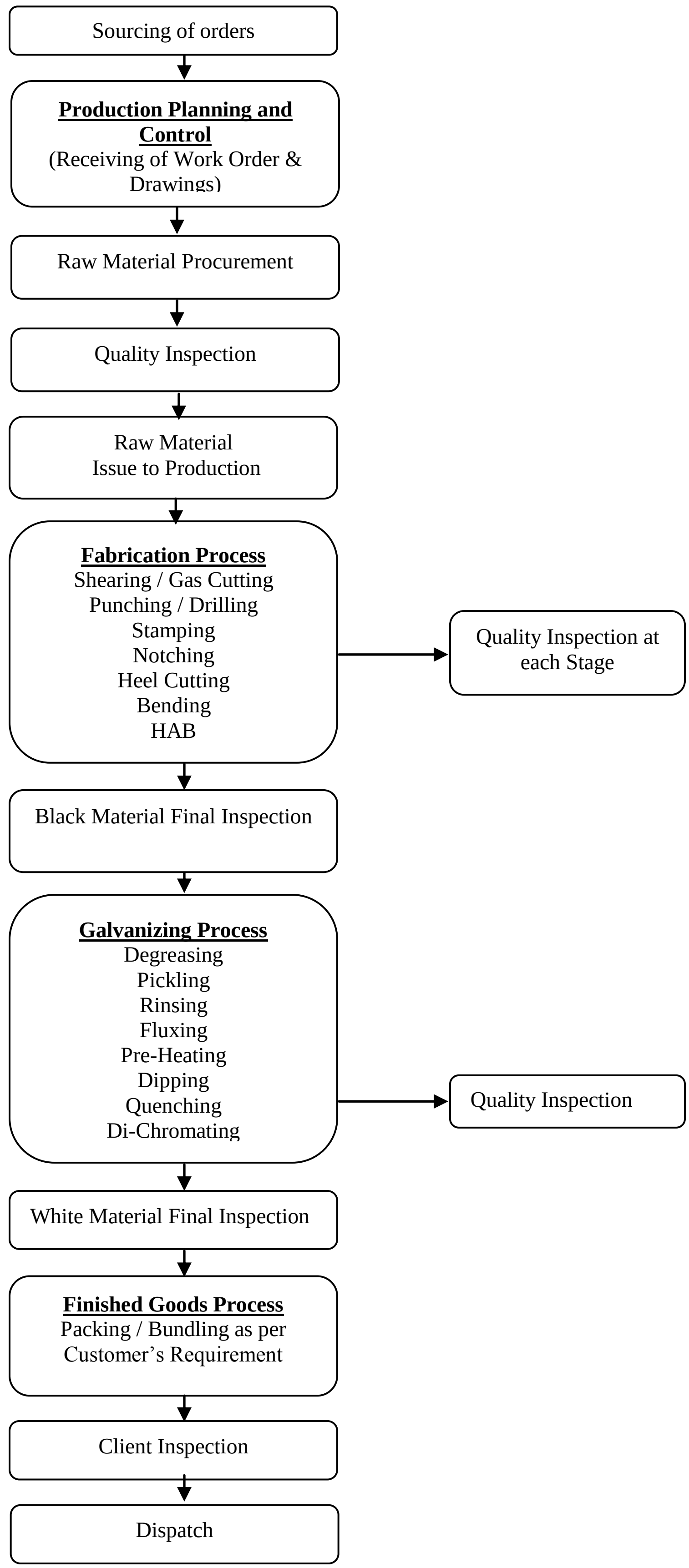
The manufacturing facilities of the Company consist of fabrication machines, automatic hot saw machine, hydraulic machines, shearing machines, EOT cranes for material handling, heavy-duty radial drilling machines, mechanical power presses and a galvanizing plant.

Raw Material

The main raw materials required for fabrication of towers are angles, channels, rounds, pipes and plates of various specifications and sizes, fasteners and zinc. The raw materials are procured from various backward integrated structural mill located in and around Hyderabad, Nagpur and Raipur.

Subsequent to the establishment of our Unit II, a majority of structural steel, which is our primary raw material, is sourced from our own mill.

Manufacturing Process: Flowchart depicting entire tower manufacturing process is as under:



Detailed Manufacturing Process

1. Designing & preparation of drawings

The in house engineering team makes necessary designs as per the requirement of the customers after considering topographical conditions like soil and wind. After the design is complete, the tower line diagram is translated into a structural assembly drawing which gives complete details of joints, member sizes and bolt gauge lines, size and lengths of bolts, washers, first and second slope dimensions, etc. A more detailed drawing is then prepared for all the individual members from the structural assembly drawing. These are called shop or fabrication drawings. The shop drawings for joints/connections and individual members should be prepared in a systematic manner and should have a correct index or key. The drawings give complete details of joints, bolt gauge lines, sizes and lengths of bolts, washers, first and second slope dimensions etc.

2. Fabrication

Tower to be fabricated shall be reasonably straight, free from rust, scales and pitting. Various operations performed in fabrication of towers are as follows:

a. Straightening

Before any other work or cutting is started, all steel sections are carefully straightened and trued up by pressure. These sections are again trued up after being fabricated.

b. Bending

Bending is to be done on the hot raw material. The process of bending involves:

i. Cropping, Shearing, Gas Cutting

All cut ends of angles are clean square and free from any distortion and shaped as per drawing. All burns at the edges are removed. Cropping/cutting is normally done after straightening /bending is over. Cropping and shearing is done on sections up to 12 mm thick and Sections with thickness over 12 mm are sawn/gas cut.

ii. Punching and drilling

Bolt holes are punched or drilled to sizes. Punching is done on sections up to 12 mm thick and drilling is done on sections having thickness of over 12 mm. Universal machine and single operation punching machine are used for punching while 1-M-arm and 2-M-arm heavy radial drilling machine are used for drilling.

iii. Marking

Identification mark is marked on each member by stenciling and de-punching with dies of 16 mm size.

3. Galvanization

The fabricated tower parts are moved to the galvanizing section in order to impart anti corrosion characteristics. A firm coat of zinc is given on the surface which provides extensive protection to the less active iron. Zinc coating is preferred for the protection of structural iron in steel instead of any other metallic coating due to its ease of application and also due to the fact that the residual corrosion products become basic in character and exert a retarding influence on further resolution.

4. **Packaging and Dispatch**

We carry out final inspection for the galvanized material and segregate the material tower wise. Each tower material is packed as per customers' requirement. After final customer inspection, the tower is dispatched.

In-house lab & testing facilities

Since we are required to adhere to quality standards, we test our products at various stages. Our lab and testing facilities conform to and meet the Indian and international standards.

Utilities

Power

The current sanctioned capacity by Andhra Pradesh State Electricity Board for high voltage instillation transformer at Unit I is 350 KVA and the utilisation is 66% of the sanctioned load with a 320 KVA DG back up. The current sanctioned load for Unit II is 1,600 KVA by Andhra Pradesh State Electricity Board and the utilisation is 113% of the sanctioned load with a 250 KVA and 125 KVA DG back up.

For the process of manufacturing of towers, the load requirement is high, especially in the process of fabrication and welding. Therefore, keeping all these factors in consideration and to diversify our sources of power, we have made arrangements for back up of electricity through generator sets and which are equipped with voltage stabilizers.

Water

The requirement of water for both units is approximately 10 klpd. The Company has own bore wells to meet the water requirement.

Effluent Treatment Plant

The corrosive nature of chemicals used by the galvanizing industry creates high cost environmental hazards. For Unit I, an exhaust system has been provided, which consists of exhaust air scrubber, centrifugal fan, ducting and hood, pumps, chimney and pH control units and all components are made from corrosion resistant thermoplastic materials. The tanks are provided with a fume extraction system for evacuating the corrosive acid fumes from the manufacturing and is scrubbed in scrubbing liquid. A system has also been established for Unit II.

***Turnkey Solutions*:**
Telecommunication infrastructure Sector:

Our turnkey solutions division includes the following services to the telecommunications infrastructure sector:

- Site Identification: The ideal locations for the cell-sites are identified to build the site.
- Site Clearances: This involves obtaining the approvals from the Government agencies before the actual build up of the site. The clearances are majorly done by operators, however the liasioning is sometimes outsourced to transmission survey providers.
- Site Design: This includes site layout for the positioning of the various elements on site such as Tower, Shelter and DG and further includes the positioning of elements in the shelter like that of Base Transciever Station, AC, Battery Bank and Power Plant.
- Project Management & Control: Project Management includes managing the site build up and the activities on site. The activities are controlled in order to meet the roll out schedule and quality.
- Equipment Procurement & Supply: This includes procurement and supply of the passive elements as may be required.

- Infrastructure Installation (Civil, Electrical & Tower Erection): This involves all the activities to prepare the identified cell – site on ground as well as roof top like excavation, bar bending, shuttering, fencing etc.

- Tower Erection: This involves erecting tower and painting and it may involve installation of pole mounts and horizontal cable trays.

Power Transmission Sector:

As a turnkey solutions provider to the power transmission sector, we execute power transmission and sub-station projects on turnkey basis which includes supply of materials, installation, erection and commissioning. The work to be carried out for transmission projects includes preliminary survey, route alignment, detail survey, check survey, classification of soil (for type of foundation to be used), construction of foundation, erection of towers, stringing of line, earthing, fixing of accessories, testing and commissioning of line.

We provide the following services as part of our turnkey solutions to the power transmission sector:

- Preliminary Survey – this involves undertaking survey of the proposed route and identifying the shortest possible route.

- Route Alignment – on completion of preliminary survey, drawing of tower alignment is prepared keeping all the technical specifications and standards in consideration.

- Detail and Check Survey – in this stage mapping of existing ground levels with proposed height of the tower is finalized giving the precise details, heights of various towers that need to be manufactured as per the specifications and standards of the contract. Finally marking of the transmission line route is done on the ground for excavation and construction of foundations required for the tower erection.

- Classification of soil (for type of foundation required) – classification is given in the contract by the customer for different type of soil.

- Construction of foundation - based on the soil condition, foundation is laid as per drawing and customer specification.

- Erection of transmission line towers – After completion of foundation and sufficient curing period, the towers are erected at the designated areas.

- Stringing of power line between towers – After completion of erection of transmission towers and installation of hardware and insulators, stringing of power line conductor wire takes place.
- Earthing and fixing of accessories – Finally earthing and fixing of other accessories are done before testing.

- Testing and commissioning of transmission line.

The following table provides details of our existing capacities:

Product	Particulars	FY07*	FY08	FY 09	FY 10**
Telecommunication and Transmission line towers	Installed Capacity	36,000	36,000	36,000	1,20,000
	Capacity Utilization	657	24,034	28,869	30,703#
	Utilization (%)	1.8%	66.7%	80.19%	25.58%
Backward integrated structural mill	Installed Capacity				90,000
	Capacity Utilization				14,136##
	Utilization (%)				15.70%

* *Our Plant was operational from February 2007*

** *Pursuant to completion of Phase I expansion, our tower manufacturing capacity expanded to 1,20,000*

MTPA with effect from March 2010. The backward integrated structural mill was commissioned in September 2009.

\# *Tower Unit for 84000 MT was operational from March 2010*

\#\# *Backward integrated structural mill was operational from September 2009*

Managed Services

Our Company also offers managed services solutions which we can potentially reduce the operational costs of maintenance of telecommunication towers. Our Company offers a 'single window' solution in O&M which includes services such as fuel management, security management, estate management, metering and bill payment services, project management, troubleshooting and fault management of equipment/facilities such as towers and electrical appliances. We also believe that our Energy Solution Services ("**ESS**") help to reduce the operating expenses of our customers while optimizing the network performances of the towers. We currently provide managed services for Indus.

Technology Services

Pursuant to the acquisition of Sugan Automatics Private Limited, we are also engaged in the designing, building and deploying related technology products and solutions to the telecommunications sector**.** For instance, the Company has started to provide solutions such as remote site monitoring solution (intelligent data device) for the telecommunication sector. SAPL is also engaged in the design and development of embedded products and solutions for the telecom tower and provides technologies such as the IDD and i-Site that support energy management. For the year ended March 31, 2010 the total revenue of SAPL was Rs. 344.52 lakhs and the profit after tax was Rs. 21.07 lakhs and for the three months ended June 30, 2010 the total revenue of SAPL was Rs. 23.9 lakhs and the profit after tax was Rs. 1.91 lakhs

Phasing out our Steel Trading Division

Our Company is in the process of phasing out its trading operations following the backward integration and establishment of the backward integrated structural mill at Majeedpally, and is currently mainly focused only on manufacturing of telecommunication and power transmission towers and providing turnkey solutions.

Current order book and completed orders

As on July 31, 2010 our total order book recorded a supply of 56,974 MT of towers (comprising of 4,696 MT telecommunication towers and 52,278 MT power transmission towers at approximately Rs. 53,169 lakhs), out of which our order book from manufacturing of telecommunication towers was Rs. 2,582 lakhs (typically these orders are for a period of 2 months), from turnkey service projects and managed services for the telecommunications sector was Rs. 3,329 lakhs and from manufacturing of power transmission towers and EPC contracts was Rs. 47,257 lakhs. Some of the customers for whom we have successfully completed the orders include Indus, APTransco and RRVPNL. The total order book of our subsidiary company, SAPL was Rs. 2,277 lakhs as on July 31, 2010, which includes an order from Applied Solar Technologies (India) Private Limited. In addition SAPL has received a Letter of Intent valued at Rs. 20,000 lakhs for 500 sites for a 10 year period.

Selling and Marketing

We have a sales and marketing team of 26 members to focus on establishing new customers by approaching potential customers, to procure their acceptance and to make a prototype tower based on their design and specifications. Upon approval of a prototype, we offer these towers for inspection after erecting and painting it on the site allocated by the customer. This enables potential customers to examine the quality of our towers and services.

To cater to the needs of service operators, we procure orders through a two stage process. In the first stage, we submit bids to provide towers and solutions in response to requests for proposals from wireless telecommunications operators. We price our towers and solutions on the basis of discussions with potential customers regarding their tower specifications and quantity requirements. If we are successful in the bidding process, we are short listed as a tower supplier and/or a solutions provider and proceed to execute rate contracts with customers.

At the second stage, circle level managers of various wireless telecommunications operators issue orders to us on a periodic basis for the quantities to be supplied by us to them as per their monthly roll out plans.

For supply of power transmission towers, turnkey projects and sub-station projects we bid for tenders either alone or jointly depending on the eligibility criteria of the project.

We believe that our pan India presence helps us to deliver products and services effectively and also helps our local relationship with our customers, at their circle offices. We have a customer services team which seeks to facilitate communication between the customers and our Company. We emphasize responsiveness to customers and believe that a high uptime is the key to customer retention. We work to achieve customer satisfaction by adopting quality control procedures.

Customers

Our customers include Vodafone Essar Limited, Essar Telecom Infrastructure Private Limited, India Telecom Infra Limited, Wireless- TT Info Services Limited, Global Tele Limited, Indus Towers Limited, Sterling Projects and Engineering Limited, APTransco and RRVPNL. We also participate in the bidding process for tenders floated by the State Electricity Boards.

Intellectual Property

We have applied for registration of our trademark "BSG", the logo as appearing on the cover page of the Red Herring Prospectus before the Trade Marks Registry, Chennai on May 14, 2008. Further, SAPL has applied for registration of two patents namely, 'Multitenant Energy Optimizer' and 'System and method for dynamic management of remote infrastructure' on March 30, 2010 and March 31, 2010 respectively and two trade mark applications namely 'Intelligent Data Device' an 'IDD' on July 27, 2009. The applications for registration are currently pending.

Insurance Coverage

We have insurance coverage, to cover certain associated with the operations of the business. We have insured the plant and machinery and inventories of our manufacturing plants, against risks such as fire, earthquake and other natural calamities. We have also availed of a directors' and officers' liability insurance policy, employer's liability policy. The employees of SAPL are covered under personal accident insurance. For our various projects, including, transmission projects and other EPC projects, we have obtained marine cargo insurance policies, marine cum erection insurance and voyage insurance policy which provide cover for risks such as transit of towers by road and rail. We believe that our current levels of insurance coverage are in line with industry norms in India.

Human Resources

The manufacturing of telecommunication and power transmission towers and provision of turnkey services is a labour intensive process. This industry demands very specialized skilled human resources in some of the key processes.

Our HR policies aim at attracting, retaining and motivating the best talent to achieve higher goals and attain greater opportunities for the advancement in their business career.

We maintain separate professional teams created from within the industry for securing, servicing and executing projects both in telecommunication as well as power transmission.

Training

The training policy is geared towards enabling the individual employee to enhance his / her capability, at the same time contributing towards the Company's growth and achievement of other corporate objectives.

In order to improve organizational efficiency and effectiveness, the necessary skills will be imparted within the organization through a combination of organizational development and training and development activities.

Employee Retention and Care

We strive to promote a feeling of well being in our employees through care and respect. We have several structured processes including employee monitoring, grievance management and corporate ethics programs which are intended to facilitate a friendly and cohesive organizational culture. We have created an environment, which promotes an open community culture among our employees.

Compensation and Performance Management

Our compensation policy is performance based and we believe it is competitive with industry standards in India. Our compensation packages are adjusted annually based on industry salary correction, compensation surveys and individual performance. We believe in offering compensation commensurate with responsibilities, performance and achievements.

The following table sets out the break-up of our employees categorized by our various locations and job functions as of June 30, 2010:

Particulars	Permanent	Contract	Total Staff
Registered office	74	4	78
Circle/Project offices	599	150	749
Factory			
Medchal, Hyderabad (Unit I)	107	350	457
Medchal, Hyderabad Fabrication and Galvanization Plant (Unit II)	105	90	195
Medchal, Hyderabad backward integrated structural mill (Unit II)	89	186	275
SAPL			
Registered Office	37	0	37
Total	**1,011**	**780**	**1,791**

Property

Registered and corporate office: Our registered and corporate office is located at 504, 5th Floor, Road no 2, Trendset Towers, Banjara Hills, Hyderabad, Andhra Pradesh.

Offices: We have eight regional offices and six project offices as of date of the Red Herring Prospectus.

Details of properties of the Company

Location	Status (owned /leased)	Use
504, 5th Floor, Road No 2, Trendset Towers, Banjara Hills, Hyderabad, Andhra Pradesh.	Leased	Registered office and Corporate Office
Survey No. 82, 83, 92-95 and 107, Athvelly Village, Medchal, Andhra Pradesh.	Owned	Unit I
Survey No. 41, Majeedpally, Toopran, Medak District, Andhra Pradesh.	Owned	Unit II and the backward integrated structural mill for structured steel
12.12 Acres situated at survey number 42, Majeedpally Village, Toopran	Leased	Manufacturing unit

Location	Status (owned /leased)	Use
Mandal, Medak District.		
31/910, Achutam Vilas Bhavan, Ponnurunni convent road, Vyttilla post office, Kochi 682019	Leased	Regional office and guest house
No. 30/A/1/6, Ganesh Park. 2nd Cross, Bhagyanagar, Belgaum, Karnataka.	Leased	Regional office and guest house
Plot No.808/809, Laxmi Sagar, Bhubaneswar, Orissa	Leased	Regional office and for storage purposes
172/1, 4th Cross West Street, Peelamedu, Coimbatore, Tamil Nadu.	Leased	Regional office and guest house
Flat No. D301, 1st Floor, Sri Durga Estates, Road No. 6 Banjara Hills, Hyderabad, Andhra Pradesh.	Leased	Regional office and guest house
No. 5/6, 1st Floor, Rama Temple Road, Doopanahalli, HAL II Stage, Bangalore, Karnataka.	Leased	Regional office
Survey No. 1210, Mutayampet Road, Near Bharat Gas Agency, Domakonda, Nizamabad District, Andhra Pradesh.	Leased	Regional office
No. A-46/4 DLF Qutab Enclave Phase I, Gurgaon	Leased	Regional office
RIICO Colony C-85A, Near Tata Tower Ward – 19, Behror District, Alwar, Rajasthan.	Leased	Project office and guest house
Plot No/ Khasra No. 90/177 (Area-1000 square feet including 2 rooms) in front of Daikin air conditioning plant from NH-8 Road near Khetanath Dharm Kanta District, Alwar, Rajasthan.	Leased	Project office
27, Ayyanarappan Street, Peramanur, Salem, Karnataka.	Leased	Project office
E-32, RIICO Industrial Area, Phase 1, Behror District, Alwar, Rajasthan.	Leased	Project office
Khedli Lodha Village, Hassanpur Post, Laxmangarh Tehsil, Alwar District, Rajasthan.	Leased	Project office
RIICO Colony A-87, Ward No. 19, Behror, Alwar district, Rajasthan.	Leased	Project office
H. No. 12-2-417-B-49/1, 1st Floor, LIC Colony, Gudimalkapur, Hyderabad – 500 028, Andhra Pradesh	Leased by SAPL	Registered and corporate office of SAPL
Plot No. 27, Rao and Raju Colony, 8-1-120/86/9/A27, Road No.2, Banjara Hills, Hyderabad – 500034, Andhra Pradesh	Leased by SAPL	Office of SAPL
Mulgia. NoG1,G2,G3,G4,G5,G6,?7,G8,G9,G10, situated at H. No. 5/38/2, Athvelly Village, 13 Medchal MandaI, RR District, Andhra Pradesh.	Leased by SAPL	Manufacturing unit of SAPL

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain.

We are engaged in the business of providing a range of services to telecommunication service providers for setting up their passive infrastructure and to power utilities for setting up their transmission lines and sub-stations. We are engaged in the manufacturing and supply of telecommunication and transmission towers, substation structures and service solutions to the telecommunications and power sectors. We are also engaged in the designing, building and deploying related technology products and solutions to the telecommunications sector**.**

Registration as Infrastructure Provider

In India, every company incorporated under the Companies Act intending to set up and operate telecommunications services is required to obtain requisite permission from the Department of Telecommunication ("DoT") and Government of India ("GoI"). Based on the nature of telecommunication infrastructure provided, such telecommunication infrastructure providers have been categorized into Infrastructure Provider Category I ("IP-I Provider") and Infrastructure Provider Category II ("IP-II Provider"). However, the issuance of IP-II category licenses has been discontinued from December 14, 2005. The IP-I Providers are those infrastructure providers who provide assets such as dark fibers, right of way, duct space, towers, co-location space and power (AC/DC). A licence to operate as IP-I provider is not required, however IP-I providers are required to be registered as an infrastructure provider under the DoT. The DoT has set out certain guidelines for granting of registration as IP-I Provider to a company. These guidelines *inter alia*, state that the applicant applying for the registration should (a) be an Indian company registered under the Companies Act (b) provide use of infrastructure in a non-discriminatory manner, (c) submit a copy of an agreement entered into with the other service providers or IP-II Provider to the DoT within 15 days of signing of such agreement and (d) provide dark fibers, right of way, duct space, towers on lease / rent / sale basis to the licensees of telecom services on mutually agreed terms and conditions. The DoT does not impose any restriction on the foreign shareholding in the IP-I Provider. The registration for IP-I is a non-exclusive basis without any restriction on the number of entrants. The IP-I registered company is further required to submit copies of agreements entered into with telecommunication service providers or pre-existing IP-II license holders to the DoT within 15 days of signing such agreements.

In addition to the aforementioned guidelines, the certificate of registration ("Certificate") specifies certain terms and conditions and breach of which would lead to cancellation of an IP-I registration. The terms and conditions set out in the Certificate, mandate that the IP-I Provider should not to provide infrastructure to any licensee of telegraph services, whose license is either terminated or suspended or not in operation. In case infrastructure services, has already been provided to such a licensee, the IP-I Provider is required to withdraw such grant of infrastructure and disconnect immediately upon receipt of any reference from the licensor in this regard. Further, the IP-I Provider is required to ensure that security clearance has been obtained from the Ministry of Home Affairs, GoI, in respect of all foreign personnel deployed by it for installation or operation or maintenance of its infrastructure.

As per the terms of the Certificate, the GoI has the powers to take over the equipment and networks of the IP-I Provider, or revoke or suspend or terminate such registration partially or fully, in the public interest in case of emergency or war or low intensity conflict or any other similar eventuality. Additionally, the IP-I Provider is required to provide facilities to the GoI to counteract any espionage or subversive act or sabotage or any unlawful activity, and provide to the agencies authorised by the GoI full access to the infrastructure network for technical scrutiny and visual or any operational inspection.

SACFA Clearance

The Standing Advisory Committee on Radio Frequency Allocations ("SACFA") is a high level committee whose function is to carry out detailed technical evaluation in respect of aviation hazards, obstruction to line of sight of existing or planned networks and interference to existing and proposed networks. For setting up any wireless installations in India, clearance from the SACFA is required in respect of a fixed station and its antenna mast (cell sites).

The SACFA has a detailed siting procedure, which has divided sites for wireless stations into three categories namely (a) mast height category, (b) category exempted from mast height clearance, and (c) full siting category. Depending on the antenna size, height, power output and frequency, application for SACFA clearance has to be made in different forms pertaining to each category. As per Office Memorandum No. K 19013/ 13/ 2005/ CFA of WPC Wing issued by the DoT dated June 28, 2006, all antenna towers located beyond seven kilometers from the nearest airport and having a total height of not more than 40 meters above the mean sea level of the airport reference point of the concerned airport need not undergo a detailed SACFA siting clearance procedure. They must, however, be registered online on the WPC/SACFA website and necessary clearance will be issued by the SACFA Secretariat.

Permission from Municipal Authorities/ Zilla Parisad/ Gram Panchayat/ any other local authority

The local laws of many states in India require that in order to set up towers and other infrastructure, 'No Objection Certificates' from local authorities like Municipal Authorities, Zilla Parishad or Gram Panchayat in whose jurisdiction the towers are being constructed. Under the local laws some states any person intending to carry on any development on any land has to obtain permission from the planning authority by making an application in writing. On receipt of such application, the planning authority may, grant such permission unconditionally, or subject to such conditions as may be imposed with the prior consent of the State Government. Such permission would be granted in form of a commencement certificate.

Infrastructure Sharing

In April 2008, the DoT issued guidelines on infrastructure sharing; under which sharing of active infrastructure among service providers based on mutual agreements entered among them is permitted. These guidelines are aimed at reducing input costs on telecom access service providers, which would facilitate reduction of tariff and increase tele density in rural areas. In terms of these guidelines, active infrastructure sharing is limited to antenna, feeder cable, Node B, Radio Access Network and transmission systems only, further Infrastructure Providers (IP) category-I are allowed to seek SACFA siting clearance for erecting towers with or without agreement with licensed service providers. These guidelines also reduce the time for SACFA clearance to about 45 days.

The Power Sector

Electricity, being an entry in the Concurrent List (Entry 38, List III) of the Seventh Schedule to the Constitution of India, is governed by the laws of both the Government of India and the State Governments. The central legislation governing the sector is the Electricity Act, 2003, as amended ("Electricity Act"), a comprehensive legislation governing various aspects of the power sector including transmission, supply and use of electricity and central and State electricity regulatory commissions.

The Central Electricity Authority ("CEA") is constituted under the Electricity Act and shall consist of the members appointed by the GoI to perform the functions and duties prescribed by the GoI. Among other functions, the CEA is to, *inter alia*, (a) specify technical standards for construction of electrical plants, electric lines and connectivity to the grid; (b) specify grid standards for operation and maintenance of transmission lines; (c) specify the conditions for installation of meters for transmission and supply of electricity; (d) advise the GoI on matters relating to National Electricity Policy; and (e) advise the appropriate government and commission on all technical matters relating to generation, transmission and distribution of electricity. The Electricity Act also provides for a Central Electricity Regulatory Commission ("CERC") and a State Electricity Regulatory Commission ("SERC") for each State. Among other functions, the CERC is responsible for: (a) regulation of inter- State transmission of electricity; (b) determination of tariff for inter- State transmission of electricity; (c) issuing of licenses to function as transmission licensee with respect to inter- State operations; (d) specifying and enforcing standards with respect to quality, continuity and reliability of service by licensee etc. SERCs perform the similar functions at the State level.

Labour Laws

India has stringent labour related legislation. We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, the Industrial Employment (Standing Orders) Act, 1946, Contract Labour (Regulation and Abolition) Act, 1970, the Employees State Insurance Act, 1948, Payment of Gratuity Act, 1972, Payment of Bonus Act, 1965, the Minimum Wages Act, 1948, Workmen Compensation Act, 1923 and Shops and Establishments legislations in various states.

Factories Act, 1948

The Factories Act, 1948 ("Factories Act") defines a 'factory' to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and covers any premises where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the occupier of a factory, *i.e.* the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. Persons who design, manufacture, import or supply articles for use in a factory must ensure the safety of the workers in the factory where the articles are used. If the safety standards of the country where the articles are manufactured are above Indian safety standards, the articles must conform to the relevant foreign standards. There is a prohibition on employing children below the age of fourteen years in a factory. If there is violation of any provisions of the Factories Act or rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term up to two years and/or with a fine up to Rs. 1,00,000 or both, and in case of such violation continuing after conviction, with a fine of up to Rs. 1,000 per day of violation. In case of a contravention which results in death or serious bodily injury, the fine shall not be less than Rs. 25,000 in the case of an accident causing death, and Rs. 5,000 in the case of an accident causing serious bodily injury. In case of contravention after a prior conviction, the term of imprisonment increases up to three years and the fine would be Rs. 3,00,000 and in case such contravention results in death or serious bodily injury the fine would be a minimum of Rs. 35,000 and Rs. 10,000 respectively.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 ("Standing Orders Act") requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by such employer in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "CLRA"), requires establishments that employ, or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA requires the principal employer of an establishment to which it applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, 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 imposed for contravention of the provisions of the CLRA.

The Employees State Insurance Act, 1948

The Employees State Insurance Act 1948, ("ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury.

The ESI Act extends to the whole of India. It applies to all factories (including government factories but excluding seasonal factories) employing ten or more persons and carrying on a manufacturing process with the aid of power or employing 20 or more persons and carrying on a manufacturing process without the aid of power and such other establishments as the Government may specify.

A factory or other establishment, to which the ESI Act applies, shall continue to be governed by its provisions even if the number of workers employed therein falls below the specified limit or the manufacturing process therein ceases to be carried on with the aid of power, subsequently.

The ESI Act does not apply to the following:

i. Factories working with the aid of power wherein less than 10 persons are employed;
ii. Factories working without the aid of power wherein less than 20 persons are employed;
iii. Seasonal factories engaged exclusively in any of the following activities viz. Cotton ginning, cotton or jute pressing, decortication of groundnuts, the manufacture of coffee, indigo, lacs, rubber, sugar (including gur.) or tea or any manufacturing process incidental to or connected with any of the aforesaid activities, and including factories engaged for a period not exceeding seven months in a year in blending, packing or repackaging of tea or coffee, or in such other process as may be specified by the Central Government;
iv. A factory which was exempted from the provisions of the Act as being a seasonal factory will not lose the benefit of the exemption on account of the amendment of the definition of seasonal factory;
v. Mines subject to the Mines Act, 1952;
vi. Railway running sheds;
vii. Government factories or establishments, whose employees are in receipt of benefits similar or superior to the benefits provided under the Act and Indian naval, military or air forces.

The appropriate Government may exempt any factory or establishments or class of factories or establishments or any employee or class of employees from the provisions of the ESI Act. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto Rs. 10,000 per month is entitled to be insured under the ESI Act. However, apprentices engaged under the Apprentices Act are not entitled to the ESI benefits. Coverage of part time employees under the ESI Act will depend on whether they have contract of service or contract for service with the employer. The former is covered whereas the latter are not covered under the ESI Act.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the "Gratuity Act"), an employee in a factory is deemed to be in 'continuous service' for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The maximum amount of gratuity payable shall not exceed Rs. 3,50,000.

Payment of Bonus Act, 1965

Under the Payment of Bonus Act, 1965 (the "Payment of Bonus Act") an employee in a factory who has worked for at least 30 working days in a year is eligible to be paid bonus. 'Allocable surplus' is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit of the Company. The minimum bonus to be paid to each employee is 8.33% of the salary or wage or Rs. 100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. The maximum bonus payable is prescribed under the Payment of Bonus Act from time to time. Contravention of the Payment of Bonus Act by a company will be punishable by proceedings for imprisonment up to six months or a fine up to Rs. 1,000 or both against those individuals in charge at the time of contravention of the Payment of Bonus Act.

Minimum Wages Act, 1948

The State Governments may stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the Official Gazette. Workers are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Any contravention may result in imprisonment of up to six months or a fine of up to Rs. 500.

Workmen's Compensation Act, 1923

If personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for three days or the workman was at the time of injury under the influence of drugs or alcohol, or the workman willfully disobeyed safety rules. Where death results from the injury the workman is liable to be paid the higher of 50% of the monthly wages multiplied by the prescribed relevant factor (which bears an inverse ratio to the age of the affected workman, the maximum of which is 228.54 for a worker aged 16 years) or Rs. 80,000. Where permanent total disablement results from injury the workman is to be paid the higher of 60% of the monthly wages multiplied by the prescribed relevant factor or Rs. 90,000. The maximum wage which is considered for the purposes of reckoning the compensation is Rs. 4,000.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Environmental Laws

With respect to our operations, we also need to comply with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 ("WPA"), the Air (Prevention and Control of Pollution) Act, 1981 ("APA") and the Environment Protection Act, 1986 ("EPA").

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

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

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

Foreign Exchange Management Act, 1999 ("FEMA") and the regulations made thereunder

Foreign investment in Indian securities is regulated by the Foreign Exchange Management Act, 1999 ("FEMA"). Under Section 6(3) (b) of FEMA, the RBI has the authority to prohibit, restrict or regulate the transfer or issue of any Indian security by a person outside India. The RBI has prescribed the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, pursuant to which the residents of India cannot undertake any transaction with persons outside India, sell, buy, lend or borrow foreign currency, issue or transfer securities to non-residents or acquire or dispose of any foreign security without the permission (general or special) of the RBI. In terms of regulations made under FEMA and circulars issued from time to time, the RBI has accorded general permission for a range of transactions, with and without monetary limits and other conditions and restrictions.

While the industrial policy and the RBI regulations prescribe the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner/procedure in which such investment may be made. Under the industrial policy and the RBI regulations, unless specifically restricted, foreign investment is freely permitted in almost all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("**FIPB**") and the RBI. **As per current foreign investment policies, foreign direct investment in one Company is allowed up to 100% under the automatic route.**

Fiscal Legislations

Our Company is subject to certain fiscal legislations such as the Income Tax Act, 1961, the Central Excise Act, 1944, the Customs Act, 1962 and the Central Sales Tax Act, 1956. In addition we are also required to obtain registration under various State Acts on Excise and Sales for the purposes of carrying on our business in those States. These Acts include the Tamil Nadu Value Added Tax Act, 2006, the Rajasthan Value Added Tax Act, 2003 and the Karnataka Value Added Tax Act, 2003.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated under the Companies Act as a private limited company by the name of BS Steels and Minerals Private Limited pursuant to a certificate of registration dated January 7, 2004.

On March 31, 2004, the Company took over B. S. Steels, a proprietary concern engaged in the business of trading in iron, steel and related products. The Company was formed with the main object of acquiring the business of M/s. B. S. Steel a proprietary concern owned by one of the Promoters, Mr. Rajesh Agrawal, which was engaged in the business of trading in iron, steel and related products. With effect from April 1, 2003, the Company took over the business of B.S. Steels as a 'going concern' basis. There was no independent valuation done for the acquisition and the same was at book value. The assets and liabilities were taken over by the Company and the balance in the Mr. Rajesh Agrawal's capital account was treated as unsecured loan in the books of the Company. No Equity Shares were allotted to the Mr. Rajesh Agrawal nor was any cash paid to him. After the acquisition, M/s. B.S. Steels has ceased to exist.

On October 13, 2007, the High Court of Andhra Pradesh at Hyderabad approved the scheme of amalgamation ("Scheme of Amalgamation") for the amalgamation of B.S. Integrated Steel Products Private Limited ("BSIS") with our Company. BSIS was promoted by Mr. Rajesh Agrawal and was engaged in the business of manufacture and trading of iron, steel and related products. With effect from April 1, 2006 ("Appointed Date") the entire business, assets and liabilities of BSIS was transferred to our Company. Pursuant to terms of the Scheme, the shareholders of BSIS were allotted Equity Shares of our Company in the ratio of 1:14. B. S. Steels and Minerals Private Limited effectuated the Scheme of Amalgamation on December 17, 2007, which is the date on which a certified copy of the order of the High Court of Judicature, Andhra Pradesh at Hyderabad sanctioning the Scheme of Amalgamation was filed with the RoC under Section 394 of the Companies Act. For further details of the Scheme of Amalgamation, see below.

The name of our Company was changed to BS TransComm Private Limited pursuant to the resolution of our shareholders passed at EGM dated January 3, 2008 and a fresh certificate of incorporation dated January 24, 2008, issued by the RoC. On February 7, 2008, our Company was converted to a public limited Company and the name of our Company was changed to BS TransComm Limited pursuant to the resolution of our shareholders passed at EGM dated January 3, 2008 and a fresh certificate of incorporation dated February 7, 2008, issued by the RoC. The aforesaid changes were made to the name to reflect the changing nature of the business or the constitution of our Company and/or to clearly reflect the nature of the business.

Our Company is engaged in the business of providing a range of services to telecommunication infrastructure providers for setting up their passive infrastructure and to power transmission companies for setting up their transmission lines and sub-stations. We are engaged in the manufacturing and supply of telecommunication and transmission towers, substation structures and providing service solutions to the telecommunication infrastructure and power transmission sectors. We are also engaged in the designing, building and deploying related technology products and solutions to the telecommunications sector**.**

Our Registered and Corporate Office is located at 504, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034.

Major events in the History of our Company:

Year	Achievements
2004	BS Steels and Minerals Private Limited incorporated for the purposes of trading in steel products.
December 2006	BSIS sets up a tower manufacturing facility with a capacity for 36,000 MT at Survey No. 82, 83, 92 – 95 and 107, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401.
December 2006	BSIS obtained ISO 9001:2000 certification for manufacturing and supply of galvanized and ungalvanised towers. This certificate was subsequently revised in July 2008 and was issued in the name of our Company.
February 2007	Received our first order for the supply of telecommunication towers.
October	The High Court of Andhra Pradesh at Hyderabad approved the scheme of amalgamation of BSIS

Year	Achievements
2007	with our Company. The entire business of BSIS along with all its assets and liabilities was transferred to our Company with effect from the Appointed Date.
March 2008	Bonus issue of 68,92,600 Equity Shares was made to the then existing shareholders of the Company in the ratio of 1:1.
2008	Achieved production of 24,034 MTPA of telecommunication and power transmission towers within the first year of commercial production.
	Received first order for turnkey services for power transmission from Transmission Corporation of Andhra Pradesh Limited.
	Received first order for turnkey services for setting up of telecommunication towers.
March 2009	Received first order for turnkey services from Rajasthan Rajya Vidyut Prasaran Nigam Limited.
July 2009	Received first order from PGCIL for supply of power transmission towers.
September 2009	Backward integrated structural mill with a capacity of 90,000 MTPA as part of the Phase I expansion of our manufacturing unit at Survey No. 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh, has been commissioned and the commercial production was commenced.
October 2009	PGCIL has given its approval to the Company for manufacture of galvanized tower structures and parts.
November 2009	Bureau of Indian Standards has granted the license to the Company to use the standard mark in respect of the hot rolled low, medium and high tensile structural steel.
January 2010	ICRA Limited has assigned LBBB- to Rs. 5,078 lakhs term loan and Rs. 14,000 lakhs fund based and A3 to Rs. 36,100 lakhs non fund based limits of the Company.
February 2010	PGCIL has approved the Company’s re-rolling mill for rolling MS angle sections size 40x40x4 mm to 150x150x20 mm for PGCIL projects.
February 2010	Acquired 63.25% in Sugan Automatics Private Limited by making it a Subsidiary of the Company.
March 2010	SAPL has successfully deployed IDD technology solutions over 2000 telecom cell sites with shared operators at Indus sites.
March 2010	Fabrication facility with a capacity of 84,000 MTPA as part of the Phase I expansion of our manufacturing unit at survey No. 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh, has been commissioned and the commercial production was commenced.
April 2010	Karnataka Power Transmission Corporation Limited has included our Company in its approved vendors list for the supply of substation structures and tower parts with bolts, nuts and washers.
May 2010	ICRA has assigned LB rating to the Rs. 5078 lakhs term loan and Rs. 14,000 lakhs fund based limits of the Company and A5 to Rs. 36,100 lakhs non fund based limits.
May 2010	The Company has obtained vendor registration from Maharashtra State Electricity Transmission Company Limited for supply of transmission line towers and sub-station structures for EHV transmission projects.
August 2010	The Company has received a Certificate of Appreciation from Indus on August 6, 2010 for its contribution in TN Circle by achieving 99.99% uptime and entering the gold club in July 2010.
August 2010	The Company has received an approval from PGCIL for rolling HT angle sections of size 40x40x4 mm to 150x150x20 mm for an initial period upto February 28, 2011.

Time and cost overruns

We have in the past experienced time overruns for the Phase I plant by 14 months, backward integrated structural mill by six months and the Phase II time plant by 21 months from the original estimated date of completion. Further, there has been 6.6% overrun in the cost for the Phase I plant from the original estimated cost.

Awards/certifications received by our Company

- We obtained ISO 14001:2004 certification for manufacture and supply of galvanized and ungalvanised towers in 2008.
- BSIS obtained ISO 9001:2000 certification for manufacturing and supply of galvanized and ungalvanised towers. This certificate was subsequently revised in July 2008 and was issued in the name of our Company.
- We obtained ISO 9001:2008 certification for manufacture and sale of structural steel and bars and

fabrication of structures for telecom broadcasting and power sector in 2010.

Awards/certifications received by SAPL

- The Best Software Product (Startup – Enterprise) award in 2010 from ITsAP, an IT and ITES Association of Andhra Pradesh.
- Successfully documented and demonstrated products, solutions and methodology and achieved "Platinum" rating in pre-certification from IGBC Green Homes.
- Award for excellence in the field of Technology and Innovation from Indus Towers in 2009.
- Obtained ISO 9001: 2008 certification for design, development, manufacturing and deployment of embedded systems for creating intelligent infrastructure using remote monitoring in 2010.

Changes in our Registered Office

Date of Change	From	To	Reasons for change
February 27, 2004	Plot No. 28 No. 103, Trident Complex Vijayanagar Colony Wellington Road, Picket Secunderabad 500 003	Masetty Plaza 1-8-206, 2nd Floor Prenderghat Road, Secunderabad 500 003	Operational convenience
December 25, 2006	Masetty Plaza 1-8-206, 2nd Floor Prenderghat Road Secunderabad 500003	504, Trendset Towers Road 2, Banjara Hills Hyderabad 500 034	Operational convenience

Our Main Objects

The main objects of our Company as contained in the Memorandum of Association are as set forth below:

1. *To carry on the business of manufacturers, producers, importers, exporters, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds of towers such as power transmission towers, telecom towers, television towers, electrical transmission towers etc.*

2. *To carry on in India or elsewhere the business of manufacturing, producing, assembling, repairing, altering, fabricating, converting, improving, handling, insulating, reconditioning, punching, welding, fixing, concreting, installing, erecting, dismantling, buying, selling, importing, exporting, and to act as agent, broker, stockist, distributor, consultant, job worker, contractor, structural engineer, franchiser, supplier or otherwise to deal in all shapes, sizes, strengths, dimensions, descriptions, specifications and grades of iron & steel structures, such as hangers, building sections, bridges sections, lock gates, lattice masts, roofs, rolling beams, pillars, girders, columns, door frames, window frames, purlings, frame works, transmission towers, television towers, electrical transmission towers, shutters and other allied items used in transportation, defence, public utilities, power stations & lines, railways, industries, buildings, tunnels, dams and to do all acts and things incidental for the attainment of the above object.*

3. *To carry on in India or elsewhere the business to manufacture, produce, process, treat, assemble, alter, convert, commercialize, roll, reroll, melt mould, design, develop, fabricate, galvanize, machine, cut, trim, to account and to act as agent, broker, stockists, distributor, importer, exporter trader, buyer seller ,vendor engineers, metallurgist, consultant, job worker or otherwise to deal in all shapes, sizes ,uses capacities specifications, descriptions and varieties of products whether made of iron and steel or in combination with any ferrous and non ferrous materials such as plants, machineries, tools jigs, dies, moulds, reciprocals, equipments, instruments, apparatus, utensils, accessories, fittings, hardwares, sanitaries, fixtures, pipes, ductings, packing materials, engineering goods, etc. used in any industry, trade, commerce, public welfare,*

transport, vessels, defence, agriculture, construction, power, transmission, pollution, or in any other field and to do all such incidental acts and things necessary as may be necessary for the purpose of attainment of above objects.

4. *To carry on in India or else where the business of manufacturing, producing, alerting, converting, processing, treating, improving, manipulating, extruding, milling, slitting, cutting, casting, forging, rolling, & rerolling of all shapes, sizes, varieties, specifications, dimensions, descriptions and strength of iron & steel products including bars, rods, structures, profiles, pipes, sheets, castings, wires, rolling metals, girders, channels, angles, rolls ingots, flats, slabs, torsteels, bright bars, shaftings, beams, rounds, squares, hexagons, octagons, foils, joints, deformed bars, their products, by-products, and other allied materials, goods articles and things made of all grades of iron & steels including mild steel, carbon steel, stainless steel, electrical steel, alloy steel, special steel or any combination thereof with any other ferrous or non-ferrous materials and to act as agent, broker, distributor, stockist, importer, exporter, buyer, seller, jobworker, convertor, consultant, supplier, vendor or otherwise to deal in all goods, articles or things incidental to the attainment of the above objects.*

The existing and proposed activities of our Company are within the scope of the objects clause of the Memorandum of Association.

Amendments to the Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendments
March 26, 2005	The authorized share capital of the Company is Rs. 50,00,000 (Rupees fifty lakhs) consisting of 5,00,000 (five lakhs) Equity Shares of Rs. 10 (Rupees ten only) each with power to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act.
October 1, 2005	The authorized share capital of the Company is Rs. 1,00,00,000 (Rupees one crore) consisting of 10,00,000 (ten lakhs) Equity Shares of Rs. 10 (Rupees ten only) each with power to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act.
February 3, 2006	The authorized share capital of the Company is Rs. 6,00,00,000 (Rupees six crores) consisting of 60,00,000 (sixty lakhs) Equity Shares of Rs. 10 (Rupees ten only) each with power to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act.
April 6, 2007	The authorized share capital of the Company is Rs. 20,00,00,000 (Rupees twenty crores) consisting of 2,00,00,000 (two crore) Equity Shares of Rs. 10 (Rupees ten only) with the power to increase and reduce the capital, to divide the shares in the capital, for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions in such manner as may be for the time being provided by the Companies Act or so provided in the articles of the Company for the time being.
May 20, 2008	The following main objects were replaced by existing main objects of the Company: 1. *To take over the existing business of B.S. Steels as a going concern and to carry on the business as manufacturers, processors, re-rollers, refineries, smelters, converters, producers, exporters, importers, traders, dealers, distributors, stockiest, buyers, sellers, tents or merchants of all kinds and forms of steel, iron, metals and alloys, stainless and special iron metals and alloys, ingots, billets, bars, joists, rods, squares, structural, tubes, pipes, sheets, castings, wires, rails, rolling materials, rollers, other materials made wholly or partly of iron, steel, alloys and metals required in or used for industrial, agricultural, commercial, domestic,*

Date of Amendment	Amendments
	building, power transmission and/ or construction purposes. 2. *To search for, get, work, raise, make merchandise, sell and deal in iron, coat, ironstone, limestone, manages, ferro-mangnetile, clay, fire clay, brick earth, bricks and other metals, minerals and substances and to manufacture and sell briquettes and other fuel and generally to undertake and carry on any business, transaction or operation commonly undertaken or carried on by explorers, prospectors and concessionaires and to search for, win, work, get calcine, reduce, amalgamate, dress, refine and prepare for the market and quartz and ore and mineral substances and to buy, sell, manufacture and deal in minerals and mineral products, plant and machinery and other things capable of being used in connection with mining and metallurgical operations or required by the workmen and others employed by the Company.* 3. *To carry on in India and elsewhere the trades and business of iron masters, steel makers, steel converters, manufacturers of ferro manganese, colliery proprietors, coke manufacturers, mines, smelters, engineers, tin plate makers and iron flounders, all in their respective branches.* 4. *To carry on the business of all or any kind of iron and steel flounders, steel melters, steel makers, steel shapers and manufacturers of steel, metal and malleable grey castings including ferrous, non ferrous, special and alloy steel, spring, steel forging, quality steel manufacturers, processes of all types of hardware items, plate makers, wire drawers, tube manufacturers, galvanizers, japaners, re-rollers, annealors, enamellers and electroplaters.* 5. *To manufacture, buy, sell, exchange, import, export, distribute and deal in steel, alloy steel, stainless steel, metals, ferrous and non-ferrous continuous castings and rolling mill plant, steel plant, machine tool rooms, foundries, melting works, forging works, heavy machine works, laboratories, scientific instruments and spares.*
May 20, 2008	Inserted the following other objects in the Memorandum of Association: *"8. To plan, establish, develop, provide, operate, manage, maintain, deal, supply, take on lease, give on lease, hire or let on hire and to carry on the business of running (whether under licence or otherwise) telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication services, of all kinds, within India as well as outside India, including but not limited to telephony, telex, wireless, data communication, telematic and other like forms of communication, transmission, emission or reception through the agency of electricity or electromagnetism, or light, or otherwise, of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems whether or not such signs, signals, writing, images, sound or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception and of all kinds and to carry on all or any of the businesses of building, developing, maintaining, supplying, operating, managing and dealing in services, facilities and infrastructure for communications of all kinds, within India as well as outside India, such as telephony, data transmission, information technology and video services and facilities which incorporate, use, or are used in conjunction with in connection with or ancillary to telecommunication systems or telecommunication apparatus and equipment and to plan, establish, develop, provide, operate, buy, sell, deal in, take on lease, give on lease, hire, let on hire, franchise and maintain all types of telecommunication services including, telephone exchanges, telegraph offices, coaxial stations, microwave stations, landing stations, repeater stations, telecommunications lines, cables, submarine cables, subsea cables, dark fibre, right of way, duct space, towers, bandwidth, or any other equipment, plant, machinery connected with design, development, construction, maintenance and operation of telecommunications services and conveniences, within India as well as outside India, which may seem calculated directly or indirectly to advance the interests of our Company and to*

Date of Amendment	Amendments
	subsidise, contribute to or otherwise assist or take part in doing any of these things, and/or to join or partner with any other person and/or company and/or acquire any other company or body corporate or collaborate with any organisation or company or with any Governmental authority in doing any of these things. *9. To design, develop, install, provide, supply, deal, franchise, take on lease, give on lease, hire, let on hire, maintain and operate basic long distance services, cellular and value added telecommunications services, including but not limited to, providing broadband services, Wireless Applications Protocol (WAP)services, ISP services, internet based services, intelligent networks (IN) services, ISDN services, paging services and other value added services, global mobile telecommunications, electronic mail services, e-commerce, transactions, globally managed data networks, internet data centres (IDCs), call centers, webstores, data telecommunication networks, virtual private networks (VPNs), video conferencing, international gateway networks, satellite networks, in India as well as outside India, to meet the demands of the customers, or otherwise as being appropriate from time to time either by way of formation of subsidiaries or Joint Venture Partnerships with Indian or Foreign Partners or otherwise and to establish, maintain, develop, conduct, procure, buy, sell, import, export, trade, or otherwise deal in, or to act as service providers of every kind in the fields of engineering, technology, technical knowhow, chemical, mechanical, electrical, electronics, civil, industrial, commercial, statistical, financial, accountancy, medical, legal, educational, production, marketing, distribution, materials, personnel, planning, computers, software and software solutions of all kinds, system integration, data processing, multi-media services, direct to home services, entertainment media, cable television services, interactive television services, content for various uses, electronic media, Cellular Mobile Telephone Services (CMTS), National Long Distance Operator Services (NLDO), Fixed Telephone Services (FTS), Cable Service Provider, Basic Telephone Services (BTS) with or without the use of Wireless Local Loop (WLL) Technology, VSAT Services, Internet Service Provision (ISP), Global Mobile Personal Communications by Satellite (GMPCS), wireline and wireless systems and other value added services including Paging Services, Radio Paging Service Providers, Public Mobile Radio Trunking Service Provider, DTM, communication methods, telecommunication, basic and cellular telephone, voice mail, internet, electronic mail, data communication services, intranet, internet connectivity, internet telephoning, interconnect and intraface services, applications like tele-banking, tele85medicine, tele-education, tele-trading, e-commerce, e-governance, e-business and system design, kiosks, management information systems and other types of management including spectrum management, social or other value added services like providing end to end integrated solutions, netserve solutions, network connectivity solutions, cost effective solutions, other allied solutions for data transfer, administrative and effective communication.* *10. To carry on the business, buy, sell, deal, take on lease, give on lease, hire, let on hire and otherwise participate in the launching of satellites as well as the provision of all associated services, for communications, Geographical Information Systems (GIS) services, Global Positioning Systems (GPS) services, Satellite Imaging, Remote Sensing for various applications and usage, other commercial use, or otherwise and to promote, seek investment, partner, participate in joint ventures and to invest in such ventures, within India as well as outside India and for similar such projects in the field of telecommunications and to carry on all or any of the businesses of running, operating, managing and supplying data processing and information systems, including videotext, viewdata and teletext systems and systems utilising, or utilising in, or for the capture, storage, retrieval, processing, conversion, transmission, receipt or presentation of messages and signals including but not limited to, data, sounds and visual images, with the aid of, in conjunction with, or in any way whatsoever utilising computers or similar equipment and computer programs and databases and to carry on the businesses of operating, managing, supplying and dealing in services and facilities of all kinds which incorporate, use or are used in conjunction with, in connection with, or*

Date of Amendment	Amendments
	ancillary to, systems of such descriptions as aforesaid or any of the apparatus and equipment comprised therein and to set up, operate manage, deal, in run the business of professional television /cable TV / audio / video / cine studios for production of entertainment shows, sponsored programmes, advertising films, educational films, feature films including transfer of films to video cassettes and to produce TV programmes, TV news coverage, educational programmes, sports coverage and computer software for programmes connected therewith and to import and export programmes for TV networks and other films for exhibition and to pay or earn royalties from TV/film/music shows. *11. To undertake in India and elsewhere supply, erection, fabrication, construction, installation, commissioning, implementation and all other associated works and services of and relating to all segments of telecommunication and other communication industry projects based on any technology, for self and for others, on turnkey basis or otherwise.* *12. To carry on in India or elsewhere the business to develop, import, export, manufacture, buy, sell, distribute, transfer, lease, hire, license, use, dispose off, operate, fabricate, construct, assemble, record, maintain, repair, recondition, work, alter, convert, improve, procure, install, modify, or to act as consultant, agent, representative, advisor, or otherwise to deal in, all kinds of telecom equipments, information technology enabled services, hardware, software, microprocessors, electronic and electrical apparatus, switches, radio equipments, routers, cables, bandwidth, towers, equipments, gadgets, peripherals, modules, auxiliary instruments, tools, plants, machines, work systems, conveniences, spare parts, accessories, devices, components and fixtures relevant to any technology and of different capacities, sizes, specifications, applications, description and models used or may be used in the communication, media, entertainment and information technology industries."*
May 20, 2008	The authorized share capital of the Company is Rs. 30,00,00,000 (Rupees thirty crores) consisting of 3,00,00,000 (three crore) Equity Shares of Rs. 10 (Rupees ten only) each with power to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act.

Our Subsidiaries

We currently have two Subsidiaries. None of these Subsidiaries have made any public or rights issue and have not become sick companies under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and are not under winding up. Further, no winding up proceeding have been initiated against any of them. No applications have been made in respect of any of the Subsidiaries to the respective Registrar of Companies for striking off their names from registers.

1. BS Infratel Limited

BS Infratel Limited ("BSIL") was incorporated on June 10, 2008 pursuant to a certificate of incorporation issued by the RoC. This company is engaged in the business of providing passive infrastructure services to telecommunication service providers.

BSIL has received the certificate of commencement of business dated September 11, 2008 from the RoC.

The Corporate Identification Number of BSIL is U74900AP2008PLC059595.

The registered office of BSIL is located at 504, 5th Floor, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034.

The authorized share capital of BSIL is Rs. 5,00,000 divided into 50,000 equity shares of Rs.10 each.

BSIL is yet to commence business. However, BSIL has been incorporated for the purposes of providing passive infrastructure services to telecommunication service providers.

BSIL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Equity Shareholding Pattern

The shareholding pattern of BSIL as on the date of this Red Herring Prospectus is as follows:

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding
BS TransComm Limited	49,940	99.88
Mr. Rajesh Agrawal	10	0.02
Mr. Rakesh Agarwal	10	0.02
Mr. Mukesh Agarwal	10	0.02
Ms. Reema Agarwal	10	0.02
Ms. Rakhee Agarwal	10	0.02
Ms. Shalini Agarwal	10	0.02
Total	**50,000**	**100.0**

Board of Directors

Name	Nature of directorship/ designation
Mr. Rajesh Agrawal	Non-executive director
Mr. Rakesh Agarwal	Non-executive director
Mr. Mukesh Agarwal	Non-executive director

Financial Performance

The summary audited financial statements of BSIL for the FY ended March 31, 2010 and March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2010	For the year ending March 31, 2009
Equity capital	5.00	5.00
Reserves & Surplus (excluding revaluation reserves)	Nil	Nil
Total sales and other income	Nil	Nil
Profit/(Loss) After Tax	(0.17)	(0.43)
EPS (Rs.)	(0.34)	(0.85)
NAV per share (Rs.)	8.81	9.15

As this company was incorporated in 2008, no financial information is available for fiscal year 2008.

2. Sugan Automatics Private Limited

Sugan Automatics Private Limited ("SAPL") was incorporated on December 9, 1993 pursuant to a certificate of registration bearing number 01-16707 issued by the RoC. This company is engaged in the business of providing technology products and solutions for infrastructure management for energy and operation efficiency and automation. This company also provides technology products such as remote site monitoring solution (intelligent data device).

The registered office of SAPL is located 12-2-4176/B/54, Jayanagar Colony, Gudimalkapur, Mehipatnam, Hyderabad – 500 028.

The authorized share capital of SAPL is Rs. 2,50,00,000 divided into 25,00,000 equity shares of Rs. 10 each.

SAPL has not been restrained by SEBI or any regulatory authority in India from accessing the capital markets for any reason.

Equity Shareholding Pattern

The shareholding pattern of SAPL as on the date of this Red Herring Prospectus is as follows:

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding
BS TransComm Limited	13,05,033	63.25%
Mr. Surendran Nagilla	3,97,987	19.29%
Mr. Sridhar Komaragiri	2,37,280	11.50%
Mr. Sasidhar Rayasam	61,900	3.00%
Ms. Suguna S Nagilla	61,100	2.96%
Total	**20,63,300**	**100.00**

Board of Directors

Name	Nature of directorship/ designation
Mr. Surendra Nagila	Managing Director
Mr. Rajesh Agrawal	Director
Mr. Rakesh Agarwal	Director
Mr. Mukesh Agarwal	Director
Mr. Sridhar Komaragiri	Whole Time Director
Mr. Sasidhar Rayasam	Whole Time Director
Mr. Prem Kumar Bajaj	Director

Financial Performance

The summary audited financial statements of SAPL for the FY ended March 31, 2010, March 31, 2009 and March 31, 2008 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2010	For the year ending March 31, 2009	For the year ending March 31, 2008
Equity capital	206.33	50.00	26.50
Reserves & Surplus (excluding revaluation reserves)	73.30	11.47	7.36
Total sales and other income	344.52	307.61	51.76
Profit After Tax	21.07	5.82	5.43
EPS (Rs.)	1.19	1.29	2.05
NAV per share (Rs.)	13.55	12.29	12.78

There are no amounts of accumulated profits or losses of the Subsidiaries not accounted for by us.

Scheme of Amalgamation

Scheme of Amalgamation between B.S. Integrated Steel Products Private Limited ("Transferor Company") with BS Steel and Minerals Private Limited ("Transferee Company")

The Scheme of Amalgamation provided for the transfer of the undertakings of the Transferor Company, as defined hereunder, to the Transferee Company.

The Scheme of Amalgamation defines "Undertaking of the Transferor Company" as:

"*It includes all the properties, assets and liabilities of the Transferor Company, viz., B.S. Integrated Steel Products Private Limited immediately before the amalgamation."*

The Transferee Company effectuated the Scheme of Amalgamation on December 17, 2007, which is the date on which a certified copy of the order of the High Court of Judicature, Andhra Pradesh at Hyderabad sanctioning the Scheme of Amalgamation was filed with the Registrar of Companies, Hyderabad under section 394 of the Companies Act.

The appointed date of the Scheme of Amalgamation is April 1, 2006 ("Appointed Date").

Set forth below are certain key features of the Scheme of Amalgamation:

Immovable and movable assets

With effect from the Appointed Date, the entire undertakings of the Transferor Company, including all movable and immovable properties such as land, buildings, plans and machinery and all rights and interests arising out of such properties with all licenses obtained from central, state, quasi-governmental organisations, all agreements for tax reliefs and all borrowings from financial institutions affecting the properties of the Transferor Company was transferred and vested in the Transferee Company in accordance with Section 394 of the Companies Act.

Liabilities

Under the Scheme of Amalgamation, with effect from the Appointed Date, all liabilities, debts, duties and obligations of whatsoever nature was transferred to the Transferee Company in accordance with Section 394 of the Companies Act.

Legal Proceedings

The Scheme of Amalgamation provides that all legal and other proceedings and actions of whatsoever nature with which the Transferor Company was concerned or to which it was a party, would be continued and prosecuted by or against the Transferee Company, in the same manner and to the same extent as they would have continued and prosecuted by or against the Transferor Company if the Scheme of Amalgamation had not been given effect to.

Employees

With effect from the Appointed Date, all the permanent employees of the Transferor Company would become the permanent employees of the Transferee Company without interruption in service and on terms and conditions not less favourable than those subsisting with reference to the Transferor Company.

Accounting Treatment

With effect from the Appointed Date, the assets, liabilities, losses and reserves if the Transferor Company was accounted for and dealt with in the books of the Transferee Company as per the accounting standards.

Issue of Shares

In accordance with the Scheme of Amalgamation, the Transferee Company have allotted fourteen Equity Shares of Rs. 10 each for every one equity share of Rs. 10 each of the Transferee Company, fully paid up, held by the members of the Transferor Company.

Dissolution of the Transferor Company

On the Scheme of Amalgamation being sanctioned by the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad and with effect from the Appointed Date, the Transferor Company was dissolved without going through the process of winding up.

Total Number of Shareholders of the Company

For details of members and the shareholding pattern of the Company, see "Capital Structure - Shareholding of our Company" on page 37 of the Red Herring Prospectus. As of the date of filing of this Red Herring Prospectus, the total number of holders of Equity Shares is 33.

Joint Venture Agreements

Our Company has entered into various joint venture agreements with third parties in order to meet the pre-qualification criteria for bidding for tenders floated by governmental agencies.

Shareholder Agreements

As of date of the Red Herring Prospectus, our Company is not party to any shareholder agreements apart from the ones set out below. Further, there are no agreements which grant any person the right or option to acquire any equity shares in the Company.

Other Agreements

Share Subscription cum Shareholders Agreement dated June 6, 2009 ("Shareholders Agreement")

The Promoters, Sugan Automatics Private Limited, Mr. Sridhar Komaragiri, Mr. Surendran Nagila, Mrs. Sugana Surendran Nagilla, Mr. Nitesh Vijayvargiya and Mr. Sasidhar Rayasam have entered into the Shareholders Agreement (collectively "Surendran Group") and set out below are certain salient terms:

1. The Promoters have subscribed to the 10,52,283 equity shares of SAPL at a premium of Rs. 4 per equity share of Rs. 10 each, equivalent to at least 51% of the post subscription equity capital of the SAPL.

2. The Promoters are entitled to transfer their entire shareholding to the Company upon receipt of necessary approvals required to be obtained by the Company from its bankers.

3. The Promoters are entitled to appoint four directors including the chairman on the board of SAPL. Accordingly, the Promoters and Mr. Prem Kumar Bajaj have been appointed as the directors on the board of SAPL.

4. Any shareholder who proposes to transfer equity shares held by them, the other shareholders who at the time of such transfer hold at least 10% of the paid up and equity share capital of SAPL have a right of first refusal in proportion to their shareholding in SAPL. It is expressly stated that, this provision does not apply to the transfer of shares by the Promoters to the Company.

5. The parties to the Shareholders Agreement agree that after listing of Equity Shares of the Company, the board of directors of SAPL and the Company may decide on the timing for amalgamation of SAPL with the Company.

6. Surendran Group shall hold a minimum shareholding of 24% in SAPL and in the event of amalgamation of SAPL into the Company, Surendran Group shall not be entitled to sell the shares equal to 24% of shares of the Company allotted to them pursuant to amalgamation, for a period of 3 years from the date of such allotment.

7. The Promoters have the right to buy equity shares from other shareholders after a period of 12 months from

the date hereof at mutually agreed price in order to raise their equity holding in SAPL to the extent of 76%.

Agreement for Sale of Shares entered into between Mr. Nitesh Vijayvargiya and the Company dated January 4, 2010

Agreement for sale of shares dated January 4, 2010 has been entered into between Mr. Nitesh Vijayvargiya and the Company. As per the terms of this agreement, Mr. Nitesh Vijayvargiya has sold 252,750 equity shares of Rs. 10 each in SAPL to the Company at a premium of Rs. 20 for a total consideration of Rs. 75,82,500.

Lease Deed dated March 1, 2009 entered into between Mr. Rakesh Agarwal and the Company ("Lease Deed")

The Company has entered into a lease deed dated March 1, 2009 with one of its Promoters, Mr. Rakesh Agarwal. The Company has taken on lease the land admeasuring 12.12 acres situated in survey number 42, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh for the purposes of its manufacturing unit. The lease is for a period of 5 years and one month, from March 1, 2009 to March 31, 2014. As per the terms of the Lease Deed, the rent payable to Mr. Rakesh Agarwal is Rs. 1,20,000 per month subject to yearly escalations.

Agreement with Strategic Partners

Marketing Agreement dated December 14, 2009 entered into between M/s. U-Foam Private Limited and our Company

The Company and U-Foam Private Limited ("U-Foam") have entered into a marketing agreement, pursuant to which, the Company has agreed to sell, distribute, develop, market and supply on an exclusive basis telecom shelters manufactured and produced by U-Foam ("Products") within the geographical limits of India and abroad to the various telecom companies. The agreement amongst other terms provides for the following:

1. The Company shall negotiate, sign contracts, sell, distribute, deal, develop and market the Products to third parties using its own resources on an exclusive basis. Additionally, the Company would be required to enter into after sales services agreements with the customers on terms mutually agreed to between U-Foam and the Company. However, installation and erection services regarding the Products would not be provided by the Company.

2. U-Foam would be responsible for the manufacture, fabrication and dispatch of the Products that would be sold by the Company. Further, U-Foam would be responsible for providing after sales services to the customers with respect to such Products. If any material is supplied by the Company to U-Foam the prices shall be on a cost basis to be added to the cost of production shall be adjusted at the time of payment by the Company to U-Foam. However, U-Foam is under no compulsion to buy the raw material from the Company if the same is available to U-Foam from the market at a lower price.

3. The parties shall jointly form a technical and financial team consisting of two representatives each of U-Foam and the Company who shall be responsible for arriving at final cost price of the finished Product.

4. The Company shall be paid a fixed market expense reimbursement at 1.25% of the contract price as agreed with the third parties to whom the Products of U-Foam are sold. Additionally, the prices so agreed by the Company with the third parties shall be pursuant to a written agreement and the difference between the contract price and the final cost price of the finished Products after due deduction of the marketing cost shall be shared at a ratio of 50:50 between the parties.

5. The Company has undertaken to sell at least 6,000 shelters to third parties every year.

6. During the currency of the term of this agreement, the Company has undertaken to buy telecom shelters exclusively from U-Foam.

7. The agreement is valid for a period of five years from the date of this agreement unless terminated by either party by providing six months prior notice.

Agreement dated March 16, 2010 between Beijing Beikai Electric Company Limited and our Company

The Company has entered into an agreement dated March 16, 2010 with Beijing Beikai Electric Company Limited, China ("BBECL"). BBECL and the Company have agreed to together bid for various transmission line utilities including PGCIL projects and tenders for Gas Insulated Switchgear ("GIS") substations up to 245KV sub-stations. The agreement amongst other terms provides for the following:

1. The scope of work to be performed by the parties upon successful bidding would be (a) BBECL would design, manufacture, supply on CIF basis, erection and commissioning supervision of high and low voltage electric equipment including GIS and (b) the Company would supply high and low voltage electric equipments and any other item identified and agreed by BBECL, maintain inland transportation/insurance of equipment from port up to site and maintain equipment supply.

2. The parties shall be jointly and severally responsible for completing the project. Further, as per the agreement, pre-tender and post-tender costs would be borne by the Company. The pre-tender and post-tender costs would include cost of tender documents, follow-ups, negotiations, liasoning and any other costs for successfully obtain the contract.

3. In the event that the lead bidder for a project is BBECL, the earnest money deposit, performance guarantee, advance guarantee etc as per the bid conditions would be arranged for by BBECL. In the event that BBECL is not able to arrange for the same, the Company would have to arrange for the earnest money deposit, performance guarantee, advance guarantee etc against the corporate guarantee of BBECL.

4. BBECL agrees to approach the Company for any business opportunities in India and similarly the Company agrees to approach BBECL for all its requirement of gas insulated switchgears or other equipments for its various projects in India.

5. BBECL has appointed the Company, as the agent for selling, distributing and marketing high and low voltage electric equipment and high and low assembly equipment including GIS up to 245KV in India.

6. This agreement is valid for a period of five years. In the event that the parties are not successful in achieving the terms of this agreement in a period of one year, the parties shall be at a liberty to terminate this agreement.

Agreement of Intent dated May 27, 2010 entered into between Baoding Tianwei Baobian Electric Company Limited and the Company

The Company and Baoding Tianwei Baobian Electric Company Limited ("**BTBECL**") have entered into an agreement to set up a joint venture company in India to carry on the business of manufacture of transformers initially with a capacity of 220KV and subsequently to manufacture, test, repair and maintain transformers of 765KV. The agreement amongst other terms provides for the following:

1. The parties agree to enter into a joint venture agreement to set out the understanding in relation to the percentage of shareholding of the joint venture company and the technology transfer on mutually agreed terms.

2. The parties agree that the Company would build the facility for manufacture, test, repair and maintain 765KV transformers and BTBECL would furnish the 220KV transformer technology to the joint venture company.

3. The parties agree their right to appoint directors on the board of the joint venture company would be in proportion to their shareholding in the joint venture company.

Financial Partners

As of date of the Red Herring Prospectus, our Company has no financial partners.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, our Company must have a minimum of three and a maximum of 12 Directors. As on the date of the Red Herring Prospectus, our Company has 8 Directors on its Board.

The following table sets forth the current details of the Board of Directors as on the date of the Red Herring Prospectus:

Name, Father's name, Address and Occupation	Status of Director in the Company	Age (years)	Other Directorships
Mr. Rajesh Agrawal S/o Late Satyanarayan Agrawal **Address:** D-301, Trendset Valley View Apartments, Road No. 6, Banjara Hills, Hyderabad 500 034 **Qualification:** B.Com **Term:** Till September 30, 2012 **Occupation**: Business **DIN:** 00142010	Chairman and Managing Director *Non Independent Director*	39	1. Shivaganga Infrastructures Limited 2. BS Infratel Limited 3. SAPL 4. Reemalaxmi Mining and Energy Limited 5. I-Vantage India Private Limited 6. I-Vantage Apac Private Limited 7. St. Croix Systems India Private Limited 8. BNK e Solutions Private Limited 9. Novus Real Estates Private Limited
Mr. Rakesh Agarwal S/o Late Satyanarayan Agrawal **Address:** D-103, Trendset Valley View Apartments, Road No. 6, Banjara Hills, Hyderabad 500 034 **Qualification:** B.Com **Term:** Till September 30, 2012 **Occupation**: Business **DIN:** 01810818	Joint Managing Director *Non Independent Director*	35	1. Yograj Real Estates Private Limited 2. Reemalaxmi Mining and Energy Limited 3. I-Vantage India Private Limited 4. Shivaganga Infrastructures Limited 5. BS Infratel Limited 6. CVK Developers Limited 7. SAPL 8. Head Infotech India Private Limited
Mr. Mukesh Agarwal S/o Late Satyanarayan Agrawal **Address:** D-103, Trendset Valley View Apartments, Road No. 6, Banjara Hills, Hyderabad 500 034 **Qualification:** B.Com **Term:** Till September 30, 2012	Whole Time Director *Non Independent Director*	32	1. Reemalaxmi Mining and Energy Limited 2. BS Infratel Limited 3. CVK Developers Limited 4. SAPL

Name, Father's name, Address and Occupation	Status of Director in the Company	Age (years)	Other Directorships
Occupation: Business **DIN:** 01914734			
Dr. Subrata Kumar De S/o Subhash Kumar De **Address:** AE 28, Salt Lake City, Kolkata 700064 **Occupation:** Telecom Executive **Qualification:** M.Sc (Electronics and Electrical Engineering), Ph.D. (Electronics and Electrical Engineering) **Term:** Liable to retire by Rotation **Nationality:** Australian **DIN:** 01443116	Independent Director *Non Executive Director*	57	Matrix Ventures Private Limited
Mr. Suneel Babu Gollapalli S/o Mr. Babu Rao Gollapalli **Address:** 11-4-614 and 614/1, Block B, 404, Moghal Maisaan Apartments, AC Guards, Hyderabad 500 004 **Qualification:** BE (Mechanical), CAIIB **Term:** Till IDBI withdraws nomination. **Occupation:** Service **DIN:** 01652638	Independent Director *Non Executive Director* *Nominee Director of IDBI*	44	Natural Bioenergy Limited
Mr. Mahesh Kumar Khera S/o Late Dwarka Dass Khera **Address:** 343, Sector 29, Noida 201 303, New Delhi **Qualifications:** B.E. (Electronic), M.E. (Computer Science), MBA **Term:** Liable to retire by rotation **Occupation:** Consultant **DIN:** 02374913	Independent Director *Non Executive Director*	58	Khera TMT Consulting Private Limited

Name, Father's name, Address and Occupation	Status of Director in the Company	Age (years)	Other Directorships
Mr. Kapil Kumar Kathpalia S/o Prem Kumar Kathpalia **Address:** C – 618 New Friends Colony, New Delhi 110025 **Qualification:** B.E and MBA **Term:** Liable to retire by rotation **Occupation:** Service **DIN:** 02567813	Independent Director *Non Executive Director*	50	Applied Solar Technologies India Private Limited
Mr. D.G.Sohony S/o Ganesh Sohony **Address:** Flat No. 1/1, G-1, Ground Floor Pertals, 1st Main Road, Chinnapa Garden, Bangalore, Karnataka 560 046 **Qualification:** B.E in Electrical Engineering **Term:** Liable to retire at the next AGM **Occupation:** Professional **DIN:** 03023925	*Executive director*	60	None

Apart from Dr. Subrata Kumar De, who is an Australian citizen, all the other Directors are Indian citizens.

Relationship between Directors inter-se

Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal are brothers.

Details of appointment and term of the Directors:

Name of Directors	Date of Appointment and Term
Mr. Rajesh Agrawal	Mr. Rajesh Agrawal was first appointed on the Board as an additional director on September 1, 2004. His appointment was approved by the shareholders of our Company at the AGM dated September 27, 2004. Subsequently, he was appointed as the Managing Director of the Company at the Board meeting dated October 22, 2007 with effect from October 1, 2007. Consequent to the conversion of the Company into a public company, he was re-appointed as the Managing Director at the Board meeting dated February 8, 2008 with effect from February 7, 2008 till September 30, 2012.
Mr. Rakesh Agarwal	Mr. Rakesh Agarwal was one of the first Directors of the Company. He was appointed as the Joint Managing Director of the Company at the Board meeting dated October 22, 2007 with effect from October 1, 2007. Consequent to the conversion of the Company into a public company, he was reappointed as the Joint Managing Director at the Board meeting dated February 8, 2008 with effect from February 7, 2008 till September 30, 2012.

Name of Directors	Date of Appointment and Term
Mr. Mukesh Agarwal	Mr. Mukesh Agarwal was one of the first Directors of the Company. He was appointed as the Whole-Time Director of the Company at the Board meeting dated October 22, 2007 with effect from October 1, 2007. Consequent to the conversion of the Company into a public company, he was reappointed as the Whole-time Director at the Board meeting dated February 8, 2008 with effect from February 7, 2008 till September 30, 2012.
Dr. Subrata Kumar De	Dr. Subrata Kumar De was appointed as an additional Director on the Board of our Company on February 2, 2008 and was regularized at the AGM held on June 3, 2008. He is liable to retire by rotation.
Mr. Suneel Babu Gollapalli	Mr. Suneel Babu Gollapalli was appointed on April 11, 2008. He is a Nominee Director, nominated by IDBI Limited and is not liable to retire by rotation.
Mr. Mahesh Kumar Khera	Mr. Mahesh Kumar Khera was appointed as an Independent Director on the Board of our Company on June 29, 2009. He is liable to retire by rotation.
Mr. Kapil Kathpalia	Mr. Kapil Kathpalia was appointed as an Independent Director on the Board of our Company on June 29, 2009. He is liable to retire by rotation.
Mr. D.G. Sohony	Mr. D.G.Sohony was appointed as an executive director on the Board of our Company on January 12, 2010. He is liable to retire at the next AGM of the Company.

Brief Profile of the Directors

Mr. Rajesh Agrawal, 39 years, is the Promoter and Managing Director of our Company. He is a commerce graduate from Osmania University, Hyderabad. He has over 20 years of experience in establishment and management of manufacturing units and companies providing information technology services. He started his career by joining Abhishek Steels Limited and Gautam Rolling Mills Private Limited, his family owned concerns, in 1989. He started his own steel trading and information technology services business by the name of BS Integrated Steel Products Private Limited and I-Vantage India Private Limited respectively in the year 2002. He is responsible for maintaining customer-client relationships, procurement incubation and development of business, and is responsible for strategic decision making. He is an active member of the Young Presidents Organisation International, Red Cross, NASSCOM, Hyderabad Software Exporters Association, Hyderabad Management Association, FICCI, FICCI CEO Club, FAPCCI and All India Steel Re-rollers Association. He is a director on the board of St. Croix Systems India Private Limited, BNK e Solutions Private Limited apart from being a director on the board of some of our Group Companies. He has been the Director of our Company since September 2004.

Mr. Rakesh Agarwal, 35 years**,** is the Promoter and the Joint Managing Director of our Company**.** He is a commerce graduate from Nagpur University. He has approximately 15 years of experience in the steel industry, particularly steel re-rolling and steel trading. He started his career by joining Abhishek Steels Limited, a family owned concern in the year 1992. He overlooks the day to day operations of the Company. He is responsible for the management and administration of the Company, in relation to the purchase and trading of steel and implementing the expansion plans of the Company. He has been the Director of our Company since incorporation.

Mr. Mukesh Agarwal, 32 years, is the Promoter and the Whole-time Director of our Company. He is a commerce graduate from Nagpur University. He has approximately 10 years of experience in the steel industry particularly steel re-rolling and manufacturing of steel towers. He started his career with Abhishek Steels Limited, a family owned concern, in the year 1999. He is currently responsible for the day to day operations of our Factory. He has been the Director of our Company since incorporation.

Dr. Subrata Kumar De, 56 years, is an Independent Director on the Board of our Company. He has a Masters Degree in Electronics and Electrical Engineering from Institute of Science and Technology, University of Manchester, UK and Ph.D. from the same university. He has over 20 years of experience in the global telecom and information technology industry particularly in the field of 2.5G, 3G and 4G technologies and network investment planning, product innovation and market understanding. He was the global executive head with the Vodafone Group, responsible for strategising, planning, technology management and rollout of 2.5G / 3G mobile networks in countries across Europe and Asia for over 20 years. He was responsible for incorporation of the “Core and Access Network” division of Vodafone Global Technology since 2001 and founded and has chaired the “Core Network

Heads Forum – Directors of Networks", Vodafone, operating across companies around the world. He is currently on the board of directors of Matrix Ventures Private Limited.

Mr. Suneel Babu Gollapalli, 44 years, is a Nominee Director on the Board of our Company, nominated by IDBI Bank. He holds a bachelors degree in mechanical engineering from GITAM, Visakhapatnam. He has over 15 years of experience in project finance, venture capital commercial banking and trade finance. He is currently on the board of directors of Natural Bio-Energy Limited.

Mr. Mahesh Kumar Khera, 58 years, is an Independent Director on the Board of our Company. He holds a bachelors' degree in electronics and telecommunications engineering from Jawaharlal Nehru University, a masters' degree in computer science engineering from IISc, Bangalore and an MBA from Madurai Kamaraj University. He was associated with the Indian Army from 1985 to 1998 as a member of the Army telecommunications network systems. He was designated as the Director, Telecom Projects from 1997 to 1998 for the Indian Army and was responsible for executing various telecommunications projects for the Army. He joined Koshika Telecom Limited in 1998 and Zee Telefilms Limited as the Vice President, Technology in 1999. He joined Tata Teleservices Limited in 2001 and was designated as the Vice-President, Networks. He joined Globacom Limited, Nigeria as the Managing Director in 2003 and Reliance Infocomm Limited in 2004 as the Head, Deployment and Operations. He joined the Seimens Group in 2005 and was designated as the Head, Corporate Strategy and Business Excellence of Reliance Communications Limited from 2005 to 2009. He is currently on the board of Khera TMT Consulting Private Limited.

Mr. Kapil Kathpalia, 50 years, is an Independent Director on the Board of our Company. He holds a bachelors' degree in engineering from Birla Institute of Technology and Science, Pilani and an MBA from the Indian Institute of Management, Calcutta. He started his career with Smithkline Beecham in 1986. He joined Consolidated Radiators Limited in 1989 and Ballarpur Industries Limited in 1994 and was designated as the Deputy General Manger, Marketing at the time of his move to Horizon Pulp and Paper, Estonia. He was associated with Hanke Tissue Sp. Zo.o, Poland from 2001 to 2006 as a director in charge of exports and pulp purchases. He joined Acme Tele Power Limited in 2006 and was designated at the CEO of the company. He is currently the CEO of Applied Solar Technologies India Private Limited and is in charge of business development and implementation of solar applications in the Indian market.

Mr. D.G.Sohony, 60 years, is an executive Director on the Board of our Company. He holds a bachelors' degree in electrical engineering from the Jabalpur University (Madhya Pradesh) and became a member of the Board of Directors on January 12, 2010. He has over 38 years of experience in the energy sector including the areas of generation, transmission, distribution, grid management and power trading and was employed as the executive director of PGCIL. He has in the past been employed by the Maharashtra State Electricity Board, the Madhya Pradesh State Electricity Board, NTPC and PGCIL in the past and in the course of such employment, has successfully executed projects relating to 400 KV substations transmission lines involving companies like Crompton Greaves Limited, RPG Limited, KEC Limited, Kalapataru Power Transmission Corporation Limited and Bharat Heavy Electricals Limited and Transformers and Electricals Limited Kerala.

Borrowing powers of the Board

Pursuant to a resolution passed by the shareholders of our Company at the EGM held on May 20, 2008 in accordance with provisions of the Companies Act, the Board has been authorised to borrow monies (apart from the temporary loans obtained from its bankers in the ordinary course of business) from time to time for the purposes of Company's business in excess of the aggregate paid up capital of the Company and its free reserves provided that the total of such borrowings shall not exceed Rs. 1,00,000 lakhs.

Remuneration of our Executive Directors

1. Mr. Rajesh Agrawal

Pursuant to the Board resolution dated January 12, 2010 it was resolved that a commission of 1% of the net profits not exceeding the remuneration as specified below, would be paid to Mr. Rajesh Agrawal each year. The remuneration specified below, payable to Mr. Rajesh Agrawal has been determined by the Board at its meeting dated May 30, 2008.

Salary	Rs. 3,00,000 per month
Perquisites	1. Housing rent allowance as per Company's norms. 2. Free use of Company's car with driver for official purposes. 3. Reimbursement of medical expenses on actuals, for the self and family including dependent parents, subject to a maximum of one months' salary per year or three months' salary in a block of three years. 4. Leave travel concession for self and family once a year, subject to the rules of the Company. 5. Club fees, subject to a maximum of two clubs and no admission or life membership would be allowed 6. Gratuity, provident fund and superannuation benefits, subject to the rules of the Company **7.** Telecommunication facility at residence, excluding for personal long distance calls.

For Fiscal 2010, Mr. Rajesh Agrawal was paid a gross remuneration of Rs. 24,65,000.

2. Mr. Mukesh Agarwal

Pursuant to the Board resolution dated January 12, 2010 it was resolved that a commission of 1% of the net profits not exceeding the remuneration as specified below, would be paid to Mr. Mukesh Agarwal each year. The remuneration specified below, payable to Mr. Mukesh Agarwal has been determined by the Board at its meeting dated May 30, 2008.

Salary	Rs. 2,00,000 per month
Perquisites	1. Housing rent allowance as per Company's norms. 2. Free use of Company's car with driver for official purposes. 3. Reimbursement of medical expenses, for self and family including dependent parents, subject to a maximum of one months' salary per year or three months' salary in a block of three years. 4. Leave travel concession for self and family once a year, subject to the rules of the Company. 5. Club fees, subject to a maximum of two clubs and no admission or life membership would be allowed 6. Gratuity, provident fund and superannuation benefits, subject to the rules of the Company **7.** Telecommunication facility at residence, excluding for personal long distance calls.

For Fiscal 2010, Mr. Mukesh Agarwal was paid a gross remuneration of Rs. 24,00,000.

3. Mr. Rakesh Agarwal

Pursuant to the Board resolution dated January 12, 2010 it was resolved that a commission of 1% of the net profits not exceeding the remuneration as specified below, would be paid to Mr. Rakesh Agarwal each year. The remuneration specified below, payable to Mr. Rakesh Agarwal has been determined by the Board at its meeting dated May 30, 2008.

Salary	Rs. 2,00,000 per month
Perquisites	1. Housing rent allowance as per Company's norms. 2. Free use of Company's car with driver for official purposes. 3. Reimbursement of medical expenses, for self and family including dependent parents, subject to a maximum of one months' salary per year or three months' salary in a block of three years.

	4. Leave travel concession for self and family once a year, subject to the rules of the Company. 5. Club fees, subject to a maximum of two clubs and no admission or life membership would be allowed 6. Gratuity, provident fund and superannuation benefits, subject to the rules of the Company 7. Telecommunication facility at residence, excluding for long distance calls.

For Fiscal 2010, Mr. Rakesh Agarwal was paid a gross remuneration of Rs. 24,00,000.

4. Mr. D. G. Sohony

Pursuant to the Board resolution dated January 12, 2010 it was resolved that Mr. D.G. Sohony be paid the following remuneration:

Salary	Rs. 24,00,000 per annum
Perquisites	Housing and car

For Fiscal 2010, Mr. D. G. Sohony was paid a gross remuneration of Rs. 16,45,000.

Other service contracts entered into with the Directors

None of the Directors of the Company have entered into any service contract with the Company.

Remuneration of our non-executive Directors

Other than sitting fees, we do not provide any compensation to any of our non-executive Directors. As per our AoA, the Directors are not required to hold any qualification shares. The following table sets forth remuneration paid to the Company's non-executive Directors during the fiscal 2010:

(Rs. in lakhs)

Name of the Director	Sitting fees paid during financial year 2010	Commission paid during financial year 2010	Total
Dr. Subrata Kumar De	0.60	-	0.60
Mr. Suneel Babu Gollapalli	0.60	-	0.60
Mr. Mahesh Kumar Khera	0.60	-	0.60
Mr. Kapil Kathpalia	0.40	-	0.40

Board Procedure

Our Company has held Board meetings as per the provisions of the Companies Act and has maintained minutes of the meetings thereof.

Shareholding of our Directors:

The details of the shareholding of our Directors are as under:

Sr. No.	Name of the Directors	Number of Equity Shares	Percentage shareholding (in %) (Pre-Issue)	Percentage shareholding (in %) (Post-Issue)
1.	Mr. Rajesh Agrawal	50,10,400	35.29	22.90
2.	Mr. Rakesh Agarwal	41,73,400	29.39	19.07

Sr. No.	Name of the Directors	Number of Equity Shares	Percentage shareholding (in %) (Pre-Issue)	Percentage shareholding (in %) (Post-Issue)
3.	Mr. Mukesh Agarwal	43,65,200	30.74	19.95
4.	Dr. Subrata Kumar De	4,000	0.03	0.02

For details regarding Equity Shares held by the Promoters and their families and entities controlled by them please see the section titled 'Capital Structure" beginning on page 30 of the Red Herring Prospectus.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board/committee thereof as well as to the extent of the remuneration paid to them for services rendered as officers of the Company.

All of our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and that may be subscribed for or allotted to them in the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Further some of our Directors may be interested to the extent of stock options that have been or may be granted to them.

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

The Articles of Association provide that the Directors and officers shall be indemnified by our Company against loss, if any, in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

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

Except as stated in the "Related Party Transaction" on page 155 of the Red Herring Prospectus, our Directors are not interested in any property including equity shares acquired by our Company within two years of the date of the Red Herring Prospectus.

For further details on the interests of Directors, please refer to the section titled "Related Party Transactions" beginning on page 155 of the Red Herring Prospectus.

Payment or Benefit to the officers of our Company (non salary related)

Except as stated mentioned in the section titled "Related Party Transactions" and the Employee Stock Purchase Plan, as detailed in the section titled "Capital Structure" beginning on pages 155 and 30 respectively of the Red Herring Prospectus, no amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of the Directors or key managerial personnel or officers of our Company except the normal remuneration for services rendered as Directors, officers or employees.

Changes in the Board of Directors for the last three years:

The following changes have occurred in the Board of Directors in the last three years:

Name of Director	Date of Appointment/ Resignation	Reasons for change
Brig. Arun Kumar Sharma	December 10, 2007	Appointment
Mr. Sanjay Baweja	December 10, 2007	Appointment

Name of Director	Date of Appointment/ Resignation	Reasons for change
Dr. Subrata Kumar De	February 2, 2008	Appointment
Mr. Narinder Sharma	February 2, 2008	Appointment
Mr. Suneel Babu Gollapalli	April 11, 2008	Appointment
Mr. Sanjay Baweja	January 9, 2009	Resignation
Mr. Narinder Sharma	March 27, 2009	Resignation
Brig. Arun Kumar Sharma	May 8, 2009	Resignation
Mr. Mahesh Kumar Khera	June 29, 2009	Appointment
Mr. Kapil Kathpalia	June 29, 2009	Appointment
Mr. D.G.Sohony	January 12, 2010	Appointment

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE and the SEBI Regulations in respect of corporate governance will be applicable to the Company immediately upon the listing of the Company's Equity Shares on the Stock Exchanges. The Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing. The Board of Directors consists of a total of eight Directors of which 4 are independent Directors (as defined under Clause 49 of the Listing Agreement), which constitutes 50% of our Board of Directors. This is in compliance with the requirements of Clause 49 of the Listing Agreement.

Our Company is in compliance with the applicable provisions of the listing agreement pertaining to corporate governance, including appointment of independent Directors and constitution of the following committees of our Company's Board.

I. Audit Committee

The Audit Committee was constituted on February 8, 2008 and was reconstituted on June 29, 2009 and again on July 24, 2009. The Audit Committee comprises of the following members:

Sr. No	Name of the Director	Designation	Status
1.	Dr. Subrata Kumar De	Member	Independent Director
2.	Mr. Rajesh Agrawal	Member	Executive Director
3.	Mr. Mahesh Kumar Khera	Member	Independent Director
4.	Mr. Kapil Kathpalia	Member	Independent Director
5.	Mr. Sunil Babu Golapalli	Member	Independent Director

The Company Secretary and Compliance Officer of our Company is the secretary of the Audit Committee.

At least two of the three members of the Audit Committee are independent Directors, within the meaning of Clause 49 of the Listing Agreement.

The terms of reference / scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement, which are as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

- Appointment, removal and terms of remuneration of internal auditors

- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

  1. 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;

  2. Changes, if any, in accounting policies and practices and reasons for the same;

  3. Major accounting entries involving estimates based on the exercise of judgment by management;

  4. Significant adjustments made in the financial statements arising out of audit findings;

  5. Compliance with listing and other legal requirements relating to the financial statements; and

  6. Disclosure of any related party transactions;

  7. Qualifications in the draft audit report.

- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.

- Monitoring the use of the proceeds of the proposed initial public offering of the Company.

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

- 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.

- Discussions with internal auditors on any significant findings and follow up thereon.

- Reviewing internal audit reports and adequacy of the internal control systems.

- 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.

- Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors.

- Discussion with internal auditors any significant findings and follow up there on.

- 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.

- 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.

- 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.

- To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing; and

- Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

II. Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee was constituted on February 8, 2008 and was reconstituted on June 29, 2009. The committee shall function in accordance with Clause 49 of the listing agreement. The Share Transfer and Investor Grievance Committee consists of the following members:

Sr. No	Name of the Director	Designation	Status
1	Mr. Mahesh Kumar Khera	Member	Independent Director
2	Mr. Kapil Kathpalia	Member	Independent Director
3	Mr. Rajesh Agrawal	Member	Executive Director

The terms of reference / scope and function of the Share Transfer and Investors Grievance Committee include the performance of the functions as recommended in the listing agreement, to look into redressal of shareholders and investor complaints, 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 and reference to statutory and regulatory authorities. Additionally, the Share Transfer and Investors Grievance Committee has the following powers:

(a) the to approve and register and/or transmission of all classes of shares of the Company,
(b) to sub-divide, consolidate and issue share certificates on behalf of the Company,
(c) to affix or authorize fixation of the common seal of the Company to the share certificate of the Company; and
(d) to do all acts, things or deeds as may be necessary or incidental to the exercise of the above power(s) and, to effectively resolve all investor grievances.

III. Remuneration and Compensation Committee

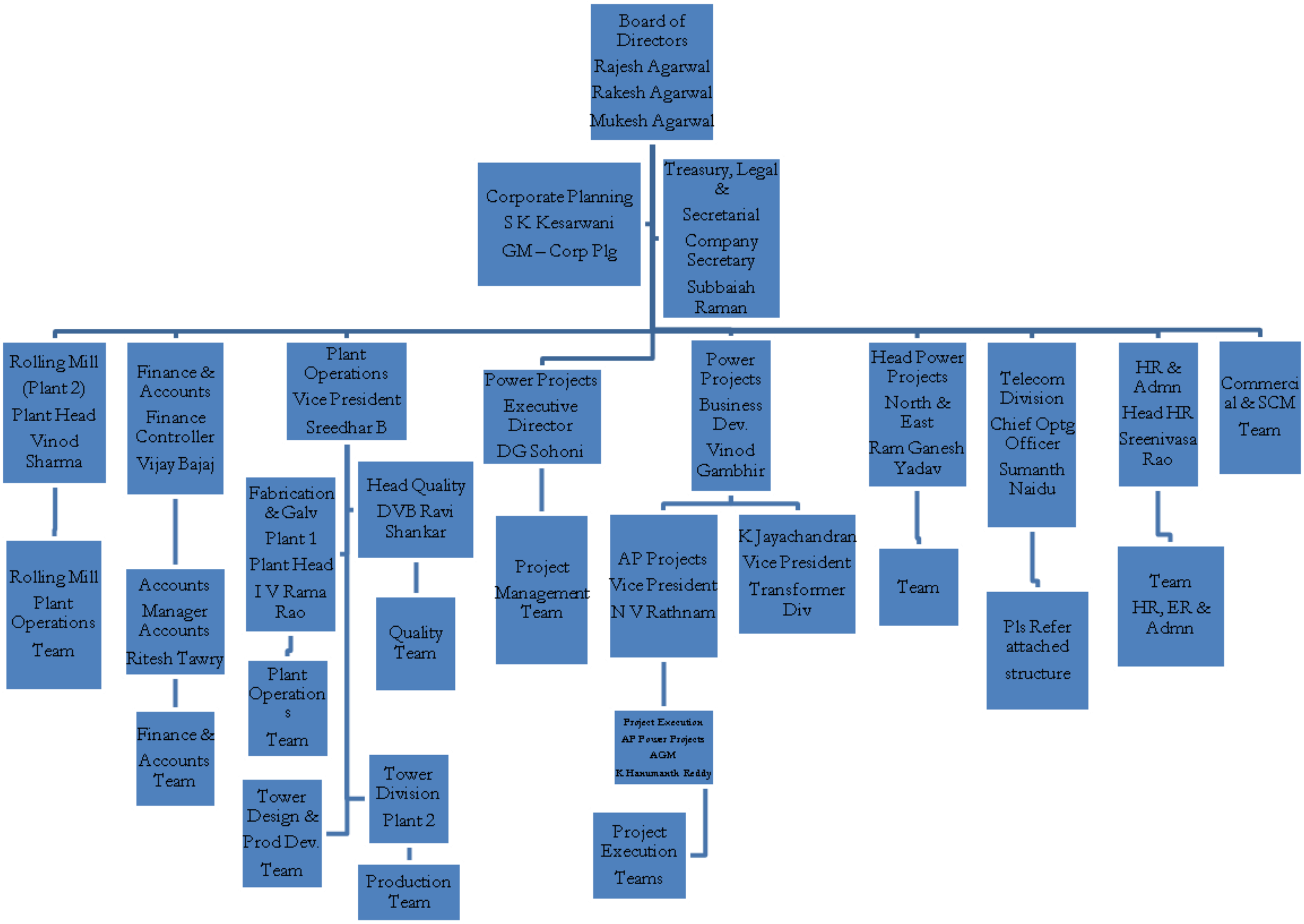
The Remuneration Committee was constituted on February 8, 2008 and was renamed as the Remuneration and Compensation Committee on May 30, 2008, pursuant to a meeting of the Board of Directors. The committee was reconstituted on June 29, 2009. The committee shall function in accordance with Clause 49 of the Listing Agreement. The Remuneration and Compensation Committee consists of the following members:

Sr. No	Name of the Director	Designation	Status
1.	Mr. Mahesh Kumar Khera	Member	Independent Director
2.	Mr. Kapil Kathpalia	Member	Independent Director
3.	Dr. Subrata Kumar De	Member	Independent Director

a) This committee has been constituted to perform the functions as recommended by the listing agreement and to exercise the powers, functions and duties assigned to it from time to time.

b) The committee is responsible for the appointment, re-appointment, determination/fixation of the remuneration and revision in the remuneration payable to the existing executive Directors of the Company from and regulate the grant of stock options to the eligible employees.

Management Organisation Structure of our Company:



Key Managerial Personnel

Our Company is managed by the Board of Directors, assisted by qualified professionals. The details of key managerial personnel of our Company are as follows:

Name	Designation	Age (in years)
Mr. Vijay Kumar Bajaj	Financial Controller	35
Mr. Vinod Sharma	General Manager, Factory	53
Mr. Subbaiah Raman	Company Secretary and Compliance Officer	43
Mr. K. Jayachandran	Vice President – Plant Operations and Improvements	62
Mr. I. V. Rama Rao	General Manager – Production	42
Mr. Ashok Kumar Vittal	Regional Manager – South	26
Dr. Allabaksh Naikodi	Head – Product Development	47
Mr. Ritesh Tawry	Manager – Finance	34
Mr. Y. Sethu	General Manager, Operation	34
Mr. Ravi Kiran Sahukara	Zonal Manager – Field Operations	32

Name	Designation	Age (in years)
Mr. Sumanth Naidu	Chief Operating Officer Telecom Division of BS Group companies	35
Mr. Sreenivasa Rao	Associate Vice President HR	41
Mr. Vijay Sarth Chand	Senior Manager – Business Development	26
Mr. D. G. Sohony	Executive Director	60
Mr. Vinod Kumar Gambhir	Head of Business Development – Power Projects	53
Mr. N. V. Ratnam	Vice President – Power Projects	59
Mr. Ram Ganesh Yadav	Head – Power Division (North-East Region)	60
Mr. B. Sreedhar	Vice President – Plant Operations	41
Mr. Swadesh Kumar Kesarwani	General Manager – Corporate Planning	59

The following are brief biographies of our senior management:

Mr. Vijay Kumar Bajaj aged 35 an Australian citizen and a person of Indian origin, is the Finance Controller of our Company. He is a certified public accountant and holds a Masters of Business in Finance from University of Technology, Sydney. He has about 10 years of experience in the field of finance and accounts. Before joining our Company, he was with ADP Private Limited as Manager (Financial Planning and Analysis). He has been associated with the Company since April 2008. For the fiscal year ended March 31, 2010, the total remuneration that he received was Rs. 12,73,668.

Mr. Vinod Sharma aged 53 and an Indian national, is the General Manager - Factory of our Company. He holds a bachelors degree in Metallurgy engineering and a bachelors' degree in law from Ravi Shankar University, Raipur. He has over 30 years of experience in the iron and steel industry. Before joining our Company, he was with Khandelwal Tubes, Kahnan, Nagpur as the senior inspector, Shrada Ispat Kamptee, Nagpur as the Manager, Works, Madhya Pradesh Iron and Steel, Bhilai, as the Manager Works and has been associated with Abhishek Steels Limited for over two decades as their General Manager. He has been associated with our Company since April 2008. He is responsible for managing the day to day activities in our factory at Survey No. 82, 83, 92 – 95 and 107, Medchal. For the fiscal year ended March 31, 2010, the total remuneration that he received was Rs. 5,62,200.

Mr. Subbaiah Raman aged 43 and an Indian national, is the Company Secretary and Compliance officer of our Company. He holds a masters degree in commerce from Kakatiya University, Warangal, is an associate member of Cost and Works Accountants, is an associate of the Institute of Company Secretaries, holds a masters' degree in law from Osmania University, Hyderabad and holds a post graduate diploma in port and shipping management from the Institute of Port Management, Ministry of Surface Transport, Chennai. He has around 20 years of experience in the field of legal and secretarial compliance. Before joining the Company, he was with Bambino Agro Industries Limited as General Manager (Finance). He has been associated with our Company since April 2009. For the fiscal year ended March 31, 2010, the total remuneration that he received was Rs. 6,74,676.

Mr. K. Jayachandran aged 62 and an Indian national, is the Vice President – Plant and Operations and Improvement of our Company. He holds a Bachelors degree in mechanical engineering from College of Engineering, Guindy and a Diploma in SQC and OR from the Indian Statistical Institute, Chennai. He has about 39 years of experience in manufacturing and telecom sectors. Before joining the Company, he was with Acme Telepower Limited as Vice President – Operations/ Projects. He has been associated with our Company since December 2009. For the fiscal year ended March 31, 2010, the total remuneration that he received was Rs. 4,65,663.

Mr. I.V. Rama Rao aged 42 and an Indian national, is the General Manager – Products of our Company. He holds a Masters degree in Industrial Engineering from Jawaharlal Nehru Technological University and Bachelors degree in mechanical engineering, from Andhra University. He has about 17 years of experience in manufacturing, plant and process engineering, component development and procurement. Before joining the Company, he was with Tecumseh Products India Private Limited as Senior Manager – Productions. He has been associated with our Company since November 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 4,98,287

Mr. Ashok Kumar Vittal aged 26 and an Indian national, is the Regional Manager – South of our Company. He holds a Diploma in Electrical and Electronic Engineering from the State Board of Technical Education, Department of Technical Education, Chennai. He has about 4 years of experience in the field of Industrial automation projects. Before joining the Company, he was with Acme Telepower Limited as Circle Head. He has been associated with our Company since October 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 7,09,098.

Dr. Allabaksh Naikodi aged 47 and an Indian national, is the Head –Product Development of our Company. He holds PhD in embedded controls from Indian Institute of Technology, Chennai, Masters degree in power electronics and controls and a Bachelors degree in electronics and communication engineering, both from PDA College of Engineering, Gulbarga, Karnataka. He has about 20 years of experience in the field of embedded control products design, development, prototyping and testing. Before joining the Company, he was with Acme Telepower Limited as the research and development electronics head. He has been associated with our Company since November 2009. For the Fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 5,96,269.

Mr. Ritesh Tawry aged 34 and an Indian national, is the Manager – Finance of our Company. He holds a Bachelors degree in commerce from Osmania University, Hyderabad. He has about 9 years of experience as a chartered accountant. Before joining the Company, he was with ADA Cellworks Wireless Engineering Private Limited as a Manager- Finance. He has been associated with our Company since March 2010. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 80,972.

Mr. Y. Sethu aged about 34 years and an Indian national, is the General Manager – Operations of the Company. He holds a Post Graduate degree in Business Administration (specialization in Marketing) from Pondicherry University, and holds a Bachelors degree in engineering in the discipline Electrical and Electronics. He has 13 years of experience in passive telecom operations and industrial automation. Before joining the Company, he was with Acme Telepower Limited as an Assistant General Manager for service operations. He has been associated with the Company since September 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 8,19,761.

Mr. Ravi Kiran Sahukara aged about 32 and an Indian national, is the Zonal Manager - Field operations of the Company. He holds a Diploma in engineering in the discipline of Electrical and Electronics from the Board of Technical Education, Karnataka, and also holds a Diploma in AUTOCAD from CADD centre, Vishakapatnam. He has 12 years of experience in project and service management. Before joining the Company he was with Acme Telepower Limited as a Manager for Project and service. He has been associated with the Company since November 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 4,72,968.

Mr. Sumanth Naidu aged about 35 and an Indian national, is the Chief Operating Officer. He holds a Post Graduate degree in Business Administration (specialization) from Andhra University, Vishakapatnam, and a Bachelors degree in Engineering Electronics from Osmania University. He has more than 13 years of experience in sales, marketing and operations management. Before joining the Company he was with Acme Tele Power Limited as a Vice-President Sales and Service. He has been associated with the Company since October 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 15,01,812.

Mr. Sreenivasa Rao aged about 41 and an Indian national, is the Associate Vice President-Human Resources. He holds a Post Graduate degree in business administration (specialization in International Business) and a Bachelors degree in economics. He has 17 years of experience as a HR generalist. Before joining the Company he was with Acme Tele Power Limited as Associate General Manger - Human Resources. He has been associated with the Company since October 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 10,91,946.

Mr. Vijay Sarath Chand Pingula aged about 26 and an Indian national, is the Senior Manager - Business Development of our Company. He holds a Post Graduate degree in Business Administrator from Indian Institute of Management, Bangalore and Bachelors degree in electrical engineering. He has three years of experience in management services. He has been associated with the Company since October 2009. For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 6,42,970.

Mr. D. G. Sohony – for details see "Brief Profile of the Directors". For the fiscal year ended March 31, 2010 the total remuneration that he received was Rs. 16,45,000.

Mr. Vinod Kumar Gambhir aged about 53 years and an Indian national, is the Head of Business Development – Power Projects. He holds Bachelor's degree in Mechanical from Motilal Nehru Regional Engineering College now known as National Institute of Technology, Allahabad and a Post Graduation Diploma in Management from Allahabad University. He has around 30 years of experience in Project Development, specialist in Power & Infrastructure Projects in organizations such as National Thermal Power Corporation, PGCIL, ISPAT Industries, Orissa Power Consortium and SMS Infrastructure Limited Nagpur. He has been associated with the Company since September 2009. For the Fiscal Year ended March 31, 2010 the total remuneration that he received was Rs. 6,33,333.

Mr. N. V. Ratnam, aged about 59 years and an Indian national, is the Vice President – Power Projects of our Company. He holds Bachelor's Degree in Engineering from Osmania University and Masters Degree in Engineering from Birla Institute of Technology and Sciences, Pillani. He has over 32 years of experience in Project Development, Engineering and Management of Power Generation Projects. Before joining the Company he was associated with Instrumentation Limited, National Thermal Power Corporation, ISPAT Industries, Urban Generation Private Limited and Allied Power and Engineering Company India Private Limited. He has been associated with the Company since February 2010. For the Fiscal Year ended March 31, 2010 the total remuneration he received was Rs. 1,33,436.

Mr. Ram Ganesh Yadav, 60 years, is the Head – Power Division (North and East regions) of our Company. He holds a bachelors degree in Mechanical Engineering from Regional Engineering College, Allahabad and a master's degree in Business Administration from Faculty of Management Studies, Delhi. He has over 36 years of experience in the power sector particularly in handling all facets of power both at strategic and at execution level. He started his career as a part of the project management group with Powergrid, National Thermal Power Corporation in power sector and Engineers India Limited. He was an executive director for the eastern region of at PGCIL since 2000. He has been associated with the Company since July 2010.

Mr. B. Sreedhar, 41 years, is the Vice President – Plant Operations of our Company. He holds a bachelors degree in Electronics and Communications Engineer from Andhra University. He has over 17 years of experience in managing critical aspects in plant operations in the tower industry. He was associated with Kadevi Engineering Company Private Limited as manufacturing head for 15 years and subsequently served as chief executive officer of Gurpreet Galvanizing Private Limited before joining our Company. He has been associated with the Company since May 2010.

Mr. Swadesh Kumar Kesarwani aged 59 an Indian national, is the General Manager – Corporate Planning of our Company. He holds a degree in Mechanical Engineering from Motilal Nehru Regional Engineering College, Allahabad and also a diploma in Business Administration and Industrial Administration from Motilal Nehru Institute of Research & Business Administration, Allahabad. He has about 34 years of experience in the fields of Corporate Planning, Disinvestment, forming of Joint Ventures, import & export, project planning and execution and management information system. Before joining our Company, he was with Bharat Yantra Nigam Limited for a period of 21 years and prior to that was with Bharat Pumps and Compressors Limited for 13 years. He has been associated with the Company since June 2010.

All the Key Managerial Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

The following are the details of the shareholding of the Key Managerial Personnel in our Company:

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares held
1.	Mr. Vijay Kumar Bajaj	2,500

Bonus and/or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan with the Key Managerial Personnel. Bonuses are given as per the bonus given to the other employees of our Company.

Retirement Benefits of Key Management Personnel

Our key managerial personnel are entitled to the benefits in regard to the gratuity and provident fund as per the applicable laws. The Company provides for payment of gratuity to employees who have rendered continuous service for not less than five years at the time of retirement or termination of employment due to resignation or death or disability. The amount of gratuity to be paid is computed at the rate of 15 days of wages for every completed year of service.

Changes in Key Managerial Personnel

There have the following changes in the Key Managerial Personnel of our Company within the last three years of filing of the Red Herring Prospectus:

Name of Key Managerial Personnel	Date of change	Reasons for change
Dr. S. Balakrishnam Raju	January 1, 2008	Appointment
Mr. Tarun Nanda	June 27, 2007	Appointment
Mr. Abdul Rub	February 1, 2008	Appointment
Mr. Sunil Talegaonkar	August 23, 2007	Appointment
Mr. Archit Sood	January 12, 2008	Appointment
Mr. Vinod Sharma	April 1, 2008	Appointment
Mr. Indla Krishnaiah	April 8, 2008	Appointment
Mr. Vijay Kumar Bajaj	April 19, 2008	Appointment
Mr. Chakravarthy Vakkalanka	May 10, 2008	Appointment
Mr. Abdul Rub	October 31, 2008	Resignation
Mr. Archit Sood	December 12, 2008	Resignation
Mr. Tarun Nanda	February 28, 2009	Resignation
Mr. Sunil Talegaonkar	March 31, 2009	Resignation
Mr. Subbaiah Raman	April 8, 2009	Appointment
Dr. S. Balakrishnam Raju	September 29, 2009	Resignation
Mr. Y. Sethu	September 21, 2009	Appointment
Mr. Vinod Kumar Gambhir	September 21, 2009	Appointment
Mr. Indla Krishnaiah	October 12, 2009	Resignation
Mr. Ashok Kumar Vittal	October 1, 2009	Appointment
Mr. Sumanth Naidu	October 5, 2009	Appointment
Mr. Sreenivasa Rao	October 5, 2009	Appointment
Mr. Vijay Sarath Chand Pingula	October 5, 2009	Appointment
Mr. I. V. Rama Rao	November 9, 2009	Appointment
Dr. Allabaksh Naikodi	November 23, 2009	Appointment
Mr. Ravi Kiran Sahukara	November 13, 2009	Appointment
Mr. K. Jayachandran	December 3, 2009	Appointment
Mr. D. G. Sohony	January 12, 2010	Appointment
Mr. Chakravarthy Vakkalanka	January 23, 2010	Resignation
Mr. N.V.Ratnam	February 5, 2010	Appointment
Mr. Ritesh Tawry	March 2, 2010	Appointment
Mr. B. Sreedhar	May 24, 2010	Appointment
Mr. Swadesh Kumar Kesarwani	June 9, 2010	Appointment
Mr. Ram Ganesh Yadav	July 1, 2010	Appointment

Interest of the Key Managerial Personnel

None of our key managerial personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Relationship between Promoter / Directors and Key Managerial Personnel:

Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal are brothers.

Except as stated hereinabove, there is no relation between any of the Promoters / Directors and any person occupying any management positions at the board level or at one level below the board.

Details of Other Agreements

Other than as stated above, none of our Directors or Key Managerial Personnel have been selected pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Employee Stock Option Scheme and Employee Stock Purchase Plan

For details of the Employee Stock Options Scheme and Employee Stock Purchase Plan, please refer to the section titled "Capital Structure" beginning on page 30 of the Red Herring Prospectus.

OUR PROMOTERS AND GROUP COMPANIES

Our Promoters:

The Promoters of our Company are Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal.

	**Mr. Rajesh Agrawal,** age 39 years, is the Chairman and Managing Director of our Company. Passport number – F8212402, Voters identity number – NA, Driving license number is 146/HW/1992, Permanent Account Number – AAJPA4161B,
	**Mr. Rakesh Agarwal**, age 35 years, is the Joint Managing Director of our Company. Passport number is E7804724, Voters identity number – NA, Driving license number – None, Permanent Account Number – ABGPA8811J,
	**Mr. Mukesh Agarwal**, age 32 years, is the whole time director of our Company. Passport number is A4123358, Voters identity number – TDZ0199687, Driving license number – DLFAP01035632004, Permanent Account Number – AAKPA1675M,

For further details/profiles of our Promoters, please refer to the section titled "Our Management" and for details of any outstanding litigation by and against them, please refer to the section titled "Outstanding Litigations and Material Developments" beginning on pages 127 and 266 respectively of the Red Herring Prospectus.

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers of our Promoters have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Common Pursuits and Interest of our Promoters

Our Company has been promoted by Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal. The Promoters may be deemed to be interested to the extent of the Equity Shares held by them, their friends and their relatives and benefit from holding directorship in our Company.

Except as disclosed above and in the section titled "Related Party Transactions" beginning on page 155 of the section titled "Financial Statements" beginning on page 157 of this Red Herring Prospectus, the Promoters of our Company have no interest other than reimbursement of expenses incurred, normal remuneration or benefits, if any.

Further, our Promoters are also directors on the boards of or members of certain Group Companies and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Group Companies.

Except as stated otherwise in this Red Herring Prospectus and in the section titled "Related Party Transactions" beginning on page 155 of the 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 in the "Related Party Transaction" on page 155 of the Red Herring Prospectus, our Promoters are not interested in any property including equity shares acquired by our Company within two years of the date of the Red Herring Prospectus.

Also see "Our Management – Interest of Directors" on page 134 of the Red Herring Prospectus.

Further, except as disclosed in the sections titled "Our Promoters and Group Companies" on page 144 of the Red Herring Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Other Confirmations

Except as stated in the section titled "Related Party Transactions" beginning on page 155 of the Red Herring Prospectus, our Company has neither made any payments in cash or otherwise to the Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of Our Company. Our Company has advanced loans to the Group Companies and has received any unsecured loans from the Group Companies. The Company has charged an interest of 12% on the unsecured loan given to the Group Companies. No interest has been charged by the Group Companies for unsecured loan given by them to the Company.

None of our Promoters and their relatives have and the Group Companies been declared as willful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by our Promoters in the past or are pending against them.

Additionally, none of our Promoter, Promoter Group and the Group Companies have been debarred or prohibited from accessing the capital markets for any reasons by the SEBI or any other authorities. None of the Promoter Group and companies in which the Promoters are or were associated as promoter, director or person in control have been debarred or prohibited from accessing the capital market for any reasons by the SEBI or any other authorities.

Litigation

For details relating to the legal proceeding involving the Promoters and Group Companies, see "Outstanding Litigation and Material Developments" on page 266 of the Red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between the Group Companies except as stated in the section titled "Related

Party Transactions" beginning on page 155 of the Red Herring Prospectus.

Relationship amongst Board of Directors and Key Managerial Personnel

None of our Directors are related to any of our Key Managerial Personnel named in the Red Herring Prospectus.

Disassociation of the Promoters from other companies in the last three years:

Pursuant to a separation agreement dated November 15, 2007 between the Promoters and Mr. Dilip Agarwal, who is a brother of the Promoters, the Promoters had disassociated themselves from the following companies:

a. Abhishek Steels Limited

b. Gautam Rolling Mills Private Limited

c. Rajesh Steel Industries Private Limited

The entire shareholding of the Promoters in the companies named above has been transferred to Mr. Dilip Agarwal and the Promoters have also resigned from the directorship of the above companies.

Pursuant to a family settlement deed dated July 20, 2008, our Promoters and certain individuals forming part of the Promoter Group have disassociated with all the companies and firms established and promoted by the father and uncles of the Promoter.

Consequently, our Promoters and members of the Promoter Group have no shareholding nor are interested in any companies, firm or other entitles as promoter, director or partner, other than those disclosed in this section.

Apart from the above, the Promoters have not disassociated from any other company in the last three years.

Promoter Group

The following is the list of persons who are part of our Promoter Group:

a. **The natural persons who are part of our Promoter Group (due to the relationship with our Promoters), other than the Promoters named above are as follows:**

Relationship	Mr. Rajesh Agrawal	Mr. Rakesh Agarwal	Mr. Mukesh Agarwal
Father	Late Sh. Satyanarayan Agarwal	Late Sh. Satyanarayan Agarwal	Late Sh. Satyanarayan Agarwal
Mother	Smt. Shakuntala Devi Agarwal	Smt. Shakuntala Devi Agarwal	Smt. Shakuntala Devi Agarwal
Brother	Mr. Rakesh Agarwal Mr. Mukesh Agarwal Mr. Dilip Agarwal	Mr. Rajesh Agrawal Mr. Mukesh Agarwal Mr. Dilip Agarwal	Mr. Rajesh Agrawal Mr. Rakesh Agarwal Mr. Dilip Agarwal
Sister	-	-	-
Spouse	Mrs. Reema Agarwal	Mrs. Rakhee Agarwal	Mrs. Shalini Agarwal
Children	Mr. Dhruv Bansal Mr. Arnav Bansal	Ms. Vedika Bansal Ms. Aanika Bansal	Mr. Dheer Bansal
Spouse's Father	Sh. Jawahar Lal Agarwal	Sh. Kailash Gupta	Sh. Santosh Agarwal
Spouse's Mother	Smt. Usha Devi Agarwal	Smt. Pushpa Devi Gupta	Smt. Sharda Agarwal
Spouse's Brother	Mr. Naveen Agarwal	Mr. Alok Gupta Mr. Amit Gupta	Mr. Sachin Agarwal
Spouse's Sister	Mrs. Manisha Jasarapuria Mrs. Swati Praladhka	-	Ms. Priyanka Agarwal Mrs. Sheetal Agarwal

Relationship	Mr. Rajesh Agrawal	Mr. Rakesh Agarwal	Mr. Mukesh Agarwal
			Mrs. Shweta Agarwal

b. Entities:

a. Yograj Real Estates Private Limited
b. Novus Real Estates Private Limited
c. Shivaganga Infrastructures Limited
d. I-Vantage India Private Limited
e. I-Vantage Apac Private Limited
f. Head Infotech India Private Limited
g. Reemalaxmi Mining and Energy Limited
h. CVK Developers Limited
i. Agarwal Developers
j. Everest Ventures
k. S.R.M Real Estates and Constructions
l. Champa Devi Foundation, a charitable trust.
m. Big Indian's Do Karma Foundation, a charitable trust.
n. Shakuntalam Trades

Other than those stated above, there are no partnership firms, trusts, HUFs, proprietorships or other entities that are part of the Promoter Group.

Group Companies

A. TOP FIVE GROUP COMPANIES BASED ON TURNOVER

1. I-Vantage India Private Limited
2. I-Vantage Apac Private Limited
3. Reemalaxmi Mining and Energy Limited
4. CVK Developers Limited
5. Yograj Real Estates Private Limited

The details of the top five Group companies based on turnover are as under:

1. I-Vantage India Private Limited

I-Vantage India Private Limited ("IVIP") was incorporated on August 30, 2001. The registered office of IVIP is located at 8-2-269/10, Suite No. 501, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034. IVIP is currently carrying on the business of development of software and related services.

Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
I-Vantage Inc.	39,990	80.00
Mr. Rajesh Agrawal	10,000	20.00
Ms. Jyoti Devi Birla	10	0.00
Total	50,000	**100.00**

Board of Directors

As of date of the Red Herring Prospectus, the board of directors of IVIP is as follows:

Name	Nature of directorship/designation
Mr. Rajesh Agrawal	Director
Mr. Rakesh Agarwal	Director

Financial Performance

The brief financial details of IVIP extracted from the audited accounts for the three financial years ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Equity capital	4.00	5.00	5.00
Reserves & Surplus (excluding revaluation reserves)	96.10	89.83	91.39
Total sales and other income	363.19	221.58	169.70
Profit After Tax	6.22	(1.51)	3.51
EPS (Rs.)	15.54	(3.03)	7.02
NAV per share (Rs.)	250.26	189.65	192.78

2. I-Vantage Apac Private Limited

I-Vantage Apac Private Limited ("IVAP") was incorporated on August 26, 2001. The registered office of IVAP is located at 8-2-269/10, Suite No: 501, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034. IVAP is currently carrying on the business of trading in software products.

Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
Mr. Rajesh Agrawal	21,471	50.00
Ms. Reema Agarwal	21,471	50.00
Total	**42,942**	**100.00**

Board of Directors

As of date of the Red Herring Prospectus, the board of directors of IVAP is as follows:

Name	Nature of directorship/designation
Mr. Rajesh Agrawal	Director
Ms. Reema Agarwal	Director

Financial Performance

The brief financial details of IVAP extracted from the audited accounts for the three financial years ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Equity capital	4.29	4.29	4.29
Reserves & Surplus (excluding revaluation reserves)	28.31	29.43	31.44

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Total sales and other income	45.48	1.50	7.45
Profit After Tax	6.02	1.12	2.01
EPS (Rs.)	14.03	2.86	4.68
NAV per share (Rs.)	75.93	78.53	83.21

3. Reemalaxmi Mining and Energy Limited

Reemalaxmi Mining and Energy Limited ("RMEL") was incorporated on November 20, 2006. The registered office of RMEL is located at 8-2-269/10, Suite No. 501, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034. RMEL has been incorporated for the purposes of carrying on mining and other energy related businesses.

Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
Mr. Rajesh Agrawal	10,000	20.00
Mr. Rakesh Agarwal	10,000	20.00
Mr. Mukesh Agarwal	10,000	20.00
Mrs. Rakhee Agarwal	5,000	10.00
Mrs. Reema Agarwal	5,000	10.00
Mrs. Shalini Agarwal	5,000	10.00
Mrs. Shakuntala Agarwal	5,000	10.00
Total	**50,000**	**100.00**

Board of Directors

As of date of the Red Herring Prospectus, the board of directors of RMEL is as follows:

Name	Nature of directorship/designation
Mr. Rajesh Agrawal	Director
Mr. Rakesh Agarwal	Director
Mr. Mukesh Agarwal	Director

Financial Performance

The brief financial details of RMEL extracted from the audited accounts since incorporation to the financial year ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Equity capital	5.00	5.00	5.00
Reserves & Surplus (excluding revaluation reserves)	-	(0.23)	0.28
Total sales and other income	-	-	1.00
Profit After Tax	(0.12)	(0.12)	0.52
EPS (Rs.)	(0.23)	(0.24)	1.04
NAV per share (Rs.)	9.09	9.02	10.23

4. CVK Developers Limited

CVK Developers Limited ("CVK") was incorporated on April 13, 2007. CVK received the certificate of commencement of business on April 20, 2007. The registered office of CVK is located at 8-2-269/10, Suite No. 501, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034. CVK has been incorporated for carrying on the business of builders, developers and developers of civil constructors.

Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
M/s. Shivagagna Infrastructures Limited	33,293	66.59
Mr. Rajesh Agrawal	10	0.02
Mr. Kanti Kumar Agarwal	10	0.02
Mr. Rakesh Agarwal	10	0.02
Ms. Savita Agarwal	10	0.02
Ms. K. C. Venkateshwarulu	16,000	32.00
Ms Shravani Kosana	667	1.33
Total	**50,000**	**100.00**

Board of Directors

As of date of the Red Herring Prospectus, the board of directors of CVK is as follows:

Name	Nature of directorship/designation
Ms. Reema Agrawal	Director
Mr. Mukesh Agarwal	Director
Mr. Rakesh Agarwal	Director

Financial Performance

The brief financial details of CVK extracted from the audited accounts since incorporation to the financial year ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2008	For the year ending March 31, 2009
Equity capital	5.00	5.00
Reserves & Surplus (excluding revaluation reserves)	(0.13)	0.07
Total sales and other income	-	0.50
Profit After Tax	(0.13)	0.20
EPS (Rs.)	(0.25)	0.39
NAV per share (Rs.)	9.00	9.58

5. Yograj Real Estates Private Limited

Yograj Real Estates Private Limited ("YREP") was incorporated on February 15, 2006. The registered office of YREP is located at 8-2-269/10, Suite No. 501, Trendset Towers, Road No 2, Banjara Hills, Hyderabad 500 034. YREP is currently carrying on the business of real estate development.

Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
Mr. Rajesh Agrawal	5,000	50.00
Mr. Rakesh Agarwal	2,500	25.00
Mr. Mukesh Agarwal	2,500	25.00
Total	**10,000**	**100.00**

Board of Directors

As of date of the Red Herring Prospectus, the board of directors of YREP is as follows:

Name	Nature of directorship/designation
Ms. Reema Agrawal	Director
Mr. Rakesh Agarwal	Director

Financial Performance

The brief financial details of YREP extracted from the audited accounts since incorporation to the year ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Equity capital	1.00	1.00	1.00
Reserves & Surplus (excluding revaluation reserves)	(0.20)	(0.29)	(0.01)
Total sales and other income	-	-	0.5
Profit After Tax	(0.13)	(0.09)	0.28
EPS (Rs.)	(1.26)	(0.9)	2.80
NAV per share (Rs.)	7.02	6.45	9.58

B. GROUP COMPANIES WITH NEGATIVE NETWORTH

1. Shivaganga Infrastructures Limited
2. Agarwal Developers

The details of the loss making Group Company are as under:

1. Shivaganga Infrastructures Limited

Shivaganga Infrastructures Limited ("SIL") was incorporated on August 1, 2005. The registered office of SIL is located at 8-2-269/10, Suite No: 501, Trendset Towers, Road No: 2, Banjara Hills, Hyderabad 500 034. SIL is currently carrying on the business of real estate development.

Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
Mr. Rajesh Agrawal	10,05,000	57.69
Mr. Rakesh Agarwal	4,000	0.23
Mr. Mukesh Agarwal	3,500	0.20
Others	7,29,500	41.88
Total	**17,42,000**	**100.00**

Board of Directors

As of date of the Red Herring Prospectus, the board of directors of SIL is as follows:

Name	Nature of directorship/designation
Mr. Rajesh Agrawal	Director
Mr. Rakesh Agarwal	Director
Mr. Ghanshyam B. Patel	Director
Mr. Jayantilal M. Patel	Director

Financial Performance

The brief financial details of SIL extracted from the audited accounts since incorporation to the year ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Equity capital	105.00	174.20	174.20
Reserves & Surplus (excluding revaluation reserves)	9.39	801.38	802.05
Total sales	-	7.97	4.84
Profit After Tax	0.13	(2.01)	(1.13)
EPS (Rs.)	0.01	(0.12)	(0.06)
NAV per share (Rs.)	10.74	56.00	56.04

2. Agarwal Developers

Agarwal Developers is a partnership firm formed under a deed of partnership dated April 1, 2006. The office of Agarwal Developers is located at 1-8-206, 2nd floor, Masetty Plaza, P.G Road, Secunderabad, 500 003. Agarwal Developers are currently carrying on the business of real estate development.

Partners and profit sharing ratio

The following are the partners of Agarwal Developers and their profit sharing ratio:

Name of the Partners	Profit Sharing ratio (%)
Mr. Rajesh Agrawal	40.00
Mr. Rakesh Agarwal	30.00
Mr. Mukesh Agarwal	30.00
Total	**100.00**

Financial Performance

The brief financial details of Agarwal Developers extracted from the audited accounts for the three financial years ended March 31, 2009 are as follows:

(Rs. in lakhs except per share data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
Total Income	185.57	Nil	Nil
Profit/ loss after taxation	(97.76)	(0.08)	(0.05)
Partners capital	(78.76)	(1,326.36)	(1,322.89)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2008	For the year ending March 31, 2009
(Overdrawn)			

C. OTHER GROUP COMPANIES

1. Novus Real Estates Private Limited

Novus Real Estates Private Limited ("NREP") was incorporated on August 25, 2005. The registered office of NREP is located at 8-2-269/10, Suite No. 501, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad 500 034. NREP is currently carrying on the business of real estate development. One of the Promoters, Mr. Rajesh Agrawal has 25% interest in NREP.

2. Everest Ventures

Everest Ventures is a partnership firm formed under a deed of partnership dated July 12, 2005. The office of Everest Ventures is located at 59, Jupiter Colony, Sikh Village, Secunderabad 500 009. Everest Ventures was formed for the purposes of real estate development of Survey No. 4, Pukkillawada Village, Ranga Reddy District, Andhra Pradesh. One of the Promoters, Mr. Rajesh Agrawal has 30% interest in Everest Ventures.

3. S.R.M Real Estates and Constructions

S.R.M Real Estates and Constructions is a partnership firm formed under a deed of partnership dated August 12, 2005. The office of S.R.M Real Estates and Constructions is located at H. No. 8-2-808/19, Road No. 10, Banjara Hills, Hyderabad 500 034. S.R.M Real Estates and Constructions was formed for the purposes of construction related activities and the sale, purchase and development of real estate. We have 65% interest in S.R.M Real Estates and Constructions through Shivaganga Infrastructures Limited

4. Vrinda Agencies

Mr. Mukesh Agarwal is the proprietor of M/s. Vrinda Agencies, a proprietorship firm. The firm has not carried out any business after February 2, 2005.

5. Champa Devi Foundation, a charitable trust.

Formed on: February 4, 2008

Founders:

Mr. Rajesh Agrawal
Mr. Rakesh Agarwal
Mr. Mukesh Agarwal

Trustees:

Ms. Reema Agarwal (President)
Mr. Rakesh Agarwal (Secretary)
Mr. Rajesh Agrawal
Ms. Rakhee Agarwal
Mr. Mukesh Agarwal
Ms. Shalini Agarwal

6. Big Indian's Do Karma Foundation, a charitable trust.

Formed on: August 25, 2006

Founders:

Mr. Ayush Maheshwari
Mr. Rajesh Agrawal

Trustees:

Mr. Ayush Maheshwari (President)
Mr. Rajesh Agrawal (Secretary)
Ms. Jyoti Devi Birla
Ms. Reema Agarwal

Sick companies

None of the Group Companies/ partnership firms listed above has been declared as sick industrial unit within the meaning if clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 or have been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Other confirmations

None of the Group Companies/ partnership firms listed above is not in the process of winding up.

None of the Group Companies/ partnership firms listed above have made a public/ rights issue of their equity shares since inception.

Other than as mentioned in the Related Party Transactions on page 155 of the Red Herring Prospectus, none of our Group Companies have any business interests in our Company.

Except as disclosed in this section, none of the Group Companies have a negative net worth. Further, no application has been made by any of them to the RoC to strike off their names from the RoC's records.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, see "Financial Statements – Related Party Transactions" on page 170 of the Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, general financial conditions, capital requirements, results of operations, contractual obligations and overall financial position, applicable Indian legal restrictions, our Articles of Association and other factors considered relevant by the Board of Directors. The Company has not paid any dividends in the past and it has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

<u>AUDITOR'S REPORT</u>

To

The Board of Directors,
BS TransComm Limited,
504, 5th Floor, Trendset Towers,
Road No.2, Banjara Hills,
Hyderabad – 500 034.

Dear Sirs,

1) We have examined the attached financial information of BS TransComm Limited ("the Company"),and its subsidiaries (collectively referred as Group) as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 28th April, 2010 in connection with the proposed issue of Equity shares of the Company.

2) These information have been extracted by the Management from the financial statements for the years ended March 31, 2006, 2007 ,2008, 2009, 2010 and period ended June 30, 2010. Audit for the financial year ended March 31, 2006 was conducted by previous auditors, M/s. P.K. Bajaj & Co., for the financial year ended March 31, 2007, was conducted by previous auditors M/s. S.K.Bang & Co ,for he financial year ended March 31, 2008 and 2009 was conducted by M/s. M.Bhaskara Rao & Co and for the financial year ended March 31,2010 was conducted by M/s P Murali & Co.,, These Financial statements have been approved / adopted by the Board of Directors / Members for the respective years and accordingly reliance has been placed on the financial information examined by them for the said years. The financial information included for the years, 2006, 2007, 2008 and 2009 are based solely on the report submitted by the previous auditors for the respective years. The previous auditors also confirmed that the restated financial information has been made after incorporating:

   (a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

   (b) Adjustments for the material amounts in the respective financial years to which they relate.

   (c) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

(a) The "Standalone Restated Summary Statement of Assets and Liabilities" of the Company, including as at March 31, 2006 examined and reported upon by M/s P.K.Bajaj & Co., and March 31, 2007 examined and reported upon by M/s S.K.Bang & Co., and March 31, 2008 and 2009 examined and reported upon by M/s M.Bhaskara Rao & Co on which reliance has been placed by us, and as at March 31, 2010 and June 30,2010examined by us, as set out in Annexure-I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (Refer Annexure-III A&B).

(b) The "Standalone Restated Summary Statement of Profit or Loss" of the Company for the years then ended, including for the year ended March 31, 2006 examined by M/s P.K.Bajaj & Co., and who have submitted their report on which reliance has been placed by us and for the year ended March 31, 2007 examined by M/s S.K.Bang & Co., and who have submitted their report on which reliance has been placed by us and for the year ended March 31, 2008 and 2009 examined by M/s M.Bhaskara Rao & Co, and who have submitted their report on which reliance has been placed by us and for the year ended March 31, 2010 and period ended June 30,2010 examined by us, as set out in Annexure-II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure-III A&B).

(c) Based on above and also as per the reliance placed on the Reports submitted by the previous auditors, M/s. P.K.Bajaj & Co., M/s. S.K.Bang & Co., and M/s. M.Bhaskara Rao & Co for the respective years, we are of the opinion that the restated financial information have been made after incorporating:

    (i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods.

    (ii) Adjustments for the material amounts in the respective financial years to which they relate.

    (iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

(d) We have also examined the following other financial information setout in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the year ended March 31 2010 and period ended June 30 2010. In respect of the years ended March 31 2006, 2007, 2008 and 2009 the information have been included based upon the Reports submitted by previous auditors M/s P.K.Bajaj & Co., M/s. S.K.Bang & Co., and M.Bhaskara Rao & Co for the respective years and relied upon by us.

    (i) Statement of Assets & Liabilities included in Annexure – I.

    (ii) Statement of Profit & Loss Account included in Annexure – II.

    (iii) Statement of Accounting Policies included in Annexure – IIIA.

(iv) Statement of Notes to adjustments carried out included in Annexure – IIIB.

(v) Statement of Share Capital included in Annexure – IV.

(vi) Statement of Reserves and Surplus included in Annexure – V.

(vii) Statement of Dividend paid/proposed included in Annexure – VI.

(viii) Statement of Accounting Ratios included in Annexure-VII.

(ix) Statement of Capitalization as at June , 2010 included in Annexure-VIII.

(x) Statement of Secured and Unsecured Loans included in Annexure- IX.

(xi) Cash Flow Statement in Annexure – X.

(xii) Statement of Current Liabilities & Provisions included in Annexure- XI.

(xiii) Statement of Other Income included in Annexure - XII.

(xiv) Statement of Tax Shelter included in Annexure- XIII.

(xv) Statement of Sundry Debtors included in Annexure- XIV.

(xvi) Statement of Loans and Advances included in Annexure- XV.

(xvii) Statement of Related Parties included in Annexure – XVI.

(xviii) Statement of Contingent Liabilities included in Annexure- XVII.

(xix) Statement of Expenses included in Annexure- XVIII.

(xx) Statement of Deferred Tax Assets / Liability included in Annexure- XIX.

(xxi) Statement of Fixed Assets included in Annexure- XX

In Our opinion the financial information contained in Annexure I to XX of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexure III A & B) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part II (B) of Schedule II of the Act and the SEBI Guidelines.

(e) Our Report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company and our report should not be used for any other purpose except with our prior written consent.

FOR P.MURALI & CO.,
CHARTERED ACCOUNTANTS

(M V JOSHI)
PARTNER
M NO. 024784
Firm Reg. No. 007257S

Date: 12-08-2010
Place: Hyderabad

ANNEXURE-I

Statement of Assets and Liabilities, as Restated

The statement of Assets and Liabilities of the Company, as restated as at quarter ended June 30, 2010 and year ended March 31, 2010, 2009, 2008, 2007 and 2006 is as set out below:

(Rs. in lakhs)

Particulars	Quarter ended	As at 31st March				
	30-Jun-10	2010	2009	2008	2007	2006
ASSETS						
A. Fixed Assets						
Gross Block	11,873.21	11,861.52	3,575.04	3,062.84	2,772.56	14.22
Less: Depreciation	1,559.80	1,293.29	741.72	403.09	40.50	4.58
Net Block	**10,313.42**	**10,568.23**	**2,833.32**	**2,659.75**	**2,732.06**	**9.64**
Less: Revaluation Reserve			-	-	-	-
Capital Work-in-progress (Include advances)	540.47	202.56	2,555.55	-	-	-
Net Block after adjustment of Revaluation Reserve	**10,853.89**	**10,770.79**	**5,388.87**	**2,659.75**	**2,732.06**	**9.64**
B. Investments	283.07	283.07	59.60	54.21	-	-
C. Current Assets, Loans & Advances						
Inventories	6,858.24	5,387.25	2,850.45	3,663.90	875.65	19.24
Sundry Debtors	24,778.04	21,752.62	9,817.95	10,914.58	6,237.07	2,344.88
Cash & Bank Balances	763.54	901.39	302.47	202.52	65.41	0.45
Loans & Advances	7,024.35	5,876.58	1,479.72	661.35	938.90	288.80
Other Current Assets	139.63	121.78	59.90	566.53	115.67	97.18
Total Current Assets	**39,563.79**	**34,039.63**	**14,510.49**	**16,008.88**	**8,232.70**	**2,750.55**
Deferred Tax Asset			-	-	-	0.28
Miscellaneous Expenditure (to the extent not written off / adjusted)	120.22	100.20	88.09	-	-	-
Total Assets(A)	**50,820.97**	**45,193.70**	**20,047.05**	**18,722.84**	**10,964.76**	**2,760.46**
LIABILITIES & PROVISIONS						
Secured loans	18,404.43	16,684.26	8,265.11	6,258.56	4,136.32	605.11
Unsecured loans	3,513.98	3,546.30	50.30	-	-	17.45
Deferred Tax Liability	437.70	421.44	52.11	54.68	49.52	-
Total Current Liabilities & Provisions	18,758.91	16,177.93	5,731.92	7,731.11	4,103.74	1,471.80
Share Application Money	-		-	-	1,775.64	58.60
Share Suspense Account	-		-	-	14.00	-
Total Liabilities (B)	**41,115.02**	**36,829.92**	**14,099.44**	**14,044.35**	**10,079.22**	**2,152.96**
NETWORTH	**9,705.95**	**8,363.78**	**5,947.60**	**4,678.47**	**885.52**	**607.52**
Represented by						
1.Share Capital	1,419.93	1,419.93	1,419.93	1,413.50	580.00	580.00
2.Reserves & Surplus (see Note2)	8,286.03	6,943.86	4,527.68	3,264.97	305.52	27.52
Less:Revaluation Reserves	-	-	-	-	-	-
Reserves(Net of Revaluation Reserve)	8,286.03	6,943.86	4,527.68	3,264.97	305.52	27.52
NETWORTH	**9,705.95**	**8,363.78**	**5,947.60**	**4,678.47**	**885.52**	**607.52**

1. The above statement should be read with notes on adjustments ANNEXURE to restated financial statements, Significant accounting policies and notes to accounts appearing in Annexure-III A & B Reserves & Surplus for 2007 excludes Rs.13.00 Lakhs adjustment on amalgamation of BS Integrated Steel Products Private Limited
2. Investements include investment in subsidary Rs. 4.99lakhs in wholly owned subsidary M/s BS InfraTel Limited.
3. Miscellaneous expenditure to the extent not written off / adjusted relates to expenditure incurred during the year inconnection with the proposed public issue and will be written off / adjusted commencing in the year in which the Initial Public Offer is completed.
4. Capital Work in progress include preoperative expenditure Rs. 219.48 lakhs incurred during the year 2009
5. Cash and Bank balances include fixed deposits pledged against guarantees and Letter of credits issued by bankers as Margin Money

ANNEXURE-II

Statement of Profit & Loss, As Restated

The statement of profit & loss of the Company as restated for the quarter ended June 30, 2010 and financial year ended March 31, 2010, 2009, 2008, 2007 and 2006 is as set out below:

(Rs. in Lakhs)

Particulars	Quarter ended	For the year ended 31 March				
	30-Jun-10	2010	2009	2008	2007	2006
Income						
Sales:						
Sale of Manufactured Goods	3,802.79	12,660.32	10,859.46	6,787.87	144.47	-
Sale of Traded Goods		14,973.06	20,671.64	35,452.32	19,640.92	13,500.63
Turnkey Services	12,500.76	24,473.73	2,194.73	319.50	-	-
Total Sales	**16,303.56**	**52,107.11**	**33,725.83**	**42,559.69**	**19,785.39**	**13,500.63**
Other Income	12.16	102.48	59.24	330.71	135.70	43.86
Increase/(Decrease) in inventories	1,160.25	1,719.38	310.21	871.15	183.89	15.62
Total Income	**17,475.97**	**53,928.96**	**34,095.28**	**43,761.55**	**20,104.98**	**13,560.11**
Expenditure						
Raw material consumed	4,089.45	26,118.08	28,159.46	38,945.02	19,205.67	13,381.02
Staff Costs	454.72	647.48	405.95	270.99	37.39	14.06
Employee Benefit Expenses	29.02	71.68	47.30	7.75	0.25	0.18
Other Manufacturing Costs	9,736.58	20,315.07	1,175.44	1,005.86	150.02	85.91
Administration & Selling Expenses Add Prior year adjustment (net)	184.73	693.22	803.57	268.61	69.30	27.01
Miscellaneous Expenditure written off			-	-	1.81	3.84
Interest	705.21	1,864.10	1,261.11	771.49	224.11	8.28
Depreciation	266.51	553.38	338.83	362.60	35.93	3.09
Total Expenditure	**15,466.22**	**50,263.02**	**32,191.67**	**41,632.32**	**19,724.48**	**13,523.39**
Net Profit Before Tax and Extra ordinary items	2,009.76	3,665.96	1,903.62	2,129.23	380.50	36.72
Less: Taxation & Wealth Tax	651.32	880.44	661.75	725.86	78.98	17.50
Less: Excess Provision written back-Taxation		-	-	7.15	(26.43)	-
Less: Provision for Deferred Tax	16.26	369.33	(2.57)	5.16	49.80	(0.48)
Less: Provision for		0	7.50	2.95	0.90	1.00

Fringe Benefit Tax						
Net Profit after Tax as restated(A)	**1,342.18**	**2,416.19**	**1,236.94**	**1,388.11**	**277.25**	**18.70**
Profit brought forward from the last year (B) (see Note 2)	5,359.76	2,943.57	1,706.63	318.52	41.28	8.82
Profit after Tax available for Appropriations (A) + (B)	**6,701.94**	**5,359.76**	**2,943.57**	**1,706.63**	**318.52**	**27.52**
EPS - Basic	9.45	17.02	8.72	10.16	2.39	0.28
EPS - diluted	9.45	17.02	8.72	10.16	0.97	0.26

Note:

1. The above statement should be read with notes on adjustments ANNEXURE to restated financial statements, Significant accounting policies and notes to accounts appearing in Annexure-III A & B
2. The statement of profit & loss referred above does not include any exra ordinary items.
3. Profit brought forward for 2007 includes Rs.13.76 lakhs adjustment on amalgamation of B.S. Integrated Steel Products Private Ltd.
4. Sales for the year 2005 & 2006 represents trading activity.

ANNEXURE - IIIA

STANDALONE RESTATED - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Conventions

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income and expenditure in the financial statements are recognized on accrual basis.

2. Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

3. Revenue Recognition

Revenue from the sale of goods is recognized at the point of dispatch of materials to customers; income from turnkey services is accounted on the basis of billing to customers and includes unbilled revenue accrued up to the end of the accounting year.

4. Fixed Assets

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation. Apart from taxes (Excluding CENVAT) all costs including financial costs up to the date of commissioning and attributable to the fixed assets, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets are capitalized.

Capital work-in-progress is stated at the amount expended (includes taxes and duties) up to the date of balance sheet.

5. Pre – operative expenses

Expenditure during the construction period (including Financing cost relating to borrowed funds for construction or acquisition of Fixed assets) incurred on project during implementation are treated as pre-operative expenses, pending allocation to the assets, and are included under "Capital Work-in-progress".

6. Borrowing costs

Borrowing cost attributable to acquisition and construction of assets are capitalized as part of cost of such assets up to the date when such assets are ready for intended use.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

7. Depreciation

Depreciation on Fixed Assets including on the additions is provided on written down basis at the rates specified in the Schedule XIV to the Companies Act, 1956 (as amended from time to time).

8. Impairment of assets

Impairment of asset is reviewed and recognized in the events of changes and circumstances indicate that the carrying amount of an asset is not recoverable. Difference between the carrying amount of an asset and the recoverable value is recognized as impairment loss in the statement of profit and loss in the year of impairment.

9. Inventories

Inventories are valued as under.

i) materials, stores and spares - at cost.
ii) Raw Finished Goods and work-in-progress - at cost or net realizable value whichever is lower. Cost include cost of direct material, labor, Factory overhead including excise duty.
iii) Trading Goods - at cost or net realizable value whichever is lower.
iv) Scrap - at net realizable value.

10. Investments

Long Term Investments are stated at cost. Cost includes registration and other direct expenses. Provision for diminution other than temporary in the value of Long Term Investments is made in the accounts.

11. Taxes on Income

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Contingencies

Loss contingencies arising from claims, litigation, assessments, fines, penalties, etc., are provided for when it is probable that a liability may be incurred and the amount can be reliably estimated.

13. Retirement Benefits

Liability in respect of retirement benefits is provided and charged to the Profit & Loss Account as follows:

Gratuity – Liability in respect of Gratuity to employees is provided based on Actuarial valuation at the balance sheet date done by an Independent actuary.

Leave Encashment – Liability in respect of Leave Encashment is provided based on Actuarial valuation at the balance sheet date done by an Independent actuary.

Provident Fund – Provident Fund is administered through the Regional Provident Fund Commissioner and Company’s contribution is remitted accordingly.

14. Earnings per share(EPS)

The Company reports its Earning per share (EPS) in accordance with Accounting standard – 20.

II. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for:

	As at 30.06.2010 (Rs.)	As at 31.03.2010 (Rs.)
i) Bills Discounted with banks	328,545,604	243,961,947
ii) Bank Guarantees given by Banks	7,37,97,518	343,929,658
iii) Claims contested by the company	500,000	500,000
iv) Claims by Customs & Income Tax	NIL	NIL

2. Estimated amount of Contracts remaining to be executed on

	As at 30.06.2010 (Rs.)	As at 31.03.2010 (Rs.)
Capital account and not provided for (net of advances)	Nil	**Rs. 4,753,723**

3. Share capital

The company has during the financial year 2008-09 increased its authorized capital from 20,000,000 shares of 10/- each to 30,000,000 shares of Rs.10/- each pursuant to a resolution of the members of the company at the EGM held on 20th May 2008.

4. Security Premium

The paid up capital of the company stands increased in the financial year 2008-09 consequent to Issue and allotment of Shares under the Employees Stock purchase plan dated 20th May 2008 as stated below:

Sl.No	Date of Allotment of Shares	No. of Shares Allotted	Issue Price (Rs.10 + share premium) (Rupees)
1	20thMay 2008	64,250	Rs.50/- (Rs.10 + 40)

Consequent to the above the security premium account under Reserves & Surplus stands at Rs.159,705,000/- during the financial year 2008-09.

5. Secured Loans

Term Loans

a) Term Loans from IDBI Bank, Axis Bank and Punjab National Bank are secured by:

- first equitable mortgage and charge on all fixed assets, both present and future of the company situated at Survey No. 82,83, 92 - 95 & 107, Athvelly Village, Medchal Mandal, R.R.Dist.
- first equitable mortgage and charge on all fixed assets, both present and future of the company situated at Suvrey No. 41, Majidpally Village, Toopran Mandal, Medak District. Andhra Pradesh.
- further secured by second paripassu charge on entire current assets of the company.

b) Term Loan from Tata Capital Limited (TCL) taken on 30th Oct 2009 to fund the long term working capital requirement of the company. The loan is secured by unconditional and Irrevocable Personal Guarantees of Mr. Rajesh Agrawal and Mr. Mukesh Agarwal. Promoters have also pledged shares held by them in the company to the tune of 2.0 times of the loan amount till the time of satisfactory clearance of security documentation as prescribed by TCL. Post this, the 0.5 times of such shares pledged would be revoked back by TCL.

Further the above loan is secured by a charge on Land situated at Sy.No. 119, 120, 121 and 122 at athvelly village, Medchal Mandal, Ranga Reddy District admeasuring Ac.3.10 guntas.

Working Capital loans

a) The Company has entered into an Working Capital Consortium Agreement on 21 May 2010 with State Bank of India, Syndicate Bank, Axis Bank, Punjab National Bank, State Bank of Hyderbad and State Bank of Mysore with State Bank of India as the consortium leader. All the working capital limits are secured by first exclusive charge on stocks, receivables, spares (excluding spares for Plant and Machinery), consumables and other current assets of the Company, present and future. The above loans are further secured by Pari passu second charge on the entire fixed assets of our Company, both present and future.

All Term Loan (except Tata Capital Limited) & Working Capital Loans are further secured by:

- 30% pledge of equity shares of the company held by promoters as collateral security ranking paripasu
- Corporate guarantee of Agarwal Developers and I-Vantage India Private Ltd,
- Personal guarantees of Shri Rajesh Agrawal (Managing Director), Shri Rakesh Agarwal (Joint Managing Director) and Shri Mukesh Agarwal (Whole time Director) of the company

b) Credit facilities availed from SBI factors and commercial services Pvt.Ltd. towards factoring of purchase bills and receivables is to be secured by Hypothecation of the underlying material and receivables respectively and further guarantee by Shri Rajesh Agrawal (Managing Director), Shri Rakesh Agarwal (Joint Managing Director) and Shri Mukesh Agarwal (Whole time Director) of the Company in their personal capacity.

6. Un-Secured Loans

Short Term Loan from Punjab National Bank taken on 31st Dec 2009 to build up the Net working capital and for meeting the deficit on account of cash flow mismatches.

Mr. Rajesh Agrawal, Mr Rakesh Agarwal and Mr. Mukesh Agarwal have given personal security for the above loan by way of post dated cheque.

7. Details of Preoperative Expenditure – Included under Capital Work in Progress

Particulars	**2010-11 (June 10) (Amount in Rs.)**	**2009-10 (Amount in Rs.)**
Advertisement	NIL	NIL
Consultant Fees	NIL	NIL
Depreciation	NIL	NIL
Electricity Charges	NIL	NIL
Salaries & Wages (includes statutory contributions)	NIL	NIL
Processing Charges	NIL	NIL
Security Charges	NIL	NIL

Particulars	2010-11 (June 10) (Amount in Rs.)	2009-10 (Amount in Rs.)
Staff Welfare Expenses	NIL	NIL
Travel Expenses	NIL	NIL
Other Miscellaneous Expenses	NIL	NIL
Total	**NIL**	**NIL**

8. Micro, Small and Medium Enterprises Development Act

The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence names of Micro, Small and Medium Enterprises to whom the company owes any sum together with interest unpaid as on the date of balance sheet is not ascertainable.

9. Particulars of Managerial Remuneration (in Rupees)

	Year ended 30.06.2010				Year ended 31.03.2010			
Particulars	Managing Director *	Joint Managing*	Whole-time *	Executive Director	Managing Director	Joint Managing	Whole-time	Executive Director **
Salary/ Commission	9,00,000	6,00,000	6,00,000	6,55,000	24,65,000	24,00,000	24,00,000	16,45,000
Perquisites & other benefits	-	-	-	-	-	-	-	-
PF & other funds	-	-	-	-	-	-	-	-
Total	**9,00,000**	**6,00,000**	**6,00,000**	**6,55,000**	**24,65,000**	**24,00,000**	**24,00,000**	**16,45,000**

* The Board approved the payment of remuneration in the form of commission to the Managing Director, Joint Managing Director and the Whole-time Director. The same was fixed at 1% of Net profit after Tax but before Director Commission or the remuneration already fixed whichever is lower.
** Includes Rs. 1,023,387/- paid as Salary prior to becoming Executive Director of the Company.

10. Auditors' Remuneration

(In Rupees)

Particulars	Year ended 30-06-2010	Year ended 31-03-2010
Statutory Audit Fees	**37,500**	**150,000**
Tax Audit Fees	**12,500**	**50,000**
Certification & Others	**12,500**	**50,000**
Service Tax	**6,438**	**25,750**
Total	**68,938**	**275,750**

11. Related Party Disclosures:

I) List of Related parties with whom transactions have taken place and nature of relationship:

Subsidiary	BS InfraTel Ltd Sugan Automatics Private Limited

Key management personnel	Mr. Rajesh Agrawal Mr. Rakesh Agarwal Mr. Mukesh Agarwal Mr. D G Sohony (Executive Director w.e.f 12.01.2010)
Relatives of Key management personnel	Mrs. Reema Agarwal Mrs. Rakhee Agarwal Mrs. Shalini Agarwal Mrs. Shakuntala Devi Agarwal
Concerns in which Key management personnel have substantial interest - (significant interest entities)	Shivganga Infrastructures Ltd. Agarwal Developers I-Vantage India Pvt Ltd I-Vantage Apac Pvt.Ltd.

II) Aggregated related party transactions:

Sl. No	**Particulars**	**Key Management Personnel**		**Relatives of Key Management Personnel**		**Subsidiary & Associate Companies**	
		Current Year	Previous year	**Current Year**	Previous Year	**Current Year**	Previous Year
1.	Remuneration/ Commission	**2,100,000**	8,910,000	**-**	-		
2.	Advances given	**NIL**	730,058	**-**	-	**95,00,000**	20,618,000
3.	Advances received back	**NIL**	-	**-**	NIL	**-**	8,000,000
4.	Unsecured Loan taken/ (Repayment)	**6,75,000**	730,058	**(8,05,000)**	(400,000)	**-**	-
5.	Reimbursement of Expenses - paid	**-**	-	**-**	-	**8,02,519**	2,314,439
6.	Reimbursement of Expenses – received	**-**	-	**-**	-	**10,00,000**	3,398,166
7.	Share Purchase **	**-**	14,731,962	**-**	-	**-**	-
8.	Sales	**-**	-	**-**	-	**1,05,60,724**	81,350,018
9.	Interest paid/ (Received)	**-**	-	**-**	-	**(512,067)**	(197,206)

** Share purchase pertains to the Investment bought by the company in M/s Sugan Automatics Pvt Ltd from the promoters. The Investment was bought at the same price at which it was acquired by the promoters and as on date the amount is still payable by the company to the promoters for such purchase.

12. Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 is as under:

A. Capacity & Production:

	Year ended 31.03.2010 Delicensed	**Year ended 31.03.2009 Delicensed**
a) Licensed capacity *	**-**	**-**

	Year ended 31.03.2010 Delicensed	Year ended 31.03.2009 Delicensed
b) Installed capacity		
(As certified by the Management & relied upon by the auditors being a technical matter)		
Towers Manufacturing **	120000*	120000*
Integrated Structural Mill (Tonnes per annum)	90000*	90000*
Actual Production	16077	44839

* The Products manufactured by the company are under De-licensed category.
** Galvanizing Unit for 84000 MTPA is under commissioning.

B. Production/ Sales & Stock:

	As at 30.06.2010		As at 31.03.2010	
	Quantity (Tonnes)	Value (Rs. In Lacs)	Quantity (Tonnes)	Value (Rs. In Lacs)
A) Opening Stock of				
Goods	8407.615	3,480.18	3919.980	1,751.92
(Includes Traded Goods)	(1520.412)		(1325.213)	
B) Closing Stock of				
Goods	10,790.236	4,222.79	8407.615	3,480.18
(Includes Traded Goods)	(1505.252)		(1520.412)	
C) Production/ Dealt	16076.565	-	88353.899	-
D) Sales	9809.340	3674.13	83429.040	27,672.16
(Includes Traded Goods)	(235.550)		(43319.850)	

C. Raw Material Consumed:

	As at 30.06.2010		As at 31.03.2010	
	Quantity (Tonnes)	Value (Rs. In Lacs)	Quantity (Tonnes)	Value (Rs. In Lacs)
g) Raw Material Consumed *				
- Steel	3838.947	3439.95	39100.729	8,256.81

* There is no individual item of Raw Material consumed exceeding 10% of the total value of Raw Material Consumed

D. Value of Raw Material Consumed (Imported & Indigenous) and Components & Spare parts:

	As at 30.06.2010		As at 31.03.2010	
	%	Value in Lacs	%	Value in Lacs
h) Raw Material consumed				
Imported	0.00	0.00	0.00	0.00
Indigenous	100.00	3,439.95	100.00	8,256.81
Total	100.00	3,439.95	100.00	8,256.81
i) Value of Imported				
Components & Spare parts	NIL	NIL	NIL	NIL

13. Earning per Share (EPS)

The Basic and Diluted EPS is Calculated as under:

Particulars	**June30th 2010**	**March 31st 2010**
a) Profit after Tax during the year (Rs.)	**134,217,036**	**240,608,945**
b) Earnings available to Equity Shareholders for Basic & Diluted EPS(Rs.)	**134,217,036**	**240,955,900**
c) Weighted average Number of Shares taken for computation of EPS		
- Basic	**14,199,250**	**14,199,250**
- Diluted	**14,199,250**	**14,199,250**
d) Earning per Share (b/a)		
- Basic	**9.45**	**16.97**
- Diluted	**9.45**	**16.97**
e) Nominal Value per Share	**10**	10

14. Deferred Taxation

Deferred Tax is accounted in respect of the timing difference on a Liability method. Deferred Tax asset has been recognized to the extent of virtual certainty of its realization.

(Rupees)

Particulars	**Deferred Tax Asset/ (Liability) as on 30.06.2010**	**Deferred Tax Asset/ (Liability) as on 31.03.2010**
Deferred Tax Liability on account of timing difference in		
i) Depreciation	**(45,006,527)**	**(43,249,441)**
Deferred Tax Asset on account of timing difference in		
i) Provision for Leave Encashment & Gratuity	**1,236,926**	**1,105,717**

15. Employee Benefits:

A. Defined Benefit Plan

The cost of providing benefits i.e gratuity is determined using the Projected Unit Credit Method with actuarial valuation carried out as at the balance sheet date. Actuarial gains or losses are recognized immediately in Profit and Loss Account.

The fair value of plan assets is reduced from gross obligation under the defined benefit plan, to recognize the obligation on net basis.

Past service cost is recognized as expense on straight line basis over the average period until the benefit become vested.

Other Long term employee benefits viz., leave encashment is recognized as an expense in profit and loss account as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to profit and loss account.

Actuarial Valuation with respect to Defined Benefit Plans with regard to Gratuity and with respect to other long term employee benefits with regard to leave encashment is carried out at the end of each financial year. For the quarter ended 30 June 2010, the company has provided for liability towards gratuity and leave encashment on provisional basis.

B. Defined contribution plan

Amount recognized as an expense and included in schedule 20 under the head “contribution to provident and other funds” Rs.24,15,304 /- (Previous year Rs. 57,73,576/-).

16. Employee stock purchase plan (ESPP)

During the year 2008-09 the company announced a Employee stock purchase plan (ESPP) to its eligible employees as defined in employee stock purchase plan scheme approved by the shareholders at the Extraordinary General Meeting of the Company held on 20th May 2008. On 7th June 2008, 64,250 equity shares of Rs.10/- each at a price of Rs.50/- per share including premium of Rs.40/- per share were allocated to the eligible employees in terms of the scheme. The fair value of share as valued by the merchant banker as on 31st March 2008 is Rs.33.13 per share. Since, the fair value of the share is less than the allotted price; no disclosure is made for employee stock compensation as per the “Employee stock option scheme and Employee stock purchase scheme guidelines1999 (as amended) issued by securities and exchange board of India.

Details of information relating to ESPP are as below:

Sl. No	Particulars	
1	Rights attached to the allotted shares to eligible employees	- Rank pari-passu with existing shares and eligible for listing - right to receive dividend or the right to vote or to enjoy any other benefits
2	Lock - in period	- one year from the date of allotment
3	Fair value price estimated by the merchant bankers	Rs. 33.13 per share
4	Allotted price	Rs. 50/- per share (Face value of Rs.10/- each)
5	No.of Equity shares allotted during the year	64,250
6	Out standing no.of shares for allotment at the end of the year	---nil---
7	Employee stock compensation Expenses arising from allotment of shares under ESPP.	---nil---

17. During the financial year the Company has capitalized interest on Term Loans amounting to Rs. 26,949,570/- being the interest for the period prior to start of commercial production.

18. Segment Reporting

The Company’s main business segment is Manufacture of Telecom & Transmission elated towers, Turnkey Services and trading in steel and bought out items. Hence, separate disclosure as required under accounting standard – 17 “Segmental Reporting” is not considered.

19. Misc. Expenditure

Share issue expenses:

Expenditure related to the proposed public issue of shares amounting to Rs.12,021,877 (Previous Year ending 31st March 2010 – Rs. 10,020,038/-) will be written off / adjusted commencing with the year in which the Initial public offer (IPO) is completed.

20. Balances relating to Debtors, Creditors, Loans and Advances are subject to reconciliation & confirmation.

21. Details of Investments made :

Particulars	**June 30th 2010**	**March 31st 2010**
Land at Cherlapally	**54,60,820**	**54,60,820**
BS Infratel Limited	**4,99,400**	**4,99,400**
Sugan Automatics Private Limited	**2,23,47,092**	**2,23,47,092**

22. Cash Inflow/ Outflow in Foreign Currency

	30 June 2010	**31st March 2010**
Capital Purchases	**Rs .265,846**	Rs. 35,066,794/-

23. Figures for the previous year have been rearranged/ regrouped / recast wherever necessary to conform to the current year presentation/ classification.

24. Figures are rounded off to the nearest rupee.

ANNEXURE-III B

Notes to adjustments carried out in restated Financial Statements

(Rs. in lakhs)

Particulars	Quarter ended	For the year ended 31 March				
	30-Jun-10	**2010**	**2009**	**2008**	**2007**	**2006**
Net Profit after Tax but before Extra Ordinary Items & Prior Period Expenses	**1,342.17**	**2,406.09**	**1,243.19**	**1,405.40**	**259.98**	**21.67**
Adjustment in Preleminary Expenses - Add/ (Less)			-	3.68	0.02	(2.85)
Adjustment in Gratuity/Leave encashment - Add/ (Less)			(7.62)	8.13	(0.25)	(0.18)
Adjustedment in Tax - excess provision written back - Add/ (Less)		3.47	(1.23)	(19.69)	17.45	-
Adjustment in Deferred Tax - excess provision written back - Add/ (Less)		6.62	2.61	(9.40)	0.07	0.06
Adjusted Profit	**1,342.17**	**2,416.18**	**1,236.95**	**1,388.12**	**277.26**	**18.70**

Changes in Accounting Policy:

a) Pursuant to the Accounting Standard 15 (revised) on Employee benefits issued by The Institute of Chartered Accountant of India. The company has started providing for Gratuity from the year 2007-08 based on actuarial valuation.

b) The Company has changed Accounting policy for writing off of Preliminary expenses over a period of 5 years to writing off of expenses as and when incurred inline with Accounting Standard 26.

ANNEXURE-IV

Statement of Share Capital

(Rs. in Lakhs)

Particulars	Quarter ended	As at 31st March				
	30-Jun-10	2010	2009	2008	2007	2006
Issued , Subscribed and Paid Up Capital (Equity shares of Rs.10/- each)	1419.925	1,419.93	1,419.93	1,413.50	580.00	580.00
	1,419.93	**1,419.93**	**1,419.93**	**1,413.50**	**580.00**	**580.00**

ANNEXURE-V

Statement of Reserves and Surplus

Particulars	Quarter ended	As at 31st March				
	30-Jun-10	**2010**	**2009**	**2008**	**2007**	**2006**
Securities Premium Account	1,597.05	1,597.05	1,597.05	1,571.35	-	-
Profit and Loss Account	6,688.98	5,346.81	2,930.63	1,693.62	305.52	27.52
	8,286.03	**6,943.86**	**4,527.68**	**3,264.97**	**305.52**	**27.52**

ANNEXURE-VI

Statement of Dividend Paid

(Rs. in lakhs)

Particulars	Quarter ended	For the year ended 31 March				
	30-Jun-10	**2010**	**2009**	**2008**	**2007**	**2006**
Equity Share Capital (Rs. In Lakhs)	1419.925	1419.93	1,419.93	1,413.50	580.00	580.00
No. of Equity Shares of Rs.10 each (Rs. In Lakhs)	141.99	141.99	141.99	141.35	58.00	58.00
Rate of Dividend (%)			-	-	-	-
Interim (%)			-	-	-	-
Final (%)			-	-	-	-
Amount of Dividend on Equity Shares			-	-	-	-
Interim (Rs. In Lakhs)			-	-	-	-
Final (Rs. In Lakhs)			-	-	-	-
Total Dividend Tax (Rs. In Lakhs)			-	-	-	-

ANNEXURE-VII

Summary of Accounting Ratios

PARTICULARS	Quarter ended	For the year ended March 31				
	30-Jun-10	2010	2009	2008	2007	2006
Profit After adjustment before Extra ordinary items available to equity shareholders	1,342.17	2,409.56	1,236.95	1,388.11	277.25	18.70
Profit After adjustment after Extra ordinary items available to equity shareholders	1,342.17	2,416.18	1,236.95	1,388.11	277.25	18.70
Weighted average number of equity shares outstanding during the year - Basic EPS	141.99	141.99	141.87	136.61	116.00	65.98
Adjusted Weighted average number of equity shares outstanding during the year - Diluted EPS	141.99	141.99	141.87	136.61	294.96	71.84
Restated Net Worth	9,705.95	8,363.78	5,947.60	4,678.47	885.52	607.52
Basic Earning Per Share (before Extra ordinary items)	9.45	17.02	8.72	10.16	2.39	0.28
Basic Earning Per Share (after Extra ordinary items)	9.45	17.02	8.72	10.16	2.39	0.28
Diluted Earning Per Share (before Extra ordinary items)	9.45	16.97	8.72	10.16	0.94	0.26
Diluted Earning Per Share (after Extra ordinary items)	9.45	17.02	8.72	10.16	0.94	0.26
Net Assets Value Per Share (excluding revaluation reserve)	68.36	58.90	41.92	34.25	7.63	9.21
Return on Adjusted Net Worth (before Extra ordinary items & excluding revaluation reserve) (%)	14	29	21	30	31	3
Return on Adjusted Net Worth (after Extra ordinary items & excluding revaluation reserve) (%)	14	29	21	30	31	3

A. The ratios have been computed as below:

Earnings per Share (Rs.) =	Restated Net Profit / (Loss) after Tax and before extraordinary items Number of equity shares outstanding during the Period / year
Net Asset Value Per Share (Rs.) =	Restated Net Worth after adjustment of miscellaneous expenditures, to the extent not written off and after excluding revaluation reserve Number of Equity Shares Outstanding at the end of the period / year
Return on Net Worth (%) =	Rested Net Profit / (Loss) after Tax and before extraordinary items Restated Net Worth after adjustment of miscellaneous expenditures, to the extent not Written off and after excluding revaluation reserve.

B. Pursant to Amalgamation under a Scheme of arrangement merging B.S. Integrated Steel Products Pvt Ltd into the Company 140,000 shares in the ratio of 14:1 were allotted in the merged company during December 2007.

In the Extra-ordinary general meeting held on March 17, 2008 the shareholders have consented for isssuance of 14 equity shares of face value of Rs. 10 each as bonus shares fro every one share held by the Equity shareholders of the Company whoes name appear in the register of members as on the record date, by capitalisation of Securities Premium account. Subsequently, the Board of Directors by resolution on March 17, 2008 have alloted the said Bonus shares. Consequently, the calculations of basic and diluted earnings per share have been adjusted.

ANNEXURE-VIII

Capitalisation Statement

(Rs. in lakhs)

Particulars	Quarter ended	As at 31 March					
	30-Jun-10	2010	2009	2008	2007	2006	Post Issue *
Debt:							
Short Term Debt	3,513.98	3,546.30	50.30	-	-	17.45	
Long Term Debt	18,404.43	16,684.26	8,265.11	6,258.56	4,136.32	605.11	
Shareholders Funds:							
Share Capital	1,419.93	1,419.93	1,419.93	1,413.50	580.00	580.00	
Reserve & Surplus	8,286.03	6,943.86	4,527.68	3,264.97	305.52	27.52	
Total Shareholders Funds	**9,705.95**	**8,363.78**	**5,947.60**	**4,678.47**	**885.52**	**607.52**	
Long Term Debt/Equity	1.89:1	1.99:1	1.39:1	1.34:1	4.62:1	0.996:1	

Note:
1. This is not a part of Auditor's report but has been separately certified by the Auditor's. The figures disclosed above are based on the restated financial Statement of the Company.

* Since the share price of the Issue is not known, the post issue position has not been presented

ANNEXURE-IX

Statement of Loans (Secured & Unsecured Loans)

(Rs. in lakhs)

Particulars	Quarter ended	As at 31 March				
	30-Jun-10	2010	2009	2008	2007	2006
(A) SECURED LOANS						
Term Loan from Banks (Secured against the receivables)	6,301.19	6,730.19	1,410.00	1,786.00	1,780.00	-
Cash Credit Limits from Banks (Secured against the receivables)	10,924.67	8,700.75	5,687.51	4,449.08	2,347.70	600.87
Purchase Bill Factoring	1099.29426	1,099.39	1,101.16			
Overdraft against Term Deposit (Secured against FDR pledged with Bank)			-	-	-	-
Vehicle Loan (hypothecation of vehicle)	2.18199	4.32	12.94	23.48	8.62	4.24
Interest Accrued and due on above	77.09546	149.60	53.50	-	-	-
Sub Total (A)	**18,404.43**	**16,684.26**	**8,265.11**	**6,258.56**	**4,136.32**	**605.11**
(B) UNSECURED LOANS						
a) Loans taken from Promoter / Group companies & associated companies	13.98	46.30	50.30	-	-	-
b) Others	3500	3,500.00		-	-	17.45
Sub Total (B)	**3,513.98**	**3,546.30**	**50.30**	-	-	**17.45**
Grand Total (A+B)	**21,918.41**	**20,230.56**	**8,315.41**	**6,258.56**	**4,136.32**	**622.56**

ANNEXURE – X

CASH FLOW STATEMENT, AS RESTATED

The cash flows statement of the Company for the quarter ended June 30, 2010 and financial year ended March 31 2010, 2009, 2008, 2007 and 2006 are set out below:

(Rs. in lakhs)

PARTICULARS	Quarter ended	For the year ended March 31				
	30-Jun-10	2010	2009	2008	2007	2006
A. Cash Flow from Operating Activities :						
Net Profit Before Tax and after Extraordinary items	2,009.75	3,665.96	1,903.62	2,129.23	380.50	36.72
Adjustments for:						
Depreciation	266.51	553.38	338.63	362.60	35.93	3.09
Miscellaneous Expenditure written off			-	-	1.81	3.84
Interest Paid	705.21	1,864.10	1,261.11	771.49	224.11	8.28
Interest Received	(12.05)	(33.69)	(38.20)	-	-	-
Profit on Sale of Fixed Assets	-	-	(0.04)	-	-	-
Loss on Sale of Fixed Assets	-	0.93	0.35	-	-	-
Bad Debts Written off	-	8.83	10.52	-	-	-
Operating profit before working Capital Changes	**2,969.42**	**6,059.49**	**3,476.00**	**3,263.32**	**642.35**	**51.93**
Increase / Decrease :						
Loans & Advances (Assets)	(1,147.77)		(444.37)	586.16	(625.05)	(252.29)
Other Current Assets	(4,514.24)	(18,321.50)	2,406.31	(7,912.99)	(4,767.16)	(1,863.59)
Current Liabilities & Provisions	1,757.96	9,637.53	(2,359.20)	2,900.82	2,578.49	1,201.26
Other Loans and Advances			-	-	(17.45)	(291.12)
Cash outflow from Operations	**(934.63)**	**(2,624.49)**	**3,078.73**	**(1,162.70)**	**(2,188.83)**	**(1,153.80)**
Advance Income Tax Paid	-	(617.56)	(374.00)	(307.74)	(24.07)	(7.87)
Fringe Benefit Tax Paid	-	-	-	(0.87)	(0.98)	-
Net Cash flow from Operating Activities(A)	**(934.63)**	**(3,242.05)**	**2,704.73**	**(1,471.31)**	**(2,213.88)**	**(1,161.67)**
B. Cash Flow From Investing Activities :						
Purchase of Fixed Assets	(349.60)	(5,937.89)	(3,068.74)	(290.28)	(2,758.34)	(0.06)
Increase in Creditors for Capital Goods	171.70	(71.97)	(309.33)	-	-	-
Purchase of Investments	-	(223.47)	(5.39)	(54.23)	-	-
Interest received	12.05	33.69	38.20	-	-	-
Sale of Fixed Assets	-	1.66	0.67	-	-	-
Preliminary expenses at the beginning of the year	(20.02)	(12.11)	(88.09)	-	-	(3.85)
Prior Year Expenses		-	-	-	-	-
Net Cash flow from Investing Activities (B)	**(185.86)**	**(6,210.08)**	**(3,432.68)**	**(344.51)**	**(2,758.34)**	**(3.91)**
C. Cash Flow from Financing Activities :						
Issue of Share Capital	0		32.13	2,377.85	-	579.00
Share Application Money	0		-	(1,775.65)	1,730.04	(3.40)

Raising of Term Loans from Banks	1,687.85	11,915.15	2,056.85	2,122.24	3,531.21	598.55
Interest Paid	(705.21)	(1,864.10)	(1,261.11)	(771.49)	(224.11)	(8.28)
Net Cash in-flow from Financing Activities (C)	**982.64**	**10,051.05**	**827.86**	**1,952.95**	**5,037.14**	**1,165.87**
Net Increase / Decrease in Cash & Cash Equivalents(A+B+C)	**(137.85)**	**598.92**	**99.95**	**137.11**	**64.94**	**0.24**
Cash & Cash Equivalents at the beginning of the period	901.39	302.47	202.52	65.41	0.45	0.21
Cash & Cash Equivalents as at end of the period	763.54	901.39	302.47	202.52	65.41	0.45
Net Increase / Decrease in Cash & Cash Equivalents	**(137.85)**	**598.92**	**99.95**	**137.11**	**64.96**	**0.24**

ANNEXURE – XI

Statement of Current Liabilities & Provisions

(Rs. in lakhs)

S.No.	Particulars	Quarter ended	As at 31st March				
		30-Jun-10	**2010**	**2009**	**2008**	**2007**	**2006**
A	**Current Liabilities**						
	Sundry Creditors						
	Due to Small Scale Industries Undertakings			-	-	-	-
	Due to Others	13,368.38	11,562.91	3,395.02	6,667.92	3,820.32	1,020.21
	Due to Customers	730.64	593.74	272.14	11.12	0.91	175.98
	Creditors for Capital Goods	209.59	381.30	309.32	-	-	-
	Book Overdraft in current Account with Banks		5.27	-	181.28	22.49	162.86
	Other Liabilities	1,471.74	1,311.58	288.06	54.80	171.18	88.23
	Total	**15,780.36**	**13,854.80**	**4,264.54**	**6,915.12**	**4,014.91**	**1,447.28**
B	**Provisions**						
	Provision for Taxation	2,927.32	2,276.00	1,442.47	802.10	85.62	23.25
	Provision for FBT	13.56	13.56	11.35	5.65	2.70	1.00
	Provision for Gratuity	1.04	7.31	5.39	1.87	0.33	0.22
	Provision for Leave Encashment	8.16	25.22	7.57	6.38	0.18	0.06
	Provision for Wealth Tax	28.48	1.04	0.60	-	-	-
	Total	**2,978.56**	**2,323.13**	**1,467.38**	**816.00**	**88.83**	**24.52**
	Total Rs.	**18,758.91**	**16,177.93**	**5,731.92**	**7,731.12**	**4,103.74**	**1,471.80**

ANNEXURE-XII

Statement of Other Income

(Rs. in lakhs)

Particulars	Quarter ended	For the year ended 31 March				
	30-Jun-10	2010	2009	2008	2007	2006
A. On Investment/Deposits Operations						
Interest on Deposits	12.05	29.17	18.10	6.54	2.41	-
Interest on Govt. Securities			-	-	-	-
B. Other Income						
Interest on staff advances			-	-		
Miscellaneous Income	0.08	25.40	21.04	19.25	45.09	37.60
Interest on Delayed payments		4.53	20.10	238.72	49.22	6.26
Excess Provision written Back	0.03	43.39	-	-	-	-
Rent Received			-	66.20	38.98	-
Provision of fall in value of investments in venture fund written back			-	-	-	-
Total	**12.16**	**102.48**	**59.24**	**330.71**	**135.70**	**43.86**

Note:
1. The above income does not include any significant non-recurring items.

ANNEXURE-XIII

STATEMENT OF TAX SHELTERS

The statement of tax shelters of the Company as restated for the quarter ended June 30, 2010 and year ended march 31,2010, 2009, 2008, 2007 and 2006 is as set out below:

(Rs. in lakhs)

Particulars	**As at 31st march**						
		30-Jun-10	**2010**	**2009**	**2008**	**2007**	**2006**
Tax Rate including the Surcharge		33.22%	33.99%	33.99%	33.99%	33.66%	33.66%
Profits before Tax as per Restated	**A**	2,009.76	3,665.96	1,903.62	2,129.23	380.50	36.72
Tax at Notional Rate	**B**	667.59	1,246.06	647.04	723.73	128.08	12.36
Adjustments							
Permanent Differences	**C**						
Other adjustments		**0**	3.68	**-**	4.60	0.17	-
Total of C		-	3.68	**-**	4.60	0.17	-
Timing Difference	**D**						
Difference between Book and Tax Depreciation		(48.92)	(1,105.80)	(2.82)	(1.97)	(323.11)	1.25
Other adjustments			20.50	12.96	22.49	(2.58)	14.38
Total of D		**(48.92)**	**(1,085.31)**	**10.14**	**20.52**	**(325.69)**	**15.63**
Net Adjustments	**E= C+D**	**(48.92)**	**(1,081.63)**	**10.14**	**25.12**	**(325.52)**	**15.63**
Tax Savings thereon(E*Tax rate)		(16.25)	(367.65)	3.45	8.54	(109.57)	5.26
Total taxation		651.34	878.41	650.49	732.26	18.51	17.62

Note:
1. There are no extra ordinary items which is having impact on tax shelter computation.

ANNEXURE - XIV

Statement showing Sundry Debtors Age wise analysis

(Rs. in lakhs)

		Quarter ended	As at 31st March				
S.No.	**Particulars**	**30-Jun-10**	**2010**	**2009**	**2008**	**2007**	**2006**
a]	Greater than 6 Months	3,976.23	2,684.40	2,056.45	1,480.57	712.68	306.57
b]	Less than 6 Months	20,709.80	18,956.52	7,546.43	9,434.02	5,524.39	2,038.32
c]	Unbilled Revenue	92.01	111.70	215.07	-	-	-
	Total Rs.	**24,778.04**	**21,752.62**	**9,817.95**	**10,914.59**	**6,237.07**	**2,344.89**

ANNEXURE - XV

Statement of Loans & Advances

(Rs. in lakhs)

		Quarter ended	As at 31st March				
S.No.	**Particulars**	**30-Jun-10**	**2010**	**2009**	**2008**	**2007**	**2006**
a]	Advances recoverable in Cash or kind for value to be received	4,629.14	3,642.73	491.82	130.16	846.02	273.91
b]	Others	2,395.21	2,233.85	987.90	531.19	92.88	14.89
	Total Rs.	**7,024.35**	**5,876.58**	**1,479.72**	**661.35**	**938.90**	**288.80**

ANNEXURE - XVI

Statement showing Related parties transactions

			Quarter Ended		As at 31st March									
S. No.	Party Name	Nature of Relationship	30-Jun-10		2010		2009		2008		2007		2006	
			Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.
1	**Purchases**													
	BS Integrated Steel Products Pvt Ltd	Promotor Group Company			-	-	-	-	-	-	-	-	186,811	186,811
	Abhishek Steels Limited	Promotor Group Company			-	-	-	-	-	-	47,978,067	-	75,988,667	4,035,392
	Gautam Rolling Mills Pvt Ltd	Promotor Group Company			-	-	-	-	-	-	977,426	-	37,569	-
	Yash Ispat Pvt Ltd	A Company in which relative of Director is Interested			-	-	-	-	-	-	-	-	-	-
2	**Interest Paid**													
	BS Integrated Steel Products Pvt Ltd	Promotor Group Company			-	-	-	-	-	-	-	-	-	-

			Quarter Ended		As at 31st March									
S. No.	Party Name	Nature of Relationship	30-Jun-10		2010		2009		2008		2007		2006	
			Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.
	Vrinda Agencies	Promotor Group Firm			-	-	-	-	-	-	-	-	-	-
	Rajesh Agrawal	Promotor			-	-	-	-	-	-	1,103,398	978,383	-	-
3	**Remuneration**													
	Rakesh Agrawal	Promotor	-	(1,326,357)	2,400,000	(1,326,357)	1,000,000	-	1,500,000	-	600,000	-	480,000	383,814
	Mukesh Agrawal	Promotor	-	(1,612,645)	2,400,000	(1,612,645)	1,000,000	-	1,500,000	150,050	600,000	-	480,000	413,190
	Rajesh Agrawal	Promotor	-	(1,328,558)	2,465,000	(1,328,558)	1,500,000	504,537	2,100,000	1,393,463	600,000	-	-	-
	Brig. Arun Kumar Sharma	Executive Director			-	-	5,287,800	-	2,212,200	419,072	-	-	-	-
	D G Sohoney *	Executive Director	655,000	655,000	1,645,000	-	-	-	-	-	-	-	-	-
4	**Share application Money**													
	Rakesh Agrawal	Promotor			-	-	8,524,754	-	-	-	-	-	-	-
	Brig. Arun Kumar Sharma	Executive Director			-	-	200,000	-	-	-	-	-	-	-
5	**Unsecured Loan taken by Co.,**													
	Rakesh Agrawal	Promotor	6,298,000	(3,102,000)	-	-	5,085,000	-	-	-	-	-	-	-
	Rakesh Agrawal -	Promotor			-	-	200,000	-	-	-	-	-	-	-

			Quarter Ended		As at 31st March									
S. No.	Party Name	Nature of Relationship	30-Jun-10		2010		2009		2008		2007		2006	
			Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.
	HUF													
	Mukesh Agrawal	Promotor	2,427,000	(973,000)	-	(3,400,000)	3,450,000	(3,400,000)	-	-	-	-	-	-
	Mukesh Agrawal - HUF	Promotor	-	(225,000)	-	(225,000)	225,000	(225,000)	-	-	-	-	-	-
	Rajesh Agrawal - HUF	Promotor	-	(200,000)	-	(200,000)	200,000	(200,000)	-	-	-	-	-	-
	Rakhee Agrawal	Relative of the Director			200,000	-	200,000	(200,000)	-	-	-	-	-	-
	Shalini Agrawal	Relative of the Director			200,000	-	200,000	(200,000)	-	-	-	-	-	-
	Shakuntala Devi Agarwal	Relative of Director	805,000	-	-	(805,000)	805,000	(805,000)	-	-	-	-	-	-
	I-Vantage Apac Pvt Ltd	Promotor Group Company		(90,000)	-	(90,000)	-	(90,000)	-	(90,000)	(90,000)	(90,000)	-	-
6	**Unsecured Loan Given by Co.,**													
	Sugan Automatics Private Limited	Subsidary	11,523,686	22,309,171	15785485**	12785485**	-	-	-	-	-	-	-	-
7	**Share Purchases**													
	Rakesh Agrawal	Promotor		(4,910,654)	4,910,654	(4,910,654)	-	-	-	-	-	-	-	-
	Mukesh	Promotor	-	(4,910,6	4,910,65	(4,910,6	-	-	-	-	-	-	-	-

			Quarter Ended		As at 31st March											
S. No.	Party Name	Nature of Relationship	30-Jun-10		2010		2009		2008		2007		2006	
			Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.
	Agrawal			54)	4	54)								
	Rajesh Agrawal	Promotor	-	(4,910,654)	4,910,654	(4,910,654)	-	-	-	-	-	-	-	-
8	**Delayed Payment Charges Paid**													
	Abhishek Steels Limited	Promotor Group Company			-	-	-	-	-	-	229,059	-	582,362	-
9	**Salaries / (Advance Given)**													
	Rakhee Agrawal	Relative of the Director			-	-	55,000	-	(55,000)	(55,000)	180,000	-	(55,000)	-
	Reema Agrawal	Relative of the Director			-	-	55,000	-	(55,000)	(55,000)	180,000	-	(55,000)	-
	Shalini Agrawal	Relative of the Director			-	-	-	-	-	-	180,000	-	-	-
10	**Professional Charges**													
	Brig. Arun Kumar Sharma	Executive Director			**98,939**	-	1,117,664	(247,348)	-	-	-	-	-	-
11	**Advance (given)/Taken**													
	Shivganga Infrastructures Ltd.	Promotor Group Company			5,000,000	-	4,500,000	-	(4,500,000)	(4,500,000)	(19,502,806)	-	-	-
	Agrawal	Promotor			-	-	7,000,	-	(20,000,	-	(25,138,	-	3,500,0	-

S. No.	Party Name	Nature of Relationship	Quarter Ended 30-Jun-10 Trans. Amount	Quarter Ended 30-Jun-10 Amount O/s.	As at 31st March 2010 Trans. Amount	2010 Amount O/s.	2009 Trans. Amount	2009 Amount O/s.	2008 Trans. Amount	2008 Amount O/s.	2007 Trans. Amount	2007 Amount O/s.	2006 Trans. Amount	2006 Amount O/s.
	Developers	Group Firm					000		000)		200)		00	
12	**Reimbursement of Expenses**													
	I-Vantgae India Pvt Ltd	Promotor Group Company	1,272,488	321,928	2,314,439	(7,622)	487,148	(480,816)	-	-	-	-	-	-
	BS InfraTel Ltd	Subsidary	-	10,000	10,000	10,000	-	-	-	-	-	-	-	-
	Sugan Automatics Private Limited	Subsidary	570	3,406,570	3,406,000	3,406,000	-	-	-	-	-	-	-	-
13	**Sales**													
	Sugan Automatics Private Limited	Subsidary	10,560,724	91,910,742	81,350,018	81,350,018	-	-	-	-	-	-	-	-
14	**Share Capital**													
	BS InfraTel Ltd	Subsidary			-	-	499,400	-	-	-	-	-	-	-
	Sugan Automatics Private Limited	Subsidary			22,347,092	-	-	-	-	-	-	-	-	-

*Includes Rs. 1,023,387/- paid as Salary prior to becoming Executive Director of the Company.

** Includes Rs. 1,97,206 interest charged by BS Transcomm to Sugan Automatics Private Limited

ANNEXURE - XVII

Statement of Contingent Liabilities

(Rs. in lakhs)

		Quarter ended	As at 31st March				
S.No.	Particulars	30-Jun-10	2010	2009	2008	2007	2006
1	Bills Discounted and Counter Guarantees given to Banks	3,285.46	2,439.62	1,989.47	2,500.00	50.00	NIL
2	Banks Guarantees given by Banks	737.98	3,439.30	608.99	9.20	NIL	NIL
3	Claims Contested by the Company	5.00	5.00	5.00	5.00	NIL	NIL
4	Claims by customs & Income tax	NIL	NIL	NIL	NIL	NIL	NIL
	Total Rs.	**4,028.43**	**5,883.92**	**2,603.46**	**2,514.20**	**50.00**	**NIL**

ANNEXURE - XVIII

Statement of Expenses

(Rs. in lakhs)

		Quarter ended	As at 31st March				
S.No.	**Particulars**	**30-Jun-10**	**2010**	**2009**	**2008**	**2007**	**2006**
1	Materials Consumed	4,089.45	26,118.08	28,159.46	38,945.02	19,205.67	13,381.02
2	Staff Cost	454.72	647.48	405.95	270.99	37.39	14.06
3	Employees Benefit Expenses	29.02	71.68	47.30	7.75	0.25	0.18
4	Other Manufactuiring Costs:	**9,736.58**	**20,315.07**	**1,175.44**	**1,005.87**	**150.02**	**85.91**
	Crane Hire Charges	2.66	7.36	7.52	4.67	-	-
	Power & Fuel	52.07	111.66	31.90	23.86	5.63	-
	Subcontractor Charges	9,366.48	19,462.41	665.47	216.35	80.55	
	Transportation Charges	9.18	13.31	31.74	60.03	30.25	19.82
	Excise Duty on Finished Goods	102.81	178.91	(56.76)	132.30	25.45	-
	Freight, Loading & Unloading Charges	65.05	238.02	187.60	206.20	-	66.09
	Job Work & Labour charges	132.15	286.58	293.12	354.86	3.05	-
	Repairs & Maintenance -Building	0.55	2.21	1.97	1.82		
	Repairs & Maintenance -Plant & Machinery	3.59	5.41	3.01	1.79	5.09	-
	Other Charges	2.05	9.22	9.87	3.98		
5	Administration & Selling Expenses Add Prior year adjustment (net)	184.73	693.22	803.57	268.61	69.30	27.01
6	Miscellaneous Expenditure written off	-	-	-	-	1.81	3.84
7	Interest						
	Interest on Term Loan	238.10	298.17	194.07	223.86	-	-
	Others	427.97	1,250.14	983.66	534.89	222.00	0.27
	Bank & Financial Charges	39.14	315.79	83.37	12.74	2.11	8.01
8	Depreciation	266.51	553.38	338.83	362.60	35.93	3.09
	Total Expenses	**15,466.22**	**50,263.02**	**32,191.66**	**41,632.33**	**19,724.48**	**13,523.38**

ANNEXURE - XIX

Statement of Deferred Tax Asset / Liability

	Quarter ended	As at 31st March				
Particulars	**30-Jun-10**	**2010**	**2009**	**2008**	**2007**	**2006**
Deferred Tax Asset						
Leave encashment and gratuity as per actuary:						
- Provision for Leave encashment	310,000	1,765,194	124,482	615,137	11,735	5,801
- Provision for Gratuity	85,000	191,842	351,888	153,844	11,579	11,951
Profit / Loss on sale of Fixed Assets		(36,362)				
Difference	395,000	1,920,674	476,370	768,981	23,314	17,752
Tax rates	33.22%	33.99%	33.99%	33.99%	33.65%	33.66%
Deferred Tax Asset to Recognize	131,209	652,725	161,918	261,377	7,845	5,975
Deferred Tax Liability						
Depriciation						
Depreciation as Companies Act		55,337,526	33,882,620	36,259,364	3,592,627	307,965
Depreciation as per IT Act		165,917,901	33,600,502	38,547,662	18,415,636	182,693
Difference	**(5,289,640)**	**(110,580,375)**	**282,118**	**(2,288,298)**	**(14,823,009)**	**125,272**
Deferred Tax Liabilty to Recognize	(1,757,086)	(37,586,269)	95,892	(777,792)	(4,987,738)	42,167
<u>Treatment in Financial statements:</u>						
a) Net DTA/ (DTL) to be credited / (debited) to P&L a/c	**(1,625,877)**	**(36,933,544)**	**257,810**	**(516,416)**	**(4,979,893)**	**48,142**
b) DTA / (DTL) in Balancesheet	**43,769,611**	**(42,144,601)**	**(5,211,057)**	**(5,468,867)**	**(4,952,451)**	**27,442**
Amount debited / credited in P&L Standalone	1,625,877	37594610	2970	-423647	4987738	-42167
Amount to be adjusted as per restated	(0)	661,066	260,780	(940,063)	7,845	5,975

ANNEXURE – XX

DETAILS OF FIXED ASSETS

Particulars	**As at June 30, 2010**			**As at March 31, 2010**			**As at March 31, 2009**			**As at March 31, 2008**			**As at March 31, 2007**			**As at March 31, 2006**		
	Gross	**Acum. Depn**	**Net**	**Gross**	**Acum. Depn**	**Net**	**Gross**	**Acum. Depn**	**Net**	**Gross**	**Acum. Depn**	**Net**	**Gross**	**Acum. Depn**	**Net**	**Gross**	**Acum. Depn**	**Net**
Freehold Land	622.39	0	622.39	622.39	-	622.39	598.98	-	598.98	166.16	-	166.16	68.99	-	68.99	-	-	-
Buildings	4,398.43	437.33	3,961.10	4,398.26	335.60	4,062.66	893.30	176.54	716.76	893.30	96.90	796.40	890.30	8.42	881.88	-	-	-
Plant & Machinery	6,521.00	977.64	5,543.36	6,520.34	823.18	5,697.15	1,809.51	469.62	1,339.88	1,769.32	255.98	1,513.34	1,658.92	19.18	1,639.75	-	-	-
Factory Equipments	89.47	33.27	56.21	89.47	31.24	58.23	89.47	21.83	67.64	79.91	11.05	68.86	69.22	0.65	68.57	-	-	-
Furniture & Fixtures	46.08	15.75	30.33	39.83	14.60	25.23	30.63	10.92	19.70	25.66	6.70	18.95	23.07	2.81	20.26	3.74	1.22	2.52
Computers	64.80	29.72	35.08	61.02	25.86	35.16	33.59	16.19	17.40	30.71	4.82	25.89	4.38	0.63	3.75	0.55	0.28	0.27
Office Equipments	37.50	11.26	26.25	36.68	10.33	26.35	33.20	6.04	27.16	11.78	2.94	8.85	5.65	0.21	5.45	0.34	0.10	0.24
Vehicles	93.53	54.82	38.71	93.53	52.48	41.05	86.37	40.57	45.79	85.99	24.70	61.29	52.02	8.61	43.42	9.59	2.97	6.62
Total	**11,873.21**	**1,559.80**	**10,313.42**	**11,861.52**	**1,293.29**	**10,568.23**	**3,575.04**	**741.72**	**2,833.32**	**3,062.84**	**403.09**	**2,659.74**	**2,772.56**	**40.50**	**2,732.06**	**14.22**	**4.58**	**9.65**

AUDITOR'S REPORT

To
The Board of Directors,
BS TransComm Limited,
504, 5th Floor, Trendset Towers,
Road No.2, Banjara Hills,
Hyderabad – 500 034.

Dear Sirs,

1) We have examined the attached financial information of BS TransComm Limited ("the Company"),and its subsidiaries (collectively referred as Group) as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 28th April, 2010 in connection with the proposed issue of Equity shares of the Company.

2) We have examined the attached " Consolidated Restated Summary Consolidated Statement of Assets and liabilities" of the Group as on June 30,2010, 31st March 2010 and 2009 (Annexure I) and attached "Consolidated Restated Summary Consolidated Statement of Profit and Loss "(Annexure II) for the period ended June 30,2010, 31st March 2010 and 2009.These information have been extracted from the financial statements of the Group as of and for the period / year ended 30th June 2010, 31st March 2010 and March 2009 and have been approved / adopted by the board of directors / members for the repective period / year.Audit for the period ended 31st March 2009 was conducted by M/s Bhaskar Rao & Co. , for the year ended 31st March 2010 and for the period ended 30th June 2010 was conducted by us.

(d) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

(e) Adjustments for the material amounts in the respective financial years to which they relate.

(f) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

3) We did not audit the financial Consolidated Statement of one of the Subsidiary whose financial statements reflect total assets of Rs.1,788 lac as at 30th June st 2010, total revenue of Rs. 24 lac and net Cash out flows amounting to Rs.28 Lac for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to these amounts included in respect of one of the subsidiary is based solely on the report t of the other auditors.

4) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

(f) The "Consolidated Restated Summary Consolidated Statement of Assets and Liabilities" of the Company, including as at March 31, 2009 examined and reported upon by M/s M.Bhaskara Rao & Co on which reliance has been placed by us, as at March 31, 2010 and 30th June 2010 examined by us, as set out in Annexure-I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (Refer Annexure-III A&B).

(g) The "Consolidated Restated Summary Consolidated Statement of Profit or Loss" of the Company for the years then ended, including for the year ended March 31, 2009 examined by M/s M.Bhaskara Rao & Co, and who have submitted their report on which reliance has been placed by us and for the year ended March 31, 2010 and for the period ended 30th June 2010 examined by us, as set out in Annexure-II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure-III A&B).

(h) Based on above and also as per the reliance placed on the Reports submitted by the previous auditors, M/s. M.Bhaskara Rao & Co for the respective year, we are of the opinion that the restated financial information have been made after incorporating:

(i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods.

(ii) Adjustments for the material amounts in the respective financial years to which they relate.

(iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

(i) We have also examined the following other financial information setout in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the year ended March 31 2010 and 30th June 2010. In respect of the years ended March 31 2009 the information have been included based upon the Reports submitted by previous auditors M.Bhaskara Rao & Co for the respective years and relied upon by us.

(i) Consolidated Statement of Assets & Liabilities included in Annexure – I.

(ii) Consolidated Statement of Profit & Loss Account included in Annexure – II.

(iii) Consolidated Statement of Accounting Policies included in Annexure – IIIA.

(iv) Consolidated Statement of Notes to adjustments carried out included in Annexure – IIIB.

(v) Consolidated Statement of Share Capital included in Annexure – IV.

(vi) Consolidated Statement of Reserves and Surplus included in Annexure – V.

(vii) Consolidated Statement of Dividend paid/proposed included in Annexure – VI.

(viii) Consolidated Statement of Accounting Ratios included in Annexure-VII.

(ix) Consolidated Statement of Capitalization as at June , 2010 included in Annexure-VIII.

(x) Consolidated Statement of Secured and Unsecured Loans included in Annexure- IX.

(xi) Consolidated Cash Flow Statement in Annexure – X.

(xii) Consolidated Statement of Current Liabilities & Provisions included in Annexure- XI.

(xiii) Consolidated Statement of Other Income included in Annexure - XII.

(xiv) Consolidated Statement of Tax Shelter included in Annexure- XIII.

(xv) Consolidated Statement of Sundry Debtors included in Annexure- XIV.

(xvi) Consolidated Statement of Loans and Advances included in Annexure- XV.

(xvii) Consolidated Statement of Related Parties included in Annexure – XVI.

(xviii) Consolidated Statement of Contingent Liabilities included in Annexure- XVII.

(xix) Consolidated Statement of Expenses included in Annexure- XVIII.

(xx) Consolidated Statement of Deferred Tax Assets / Liability included in Annexure- XIX.

(xxi) Consolidated Statement of Fixed Assets included in Annexure- XX.

In Our opinion the financial information contained in Annexure I to XX of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexure III A & B) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part II (B) of Schedule II of the Act and the SEBI Guidelines.

5) Our Report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company and our report should not be used for any other purpose except with our prior written consent.

FOR P.MURALI & CO.,
CHARTERED ACCOUNTANTS

(M V JOSHI)
PARTNER
M NO. 024784
Firm Reg. No. 007257S

Date: 12-08-2010
Place: Hyderabad

ANNEXURE-I

Consolidated Restated Statement of Assets and Liabilities

The Consolidated Statement of Assets and Liabilities of the Company, as restated as at quarter ended June 30, 2010 and year ended March 31, 2010 and 2009 is as set out below:

(Rs. in Lakhs)

	Quarter ended	As at 31st March	
Particulars	**30-Jun-10**	**2010**	**2009**
ASSETS			
A. Fixed Assets			
Gross Block	12,219.14	12,168.37	3,575.04
Less: Depreciation	1,591.95	1,321.50	741.72
Net Block	**10,627.19**	**10,846.87**	**2,833.32**
Less: Revaluation Reserve			-
Capital Work-in-progress (Include advances)	562.59	202.56	2,555.55
Net Block after adjustment of Revaluation Reserve	**11,189.79**	**11,049.43**	**5,388.87**
B. Investments	54.61	54.61	54.61
C. Current Assets, Loans & Advances			
Inventories	7,776.26	6,211.80	2,850.45
Sundry Debtors	24,147.89	21,222.71	9,817.95
Cash & Bank Balances	778.36	943.74	307.02
Loans & Advances	6,927.03	5,846.59	1,479.72
Other Current Assets	139.63	121.78	59.89
Total Current Assets	**39,769.17**	**34,346.62**	**14,515.03**
Deferred Tax Asset			-
Miscellaneous Expenditure (to the extent not written off / adjusted)	166.82	146.81	88.09
Total Assets(A)	**51,180.38**	**45,597.47**	**20,046.60**
LIABILITIES & PROVISIONS			
Secured loans	18,404.43	16,684.26	8,265.11
Unsecured loans	3,514.79	3,546.30	50.30
Deferred Tax Liability	435.61	419.33	51.99
Total Current Liabilities & Provisions	19,088.27	16,546.06	5,732.02
Share Application Money	-	-	-
Share Suspense Account	-	-	-
Minority Interest	103.47	102.77	0.01
Total Liabilities (B)	**41,546.57**	**37,298.72**	**14,099.42**
NETWORTH	**9,633.81**	**8,298.76**	**5,947.18**
Represented by			
1.Share Capital	1,419.93	1,419.93	1,419.93
2.Reserves & Surplus (see Note2)	8,213.89	6,878.83	4,527.25
Less:Revaluation Reserves	-	-	-
Reserves(Net of Revaluation Reserve)	8,213.89	6,878.83	4,527.25
NETWORTH	**9,633.81**	**8,298.76**	**5,947.18**

1. The above Consolidated Statement should be read with notes on adjustments ANNEXURE to restated financial Consolidated Statements, Significant accounting policies and notes to accounts appearing in

Annexure-III A & B.

2. Miscellaneous expenditure to the extent not written off / adjusted relates to expenditure incurred during the year in connection with the proposed public issue and will be written off / adjusted commencing in the year in which the Initial Public Offer is completed.
3. Capital Work in progress include preoperative expenditure Rs. 219.48lakhs incurred during the year 2009.
4. Cash and Bank balances include fixed deposits pledged against guarantees and Letter of credits issued by bankers as Margin Money

ANNEXURE-II

Consolidated Restated Statement of Profit & Loss

The Consolidated Statement of profit & loss of the Company as restated for quarter ended June 30, 2010 the financial year ended March 31, 2010 and 2009 is as set out below:

(Rs. in lakhs)

Particulars	Quarter Ended	For the year ended 31 March	
	30-Jun-10	2010	2009
Income			
Sales:			
Sale of Manufactured Goods	3,705.64	11,905.12	10,859.46
Sale of Traded Goods		14,973.06	20,671.64
Turnkey Services	12,500.76	24,612.90	2,194.73
Consultancy Services	21.00	177.72	-
Total Sales	**16,227.41**	**51,668.80**	**33,725.83**
Other Income	12.20	110.12	59.24
Increase/(Decrease) in inventories	1,159.23	2,236.61	310.21
Total Income	**17,398.83**	**54,015.53**	**34,095.27**
Expenditure			
Raw material consumed	3,990.29	25,932.68	28,159.46
Staff Costs	463.89	717.21	405.95
Employee Benefit Expenses	29.23	73.23	47.30
Other Manufacturing Costs	9,737.17	20,422.66	1,175.44
Administration & Selling Expenses less Prior year adjustment (net)	189.88	732.28	803.65
Miscellaneous Expenditure written off			0.45
Interest	705.31	1,864.15	1,261.11
Depreciation	270.45	571.87	338.83
Total Expenditure	**15,386.22**	**50,314.07**	**32,192.19**
Net Profit Before Tax and Extra ordinary items	2,012.61	3,701.46	1,903.08
Less: Taxation & Wealth Tax	652.25	895.44	661.75
Less: Excess Provision written back-Taxation		-	-
Less: Provision for Deferred Tax	16.28	370.27	(2.69)
Less: Provision for Fringe Benefit Tax		-	7.50
Less: Unrealised Profit - Intergroup	8.33	64.43	-
Net Profit after Tax as restated(A)	**1,335.76**	**2,371.32**	**1,236.51**
Profit brought forward from the last year (B) (see Note 2)	5,294.26	2,930.20	1,693.68
Minority Share of Profits	0.70	7.25	(0.00)
Profit after Tax available for Appropriations (A) + (B)	**6,629.32**	**5,294.26**	**2,930.20**
EPS - Basic	9.40	16.65	8.72
EPS - diluted	9.40	16.65	8.72

Note:

1. The above Consolidated Statement should be read with notes on adjustments ANNEXURE to restated financial Consolidated Statements, Significant accounting policies and notes to accounts appearing in

Annexure-III A & B.

2. The Consolidated Statement of profit & loss referred above does not include any exra ordinary items.

ANNEXURE – IIIA

CONSOLIDATED RESTATED - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

SCHEDULE – 23

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Conventions

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income and expenditure in the financial statements are recognized on accrual basis.

2. Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

3. Principles of consolidation

The consolidated financial statements relates to BS TRANSCOMM LIMITED and its subsidiary BS INFRATEL LIMITED (share holding 99.88%, incorporated in India) and SUGAN AUTOMATICS PRIVATE LIMITED (share holding 63.25%,incorporated in India) as at June 30th , 2010 have been prepared on the following basis;

a) The financial statements of the company and its subsidiary have been consolidated on line-by-line basis by adding together the book values of like items of Assets, Liabilities, income and expenses, after fully eliminating intra – group balances,intra group transactions and unrealized profits on stocks arising out of intra group transactions as per Accounting standard 21 – "consolidated financial statements" notified by the companies(Accounting standard) rules, 2006

b) Minority interest in the net assets of the consolidated subsidiary is identified and presented in consolidated balance sheet separately from current liabilities and equity of the company.

   Minority interest in the net assets of consolidated subsidiary consists of;

   a. the amount of equity attributable to minorities at the date on which investment in subsidiary is made and
   b. The minorities share of movement in the equity since the date the parent subsidiary relationship came in to existence.

c) Minority interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

d) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the companies separate financial statements.

4. **Revenue Recognition**

Revenue from the sale of goods is recognized at the point of dispatch of materials to customers; income from turnkey services is accounted on the basis of billing to customers and includes unbilled revenue accrued up to the end of the accounting year.

5. **Fixed Assets**

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation. Apart from taxes (Excluding CENVAT) all costs including financial costs up to the date of commissioning and attributable to the fixed assets, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets are capitalized

Capital work-in-progress is stated at the amount expended (includes taxes and duties) up to the date of balance sheet.

6. **Pre – operative expenses**

Expenditure during the construction period (including Financing cost relating to borrowed funds for construction or acquisition of Fixed assets) incurred on project during implementation are treated as pre-operative expenses, pending allocation to the assets, and are included under "Capital Work-in-progress".

7. **Borrowing costs**

Borrowing cost attributable to acquisition and construction of assets are capitalized as part of cost of such assets up to the date when such assets are ready for intended use.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

8. **Depreciation**

Depreciation on Fixed Assets including on the additions is provided on written down basis at the rates specified in the Schedule XIV to the Companies Act, 1956 (as amended from time to time).

9. **Impairment of assets**

Impairment of asset is reviewed and recognized in the events of changes and circumstances indicate that the carrying amount of an asset is not recoverable. Difference between the carrying amount of an asset and the recoverable value is recognized as impairment loss in the statement of profit and loss in the year of impairment.

9. **Inventories**

Inventories are valued as under.

i) Raw materials, stores and spares - at cost.
ii) Finished Goods and work-in-progress - at cost or net realizable value whichever is lower. Cost include cost of direct material, labor, Factory overhead including excise duty.
iii) Trading Goods - at cost or net realizable value whichever is lower.
iv) Scrap - at net realizable value.

10. **Investments**

Long Term Investments are stated at cost. Cost includes registration and other direct expenses. Provision for diminution other than temporary in the value of Long Term Investments is made in the accounts.

11. **Taxes on Income**

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Contingencies

Loss contingencies arising from claims, litigation, assessments, fines, penalties, etc., are provided for when it is probable that a liability may be incurred and the amount can be reliably estimated.

13. Retirement Benefits

Liability in respect of retirement benefits is provided and charged to the Profit & Loss Account as follows:

Gratuity – Liability in respect of Gratuity to employees is provided based on Actuarial valuation at the balance sheet date done by an Independent actuary.

Leave Encashment – Liability in respect of Leave Encashment is provided based on Actuarial valuation at the balance sheet date done by an Independent actuary.

Provident Fund – Provident Fund is administered through the Regional Provident Fund Commissioner and Company's contribution is remitted accordingly.

14. Earnings per share(EPS)

The company reports its Earning per share (EPS) in accordance with Accounting standard – 20.

II. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for

	As at 30.06.2010 (Rs.)	**As at 31.03.2010 (Rs.)**
i) Bills Discounted with banks	328,545,604	243,961,947
ii) Bank Guarantees given by Banks	7,37,97,518	343,929,658
iii) Claims contested by the company	500,000	500,000
iv) Claims by Customs & Income Tax	NIL	NIL

2. Estimated amount of Contracts remaining to be executed on

	As at 30.06.2010 (Rs.)	**As at 31.03.2010 (Rs.)**
Capital account and not provided for (net of advances	**NIL**	Rs. 4,753,723

3. Share capital

The company has during the financial year 2008-09 increased its authorized capital from 20,000,000 shares of 10/- each to 30,000,000 shares of Rs.10/- each pursuant to a resolution of the members of the company at the EGM held on 20th May 2008.

4. Security Premium

The paid up capital of the company stands increased in the financial year 2008-09 consequent to Issue and allotment of Shares under the Employees Stock purchase plan dated 20th May 2008 as stated below:

Sl.No	Date of Allotment of Shares	No. of Shares Allotted	Issue Price (Rs.10 + share premium) (Rupees)
1	20th May 2008	64,250	Rs.50/- (Rs.10 + 40)

Consequent to the above the security premium account under Reserves & Surplus stands at Rs.159,705,000/- during the financial year 2008-09.

5. Secured Loans

Term Loans

a) Term Loans from IDBI Bank, Axis Bank and Punjab National Bank are secured by:

- first equitable mortgage and charge on all fixed assets, both present and future of the company situated at Survey No. 82,83, 92 - 95 & 107, Athvelly Village, Medchal Mandal, R.R.Dist.

- first equitable mortgage and charge on all fixed assets, both present and future of the company situated at Suvrey No. 41, Majidpally Village, Toopran Mandal, Medak District. Andhra Pradesh.

- further secured by second paripassu charge on entire current assets of the company.

b) Term Loan from Tata Capital Limited (TCL) taken on 30th Oct 2009 to fund the long term working capital requirement of the company. The loan is secured by unconditional and Irrevocable Personal Guarantees of Mr. Rajesh Agrawal and Mr. Mukesh Agarwal. Promoters have also pledged shares held by them in the company to the tune of 2.0 times of the loan amount till the time of satisfactory clearance of security documentation as prescribed by TCL. Post this, the 0.5 times of such shares pledged would be revoked back by TCL.

Further the above loan is secured by a charge on Land situated at Sy.No. 119, 120, 121 and 122 at athvelly village, Medchal Mandal, Ranga Reddy District admeasuring Ac.3.10 guntas.

Working Capital loans

a) The Company has entered into an Working Capital Consortium Agreement on 21 May 2010 with State Bank of India, Syndicate Bank, Axis Bank, Punjab National Bank, State Bank of Hyderbad and State Bank of Mysore with State Bank of India as the consortium leader. All the working capital limits are secured by first exclusive charge on stocks, receivables, spares (excluding spares for Plant and Machinery), consumables and other current assets of the Company, present and future. The above loans are further secured by Pari passu second charge on the entire fixed assets of our Company, both present and future.

All Term Loan (except Tata Capital Limited) & Working Capital Loans are further secured by:

- 30% pledge of equity shares of the company held by promoters as collateral security ranking paripasu
- Corporate guarantee of i-Vantage India Private Ltd,
- Personal guarantees of Shri Rajesh Agrawal (Managing Director), Shri Rakesh Agarwal (Joint Managing Director) and Shri Mukesh Agarwal (Whole time Director) of the company

b) Credit facilities availed from SBI factors and commercial services Pvt.Ltd. towards factoring of purchase bills and receivables is to be secured by Hypothecation of the underlying material and receivables respectively and further guarantee by Shri Rajesh Agrawal (Managing Director), Shri Rakesh Agarwal (Joint Managing Director) and Shri Mukesh Agarwal (Whole time Director) of the Company in their personal capacity.

6. Un-Secured Loans

Short Term Loan from Punjab National Bank taken on 31st Dec 2009 to build up the Net working capital and for meeting the deficit on account of cash flow mismatches.

Mr. Rajesh Agrawal, Mr Rakesh Agarwal and Mr. Mukesh Agarwal have given personal security for the above loan by way of post dated cheque.

7. Details of Preoperative Expenditure – Included under Capital Work in Progress

Particulars	**2010-11 (June 10) (Amount in Rs.)**	**2009-10 (Amount in Rs.)**
Advertisement	NIL	NIL
Consultant Fees	NIL	NIL
Depreciation	NIL	NIL
Electricity Charges	NIL	NIL
Salaries & Wages (includes statutory contributions)	NIL	NIL
Processing Charges	NIL	NIL
Security Charges	NIL	NIL
Staff Welfare Expenses	NIL	NIL
Travel Expenses	NIL	NIL
Other Miscellaneous Expenses	NIL	NIL
		NIL
Total	**NIL**	**NIL**

8. Micro, Small and Medium Enterprises Development Act

The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence names of Micro, Small and Medium Enterprises to whom the company owes any sum together with interest unpaid as on the date of balance sheet is not ascertainable.

9. Particulars of Managerial Remuneration (in Rupees)

	Year ended 30.06.2010				**Year ended 31.03.2010**			
Particulars	Managing Director *	Joint Managing*	Managing Director *	Joint Managing*	Managing Director *	Joint Managing*	Managing Director *	Joint Managing*
Salary/ Commission	9,00,000	6,00,000	9,00,000	6,00,000	9,00,000	6,00,000	9,00,000	6,00,000
Perquisites & other benefits	-	-	-	-	-	-	-	-

PF & other funds	-	-	-	-	-	-	-	-
Total	**9,00,000**	**6,00,000**	**9,00,000**	**6,00,000**	**9,00,000**	**6,00,000**	**9,00,000**	**6,00,000**

* The Board approved the payment of remuneration in the form of commission to the Managing Director, Joint Managing Director and the Whole-time Director. The same was fixed at 1% of Net profit after Tax but before Director Commission or the remuneration already fixed whichever is lower.

** Includes Rs. 1,023,387/- paid as Salary prior to becoming Executive Director of the Company.

10. Auditors' Remuneration

(In Rupees)

Particulars	Year ended 30-06-2010	Year ended 31-03-2010
Statutory Audit Fees	**37,500**	**150,000**
Tax Audit Fees	**12,500**	**50,000**
Certification & Others	**12,500**	**50,000**
Service Tax	**6,438**	**25,750**
Total	**68,938**	**275,750**

11. Related Party Disclosures:

I) List of Related parties with whom transactions have taken place and nature of relationship:

Subsidiary	BS InfraTel Ltd Sugan Automatics Private Limited
Key management personnel	Mr. Rajesh Agrawal Mr. Rakesh Agarwal Mr. Mukesh Agarwal Mr. D G Sohony (Executive Director w.e.f 12.01.2010)
Relatives of Key management personnel	Mrs. Reema Agarwal Mrs. Rakhee Agarwal Mrs. Shalini Agarwal Mrs. Shakuntala Devi Agarwal
Concerns in which Key management personnel have substantial interest - (significant interest entities)	Shivganga Infrastructures Ltd. Agarwal Developers I-Vantage India Pvt Ltd I-Vantage Apac Pvt.Ltd.

II) Aggregated related party transactions:

Sl. No	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Subsidiary & Associate Companies	
		Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
1.	Remuneration/ Commission	**2,100,000**	**8,910,000**	**-**	-		
2.	Advances given	**NIL**	**730,058**	**-**	-	**95,00,000**	**20,618,000**

Sl. No	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Subsidiary & Associate Companies	
		Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
3.	Advances received back	**NIL**	-	-	**NIL**	-	**8,000,000**
4.	Unsecured Loan taken/ (Repayment)	**6,75,000**	**730,058**	**(8,05,000)**	**(400,000)**	-	-
5.	Reimbursement of Expenses - paid	-	-	-	-	**8,02,519**	**2,314,439**
6.	Reimbursement of Expenses – received	-	-	-	-	**10,00,000**	**3,398,166**
7.	Share Purchase **	-	**14,731,962**	-	-	-	-
8.	Sales	-	-	-	-	**1,05,60,724**	**81,350,018**
9.	Interest paid/ (Received)	-	-	-	-	**(512,067)**	**(197,206)**

** Share purchase pertains to the Investment bought by the company in M/s Sugan Automatics Pvt Ltd from the promoters. The Investment was bought at the same price at which it was acquired by the promoters and as on date the amount is still payable by the company to the promoters for such purchase.

12. Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 is as under:

(A) Capacity & Production:

	Year ended 31.03.2010 Delicensed	Year ended 31.03.2009 Delicensed
a) Licensed capacity *	-	-
b) Installed capacity		
(As certified by the Management & relied upon by the auditors being a technical matter)		
Towers Manufacturing **	120000*	36000
Integrated Structural Mill (Tonnes per annum)	90000*	NIL
Actual Production	16077	44839

* The Products manufactured by the company are under De-licensed category.
** Galvanizing Unit for 84000 MTPA is under commissioning.

(B) Production/ Sales & Stock:

	As at 30.06.2010		As at 31.03.2010	
	Quantity (Tonnes)	Value (Rs. In Lacs)	Quantity (Tonnes)	Value (Rs. In Lacs)
A) Opening Stock of				
Goods	8407.615	3,480.18	3919.980	1,751.92
(Includes Traded Goods)	(1520.412)		(1325.213)	

	As at 30.06.2010		As at 31.03.2010	
	Quantity (Tonnes)	Value (Rs. In Lacs)	Quantity (Tonnes)	Value (Rs. In Lacs)
B) Closing Stock of				
Goods	10,790.236	4,222.79	8407.615	3,480.18
(Includes Traded Goods)	(1505.252)		(1520.412)	
C) Production/ Dealt	16076.565	-	88353.899	-
D) Sales	9809.340	3674.13	83429.040	27,672.16
(Includes Traded Goods)	(235.550)		(43319.850)	

(C) Raw Material Consumed:

	As at 30.06.2010		As at 31.03.2010	
	Quantity (Tonnes)	Value (Rs. In Lacs)	Quantity (Tonnes)	Value (Rs. In Lacs)
g) Raw Material Consumed *				
- Steel	3838.947	3439.95	39100.729	8,256.81

* There is no individual item of Raw Material consumed exceeding 10% of the total value of Raw Material Consumed

(D) Value of Raw Material Consumed (Imported & Indigenous) and Components & Spare parts:

	As at 30.06.2010		As at 31.03.2010	
	%	Value in Lacs	%	Value in Lacs
h) Raw Material consumed				
Imported	0.00	0.00	0.00	0.00
Indigenous	100.00	3,439.95	100.00	8,256.81
Total	100.00	3,439.95	100.00	8,256.81
i) Value of Imported				
Components & Spare parts	NIL	NIL	NIL	NIL

13. Earning per Share (EPS)

The Basic and Diluted EPS is Calculated as under:

Particulars	June 30th 2010	March 31st 2010
a) Profit after Tax during the year (Rs.)	**133,505,491**	**235,397,152**
b) Earnings available to Equity Shareholders for Basic & Diluted EPS(Rs.)	**133,505,491**	**235,877,466**
c) Weighted average Number of Shares taken for computation of EPS - Basic - Diluted	 **14,199,250** **14,199,250**	 **14,199,250** **14,199,250**
d) Earning per Share (b/a) - Basic - Diluted	 **9.40** **9.40**	 **16.61** **16.61**
e) Nominal Value per Share	**10**	**10**

14. Deferred Taxation

Deferred Tax is accounted in respect of the timing difference on a Liability method. Deferred Tax asset has been recognized to the extent of virtual certainty of its realization.

A) Parent Company : BS TransComm Limited

(Rupees)

Particulars	Deferred Tax Asset/ (Liability) as on 30.06.2010	Deferred Tax Asset/ (Liability) as on 31.03.2010
Deferred Tax Liability on account of timing difference in		
i) Depreciation	**(45,006,527)**	**(43,249,441)**
Deferred Tax Asset on account of timing difference in		
i) Provision for Leave Encashment & Gratuity	**1,236,926**	**1,105,717**

B) **Subsidiary Companies :**

i) Sugan Automatics Private Limited

(Rupees)

Particulars	Deferred Tax Asset/ (Liability) as on 30.06.2010	Deferred Tax Asset/ (Liability) as on 31.03.2010
Deferred Tax Asset on account of timing difference in		
i) Depreciation	**(2,378)**	**24,582**
ii) Provision for Leave Encashment & Gratuity	**172,924**	**148,011**
Total Deferred Tax Asset / Liability	**170,546**	**172,593**

As the financials of Sugan Automatics are consolidated for the first time hence previous figures are not provided.

ii) BS Infratel Limited

(Rupees)

Particulars	Deferred Tax Asset/ (Liability) as on 30.06.2010	Deferred Tax Asset/ (Liability) as on 31.03.2010
Deferred Tax Asset on account of timing difference in		
i) Loss Carried forward	**12,190**	**12,190**
Total Deferred Tax Asset	**12,190**	**12,190**

15. Employee Benefits:

A) Parent Company : BS TransComm Limited

The company maintains a provident fund with Regional Provident Fund Commissioner, contributions are made by the Company to the funds, based on the current salaries in the provident fund schemes contributions are also made by employees.

Actuarial Valuation with respect to Defined Benefit Plans with regard to Gratuity and with respect to other long term employee benefits with regard to leave encashment is carried out at the end of each financial year. For the quarter ended 30 June 2010, the company has provided for liability towards gratuity and leave encashment on provisional basis

B) Subsidiary Companies :

Sugan Automatics Private Limited

The company maintains a provident fund with Regional Provident Fund Commissioner, contributions are made by the Company to the funds, based on the current salaries in the provident fund schemes contributions are also made by employees.

Actuarial Valuation with respect to Defined Benefit Plans with regard to Gratuity and with respect to other long term employee benefits with regard to leave encashment is carried out at the end of each financial year. For the quarter ended 30 June 2010, the company has provided for liability towards gratuity and leave encashment on provisional basis

BS Infratel Limited

The relevant provisions of Employees Provident Fund and Miscellaneous Provisions Act , 1952, Employees State Insurance Act,1948, Payment of Gratuity Act 1972 and Payment of Bonus Act,1965 are not applicable to the company.

16. Employee stock purchase plan (ESPP)

During the year 2008-09 the company announced a Employee stock purchase plan (ESPP) to its eligible employees as defined in employee stock purchase plan scheme approved by the shareholders at the Extraordinary General Meeting of the Company held on 20th May 2008. On 7th June 2008, 64,250 equity shares of Rs.10/- each at a price of Rs.50/- per share including premium of Rs.40/- per share were allocated to the eligible employees in terms of the scheme. The fair value of share as valued by the merchant banker as on 31st March 2008 is Rs.33.13 per share. Since, the fair value of the share is less than the allotted price; no disclosure is made for employee stock compensation as per the “Employee stock option scheme and Employee stock purchase scheme guidelines1999 (as amended) issued by securities and exchange board of India.

Details of information relating to ESPP are as below:

Sl. No	Particulars	
1	Rights attached to the allotted shares to eligible employees	- Rank pari-passu with existing shares and eligible for listing - right to receive dividend or the right to vote or to enjoy any other benefits
2	Lock - in period	- one year from the date of allotment
3	Fair value price estimated by the merchant bankers	Rs. 33.13 per share
4	Allotted price	Rs. 50/- per share (Face value of Rs.10/- each)
5	No.of Equity shares allotted during the year	64,250
6	Out standing no.of shares for allotment at the end of the year	---nil---
7	Employee stock compensation	---nil---

	Expenses arising from allotment of shares under ESPP.	

17. During the financial year the Company has capitalized interest on Term Loans amounting to Rs. 26,949,570/- being the interest for the period prior to start of commercial production.

18. Segment Reporting

The Company's main business segment is Manufacture of Telecom & Transmission related towers, Turnkey Services and trading in steel and bought out items. Hence, separate disclosure as required under accounting standard – 17 "Segmental Reporting" is not considered.

19. Misc. Expenditure

Share issue expenses:

Expenditure related to the proposed public issue of shares amounting to Rs. 12,021,877 (Previous Year ending 31st March 2010 – Rs. 10,020,038/-) will be written off / adjusted commencing with the year in which the Initial public offer (IPO) is completed.

20. Balances relating to Debtors, Creditors, Loans and Advances are subject to reconciliation & confirmation.

21. Details of Investments made by company:

Particulars	**June 30th 2010**	**March 31st 2010**
Land at Cherlapally	**54,60,820**	**54,60,820**
BS Infratel Limited	**4,99,400**	**4,99,400**
Sugan Automatics Private Limited	**2,23,47,092**	**2,23,47,092**

22. Cash Inflow/ Outflow in Foreign Currency

	30 June 2010	**31st March 2010**
Capital Purchases	**Rs .265,846**	Rs. 35,066,794/-

23. Figures for the previous year have been rearranged/ regrouped / recast wherever necessary to conform to the current year presentation/ classification.

24. Figures are rounded off to the nearest rupee.

ANNEXURE-III B

Notes to Adjustments carried out in Consolidated Restated Financial Statements

(Rs. in lakhs)

	Quarter ended	For the year ended 31 March	
Particulars	**30-Jun-10**	**2010**	**2009**
Net Profit after Tax but before Extra Ordinary Items & Prior Period Expenses	**1,335.76**	**2,361.22**	**1,242.75**
Adjustment in Preleminary Expenses - Add/ (Less)			-
Adjustment for Prior Year Expenses - Add/ (Less)			
Adjustment in Gratuity/Leave encashment - Add/ (Less)			(7.62)
Adjustedment in Tax - excess provision written back - Add/ (Less)		3.47	(1.23)
Adjustment in Deferred Tax - excess provision written back - Add/ (Less)		6.62	2.62
Adjusted Profit	**1,335.76**	**2,371.31**	**1,236.52**

Changes in Accounting Policy:

a. Pursuant to the Accounting Standard 15 (revised) on Employee benefits issued by The Institute of Chartered Accountant of India. The company has started providing for Gratuity from the year 2007-08 based on actuarial valuation.

b. The Company has changed Accounting policy for writing off of Preliminary expenses over a period of 5 years to writing off of expenses as and when incurred inline with Accounting Standard 26.

ANNEXURE-IV

Consolidated Statement of Share Capital

(Rs. in Lakhs)

Particulars	**Quarter ended**	**For the year ended 31 March**	
	30-Jun-10	**2010**	**2009**
Issued , Subscribed and Paid Up Capital (Equity shares of Rs.10/- each)	1,419.93	1,419.93	1,419.93

ANNEXURE-V

Consolidated Statement of Reserves and Surplus

(Rs. in lakhs)

Particulars	Quarter ended	As at 31st March	
	30-Jun-10	2010	2009
Securities Premium Account	1597.05	1,597.05	1,597.05
Profit and Loss Account	6,615.63	5,294.26	2,930.20
Amount Trf to Goodwill account		(12.48)	
	8,212.68	**6,878.83**	**4,527.25**

ANNEXURE-VI

Consolidated Statement of Dividend Paid

(Rs. in lakhs)

Particulars	For Quarter ended 30 June	For the year ended 31 March	
	30-Jun-10	2010	2009
Equity Share Capital (Rs. In Lakhs)	1,419.93	1,419.93	1,419.93
No. of Equity Shares of Rs.10 each (Rs. In Lakhs)	141.99	141.99	141.99
Rate of Dividend (%)	-	-	-
Interim (%)	-	-	-
Final (%)	-	-	-
Amount of Dividend on Equity Shares	-	-	-
Interim (Rs. In Lakhs)	-	-	-
Final (Rs. In Lakhs)	-	-	-
Total Dividend Tax (Rs. In Lakhs)	-	-	-

ANNEXURE-VII

Consolidated Summary of Accounting Ratios

(Rs. in lakhs)

PARTICULARS	Quarter ended	For the year ended March 31	
	30-Jun-10	**2010**	**2009**
Profit After adjustment before Extra ordinary items available to equity shareholders	1,335.05	2,364.06	1,236.52
Profit After adjustment after Extra ordinary items available to equity shareholders	1,335.05	2,364.06	1,236.52
Weighted average number of equity shares outstanding during the year -Basic EPS	141.99	141.99	141.87
Adjusted Weighted average number of equity shares outstanding during the year - Diluted EPS	141.99	141.99	141.87
Restated Net Worth	9,633.81	8,298.76	5,947.18
Basic Earning Per Share (before Extra ordinary items)	9.40	16.65	8.72
Basic Earning Per Share (after Extra ordinary items)	9.40	16.65	8.72
Diluted Earning Per Share (before Extra ordinary items)	9.40	16.65	8.72
Diluted Earning Per Share (after Extra ordinary items)	9.40	16.65	8.72
Net Assets Value Per Share (excluding revaluation reserve)	67.85	58.45	41.92
Return on Adjusted Net Worth (before Extra ordinary items & excluding revaluation reserve) (%)	14	28	21
Return on Adjusted Net Worth (after Extra ordinary items & excluding revaluation reserve) (%)	14	28	21

A. The ratios have been computed as below:

Earnings per Share (Rs.) = Restated Net Profit / (Loss) after Tax and before extraordinary items

Number of equity shares outstanding during the Period / year

Net Asset Value Per Share (Rs.) = Restated Net Worth after adjustment of miscellaneous expenditures, to the extent not written off and after excluding revaluation reserve

Number of Equity Shares Outstanding at the end of the period / year

Return on Net Worth (%) = Rested Net Profit / (Loss) after Tax and before extraordinary items

Restated Net Worth after adjustment of miscellaneous expenditures, to the extent not Written off and after excluding revaluation reserve.

B. Pursant to Amalgamation under a Scheme of arrangement merging B.S. Integrated Steel Products Pvt Ltd into the Company 140,000 shares in the ratio of 14:1 were allotted in the merged company during December 2007.

In the Extra-ordinary general meeting held on March 17, 2008 the shareholders have consented for isssuance of 14 equity shares of face value of Rs. 10 each as bonus shares fro every one share held by the Equity shareholders of the Company whoes name appear in the register of members as on the record date, by capitalisation of Securities Premium account. Subsequently, the Board of Directors by resolution on March 17, 2008 have alloted the said Bonus shares. Consequently, the calculations of basic and diluted earnings per share have been adjusted.

ANNEXURE-VIII

Capitalisation Consolidated Statement

(Rs. in lakhs)

	Quarter ended	As at 31 March	
Particulars	**30-Jun-10**	**2010**	**2009**
Debt:			
Short Term Debt	3,514.79	3,546.30	50.30
Long Term Debt	18,404.43	16,684.26	8,265.11
Shareholders Funds:			
Share Capital	1,419.93	1,419.93	1,419.93
Reserve & Surplus	8,213.89	6,878.83	4,527.25
Total Shareholders Funds	**9,633.81**	**8,298.76**	**5,947.18**
Long Term Debt/Equity	1.90:1	2.01:1	1.39:1

Note:
This is not a part of Auditor's report but has been separately certified by the Auditor's. The figures disclosed above are based on the restated financial Consolidated Statement of the Company.
* Since the share price of the Issue is not known, the post issue position has not been presented

ANNEXURE- IX

Consolidated Statement of Loans (Secured & Unsecured Loans)

(Rs. in lakhs)

Particulars	Quarter ended	As at 31 March	
	30-Jun-10	2010	2009
(A) SECURED LOANS			
Term Loan from Banks (Secured against Fixed Assets & receivables)	6,301.19	6,730.19	1,410.00
Cash Credit Limits from Banks (Secured against the receivables)	10,924.67	8,700.75	5,687.51
Purchase Bill Factoring	1,099.29	1,099.39	1,101.16
Overdraft against Term Deposit (Secured against FDR pledged with Bank)			-
Vehicle Loan (hypothecation of vehicle)	2.18	4.32	12.94
Interest Accrued and due on above	77.10	149.60	53.50
Sub Total (A)	**18,404.43**	**16,684.26**	**8,265.11**
(B) UNSECURED LOANS			
a) Loans taken from Promoter / Group companies & associated companies	14.79	46.30	50.30
b) Others	3,500.00	3,500.00	-
Sub Total (B)	**3,514.79**	**3,546.30**	**50.30**
Grand Total (A+B)	**21,919.22**	**20,230.56**	**8,315.41**

ANNEXURE – X

CONSOLIDATED RESTATED CASH FLOW STATEMENT

The cash flows Consolidated Statement of the Company for the quarter ended June 30, 2010 and financial year March 31 2010 and 2009 are set out below:

(Rs. in lakhs)

PARTICULARS	Quarter ended	For the year ended March 31	
	30-Jun-10	2010	2009
A. Cash Flow from Operating Activities :			
Net Profit Before Tax and after Extraordinary items	2,012.61	3,701.46	1,903.08
Adjustments for:			
Depreciation	270.45	571.87	338.61
Miscellaneous Expenditure written off	(20.02)	(71.19)	(88.09)
Interest Paid	666.11	1,548.30	1,261.11
Interest Received	(12.09)	(31.81)	(38.20)
Profit on Sale of Fixed Assets	-	(4.59)	(0.04)
Loss on Sale of Fixed Assets	(8.33)	0.93	0.35
Unrealised Profits - Intergroup Transactions	-	(64.43)	-
Bad Debts Written off	-	8.83	10.52
Operating profit before working Capital Changes	**2,908.74**	**5,659.36**	**3,387.34**
Increase / Decrease :			
Loans & Advances (Assets)	(1,080.44)	(3,749.31)	(388.68)
Other Current Assets	(4,507.49)	(14,836.83)	2,350.57
Current Liabilities & Provisions	1,718.26	9,990.57	(1,620.25)
Other Loans and Advances		-	-
Deferred Tax for Subsidery - Opening		(2.93)	
Cash outflow from Operations	**(960.93)**	**(2,939.15)**	**3,728.98**
Advance Income Tax Paid	-	(617.56)	(374.00)
Fringe Benefit Tax Paid	-	-	-
Minorities Share of Profit / loss	0.70	7.25	(0.00)
Net Cash flow from Operating Activities(A)	**(961.64)**	**(3,563.96)**	**3,354.98**
B. Cash Flow From Investing Activities :			
Purchase of Fixed Assets	(410.80)	(6,157.23)	(3,068.74)
Increase in Creditors for Capital Goods	171.70	(71.97)	(309.33)
Purchase & Sale of Investments	-	-	(0.40)
Interest received	12.09	31.81	38.20
Sale of Fixed Assets	-	21.66	0.67
Preliminary expenses at the beginning of the year	-	-	-
Fixed Assets In Subsidary - Opening	-	(93.21)	-
Net Cash flow from Investing Activities (B)	**(227.01)**	**(6,268.93)**	**(3,339.60)**
C. Cash Flow from Financing Activities :			
Issue of Share Capital	-	-	-
Share Application Money	-	-	32.13
Raising of Term Loans from Banks	1,688.66	11,915.15	1,318.09
Interest Paid	(666.11)	(1,548.30)	(1,261.11)
Minority Interest	0.70	102.76	0.01
Net Cash in-flow from Financing Activities (C)	**1,023.26**	**10,469.61**	**89.11**

Net Increase / Decrease in Cash & Cash Equivalents(A+B+C)	**(165.39)**	**636.72**	**104.50**
Cash & Cash Equivalents at the beginning of the period	943.74	307.02	202.52
Cash & Cash Equivalents as at end of the period	778.36	943.74	307.02
Net Increase / Decrease in Cash & Cash Equivalents	**(165.39)**	**636.72**	**104.50**

ANNEXURE – XI

Consolidated Statement of Current Liabilities & Provisions

(Rs. in lakhs)

		Quarter ended	As at 31st March	
S.No.	**Particulars**	**30-Jun-10**	**2010**	**2009**
A	**Current Liabilities**			
	Sundry Creditors			
	Due to Small Scale Industries Undertakings		-	-
	Due to Others	13,621.32	11,855.81	3,395.02
	Due to Customers	730.64	612.83	272.14
	Creditors for Capital Goods	209.59	381.30	309.33
	Book Overdraft in current Account with Banks	-	5.27	-
	Other Liabilities	1,523.66	1,344.90	288.16
	Total	**16,085.21**	**14,200.11**	**4,264.64**
B	**Provisions**			
	Provision for Taxation	2,945.44	2,293.19	1,442.47
	Provision for FBT	13.56	13.56	11.35
	Provision for Gratuity	1.04	8.57	5.39
	Provision for Leave Encashment	9.67	29.60	7.57
	Provision for Wealth Tax	33.35	1.04	0.60
	Total	**3,003.06**	**2,345.96**	**1,467.39**
	Total Rs.	**19,088.27**	**16,546.06**	**5,732.02**

ANNEXURE- XII

Consolidated Statement of Other Income

Particulars	Quarter ended	For the year ended 31 March	
	30-Jun-10	2010	2009
A. On Investment/Deposits Operations			
Interest on Deposits	12.09	27.29	18.10
Interest on Govt. Securities			-
B. Other Income			
Interest on staff advances			-
Miscellaneous Income	0.08	25.70	10.20
Interest on Delayed payments		4.53	20.10
Excess Provision written Back	0.03	43.39	2.69
Rent Received		0.73	-
Commission		3.91	8.12
Profit on sale of Assets		4.59	0.04
Provision of fall in value of investments in venture fund written back			-
Total	**12.20**	**110.12**	**59.24**

Note:
1. The above income does not include any significant non-recurring items.

ANNEXURE-XIII

Consolidated Statement of Tax Shelters

The Consolidated Statement of tax shelters of the Company as restated for the quarter ended June 30, 2010 and year ended March 31, 2010 and 2009 is as set out below:

(Rs. in Lakhs)

		As at 31st march		
Particulars		**30-Jun-10**	**2010**	**2009**
Tax Rate including the Surcharge		**33.22%**	33.99%	33.99%
Profits before Tax as per Restated	**A**	2,012.61	3,701.46	1,903.08
Tax at Notional Rate	**B**	668.54	1,258.13	646.86
Adjustments				
Permanent Differences	**C**			
Other adjustments			3.68	**-**
Total of C			3.68	**-**
Timing Difference	**D**			
Difference between Book and Tax Depreciation		(53.72)	(1,105.80)	(2.82)
Other adjustments		**4.7**	20.50	12.96
Total of D		**(49.02)**	**(1,085.31)**	**10.14**
Net Adjustments	**E= C+D**	**(49.02)**	**(1,081.63)**	**10.14**
Tax Savings thereon(E*Tax rate)		(16.28)	(367.65)	3.45
Total taxation		652.26	890.48	650.30

Note:
1. There are no extra ordinary items which is having impact on tax shelter computation.

ANNEXURE - XIV

Consolidated Statement showing Sundry Debtors Age wise analysis

(Rs. in lakhs)

		Quarter ended	As at 31st March	
S.No.	**Particulars**	**30-Jun-10**	**2010**	**2009**
a]	Greater than 6 Months	3,976.23	2,684.40	2,056.45
b]	Less than 6 Months	20,079.65	18,311.40	7,546.43
c]	Unbilled Revenue	92.01	226.91	215.07
	Total Rs.	**24,147.89**	**21,222.71**	**9,817.95**

ANNEXURE - XV

Consolidated Statement of Loans & Advances

(Rs. in lakhs)

S.No.	Particulars	Quarter ended	As at 31st March	
		30-Jun-10	**2010**	**2009**
a]	Advances recoverable in Cash or kind for value to be received	4,629.14	3,643.58	491.82
b]	Others	2,297.88	2,203.01	987.90
	Total Rs.	**6,927.03**	**5,846.59**	**1,479.72**

ANNEXURE - XVI

Consolidated Statement showing related parties transactions

S. No.	Party Name	Nature of Relationship	Quarter Ended 30-Jun-10		As at 31st March 2010		As at 31st March 2009	
			Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.
1	**Remuneration**							
	Rakesh Agrawal	Promotor	-	(1,326,357)	2,400,000	(1,326,357)	1,000,000	-
	Mukesh Agrawal	Promotor	-	(1,612,645)	2,400,000	(1,612,645)	1,000,000	-
	Rajesh Agrawal	Promotor	-	(1,328,558)	2,465,000	(1,328,558)	1,500,000	504,537
	Brig. Arun Kumar Sharma	Executive Director			-	-	5,287,800	-
	D G Sohoney *	Executive Director	655,000	655,000	1,645,000	-	-	-
2	**Share application Money**							
	Rakesh Agrawal	Promotor			-	-	8,524,754	-
	Brig. Arun Kumar Sharma	Executive Director			-	-	200,000	-
3	**Unsecured Loan taken by Co.,**							
	Rakesh Agrawal	Promotor	6,298,000	(3,102,000)	-	-	5,085,000	-
	Rakesh Agrawal - HUF	Promotor			-	-	200,000	-
	Mukesh Agrawal	Promotor	2,427,000	(973,000)	-	(3,400,000)	3,450,000	(3,400,000)
	Mukesh Agrawal - HUF	Promotor	-	(225,000)	-	(225,000)	225,000	(225,000)
	Rajesh Agrawal - HUF	Promotor	-	(200,000)	-	(200,000)	200,000	(200,000)
	Rakhee Agrawal	Relative of the Director			200,000	-	200,000	(200,000)
	Shalini Agrawal	Relative of the Director			200,000	-	200,000	(200,000)
	Shakuntala Devi Agarwal	Relative of Director	805,000	-	-	(805,000)	805,000	(805,000)
	I-Vantage Apac Pvt Ltd	Promotor Group Company		(90,000)	-	(90,000)	-	(90,000)
4	**Unsecured Loan Given by Co.,**							
	Sugan Automatics Private Limited	Subsidary	11,523,686	22,309,171	15785485**	12785485**	-	-
5	**Share Purchases**							
	Rakesh Agrawal	Promotor		(4,910,654)	4,910,654	(4,910,654)	-	-
	Mukesh Agrawal	Promotor	-	(4,910,654)	4,910,654	(4,910,654)	-	-
	Rajesh Agrawal	Promotor	-	(4,910,654)	4,910,654	(4,910,654)	-	-

			Quarter Ended		As at 31st March			
S. No.	Party Name	Nature of Relationship	30-Jun-10		2010		2009	
			Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.	Trans. Amount	Amount O/s.
6	**Delayed Payment Charges Paid**							
	Abhishek Steels Limited	Promotor Group Company			-	-	-	-
7	**Salaries / (Advance Given)**							
	Rakhee Agrawal	Relative of the Director			-	-	55,000	-
	Reema Agrawal	Relative of the Director			-	-	55,000	-
	Shalini Agrawal	Relative of the Director			-	-	-	-
8	**Professional Charges**							
	Brig. Arun Kumar Sharma	Executive Director			**98,939**	-	1,117,664	(247,348)
9	**Advance (given)/Taken**							
	Shivganga Infrastructures Ltd.	Promotor Group Company			5,000,000	-	4,500,000	-
	Agrawal Developers	Promotor Group Firm			-	-	7,000,000	-
10	**Reimbursement of Expenses**							
	I-Vantgae India Pvt Ltd	Promotor Group Company	1,272,488	321,928	2,314,439	(7,622)	487,148	(480,816)
	BS InfraTel Ltd	Subsidary	-	10,000	10,000	10,000	-	-
	Sugan Automatics Private Limited	Subsidary	570	3,406,570	3,406,000	3,406,000	-	-
11	**Sales**							
	Sugan Automatics Private Limited	Subsidary	10,560,724	91,910,742	81,350,018	81,350,018	-	-
12	**Share Capital**							
	BS InfraTel Ltd	Subsidary			-	-	499,400	-
	Sugan Automatics Private Limited	Subsidary			22,347,092	-	-	-

*Includes Rs. 1,023,387/- paid as Salary prior to becoming Executive Director of the Company.

** Includes Rs. 1,97,206 interest charged by BS Transcomm to Sugan Automatics Private Limited

ANNEXURE – XVII

Consolidated Statement of Contingent Liabilities

(Rs. in lakhs)

		Quarter ended	As at 31st March	
S.No.	**Particulars**	**30-Jun-10**	**2010**	**2009**
1	Bills Discounted and Counter Guarantees given to Banks	3285.45604	2,439.62	1,989.47
2	Banks Guarantees given by Banks	737.97518	3,439.30	608.99
3	Claims Contested by the Company	5.00	5.00	5.00
4	Claims by customs & Income tax	NIL	NIL	NIL
	Total Rs.	**4,028.43**	**5,883.92**	**2,603.46**

ANNEXURE - XVIII

Consolidated Statement of Expenses, As Restated

(Rs. in lakhs)

S.No.	Particulars	Quarter ended	As at 31st March	
		30-Jun-10	2010	2009
1	Materials Consumed	3,990.29	25,932.68	28,159.46
2	Staff Cost	463.89	717.21	405.95
3	Employees Benefit Expenses	29.23	73.23	47.30
4	Other Manufactuiring Costs:	**9,737.17**	**20,422.66**	**1,175.44**
	Crane Hire Charges	2.66	7.36	7.52
	Power & Fuel	52.07	111.66	31.90
	Subcontractor Charges	9,366.85	19,562.20	665.47
	Transportation Charges	9.18	13.31	31.74
	Excise Duty on Finished Goods	102.81	178.91	(56.76)
	Freight, Loading & Unloading Charges	65.11	245.48	187.60
	Job Work & Labour charges	132.30	286.90	293.12
	Repairs & Maintenance -Building	0.55	2.21	1.97
	Repairs & Maintenance -Plant & Machinery	3.59	5.41	3.01
	Other Charges	2.05	9.22	9.87
5	Administration & Selling Expenses Add Prior year adjustment (net)	189.88	732.28	803.65
6	Miscellaneous Expenditure written off		-	0.45
7	Interest			
	Interest on Term Loan	238.10	298.17	194.07
	Others	428.01	1,250.14	983.66
	Bank & Financial Charges	39.20	315.84	83.37
8	Depreciation	270.45	571.87	338.83
	Total Expenses	**15,386.21**	**50,314.07**	**32,192.19**

ANNEXURE - XIX

Consolidated Statement of Deferred Tax Asset / Liability

Particulars		**As at 31st March**							
		BS Transcomm			**BS Infratel**			**Sugan Automatics**	
	30-Jun-10	**2010**	**2009**	**30-Jun-10**	**2010**	**2009**	**30-Jun-10**	**2010**	**2009**
Deferred Tax Asset									
Leave encashment and gratuity as per actuary:									
- Provision for Leave encashment	310,000	1,765,194	124,482				50000	437,325	
- Provision for Gratuity	85,000	191,842	361,502				25000	126,003	
Profit / Loss on sale of Fixed Assets		(36,362)							
Preliminary and Pre Operative C/f						35,864			
Difference	395,000	1,920,674	485,984		-	35,864	75,000	563,328	-
Tax rates	33.22%	33.99%	33.99%	33.22%	33.99%	33.99%	33.22%	30.90%	30.90%
Deferred Tax Asset to Recognize	131,209	670,823	165,186	0	-	12,190	24,913	174,068	-
Deferred Tax Liability									
Depriciation									
Depreciation as Companies Act		55,337,526	33,882,620					27,864,032	
Depreciation as per IT Act		165,917,901	33,600,502					27,943,584	
Difference	**(5,289,640)**	**(110,580,375)**	**282,118**		**-**	**-**	**(81,975)**	**(79,552)**	**-**
Deferred Tax Liabilty to Recognize	(1,757,086)	(37,586,269)	95,892	-	-	-	(27,230)	(24,582)	-
<u>Treatment in Financial Consolidated Statements:</u>									
a) Net DTA/ (DTL) to be credited / (debited) to P&L a/c	**(1,625,877)**	**(36,915,446)**	**261,078**		**-**	**12,190**	**(2,317)**		**-**
b) DTA / (DTL) in Balancesheet	**43,768,761**	**(42,144,601)**	**(5,211,057)**		**12,190**	**12,190**	**196,333**	**198,650**	

ANNEXURE – XX

DETAILS OF FIXED ASSETS

(Rs. in lakhs)

Particulars	As at June 30, 2010			As at March 31, 2010			As at March 31, 2009		
	Gross	Acum. Depn	Net	Gross	Acum. Depn	Net	Gross	Acum. Depn	Net
Freehold Land	622.39	0.00	622.39	622.39	-	622.39	598.98	-	598.98
Buildings	4398.43	437.33	3961.10	4,398.26	335.60	4,062.66	893.30	176.54	716.76
Plant & Machinery	6523.76	978.70	5545.06	6,523.09	824.16	5,698.94	1,809.51	469.62	1,339.88
Factory Equipments	89.47	33.27	56.21	89.47	31.24	58.23	89.47	21.83	67.64
Furniture & Fixtures	48.10	16.94	31.16	41.77	15.67	26.10	30.63	10.92	19.70
Computers	80.77	39.31	41.46	76.88	34.69	42.19	33.59	16.19	17.40
Office Equipments	46.87	13.14	33.73	44.51	11.93	32.58	33.20	6.04	27.16
Vehicles	97.14	58.43	38.71	97.14	56.09	41.05	86.37	40.57	45.79
Total	**11,906.93**	**1,577.12**	**10,329.81**	**11,893.52**	**1,309.38**	**10,584.14**	**3,575.04**	**741.72**	**2,833.32**

INTANGIBLE ASSETS									
PDC-IDD	22.72824	10.73278	11.99546	22.73	8.84	13.89			
PDC-Motor ID	32.06663	-	32.06663	32.07	-	32.07			
PDC-Smart Meter	23.72958	-	23.72958	23.73	-	23.73			
PDC-Shunt Box	9.82644	4.09435	5.73209	9.83	3.28	6.55			
PDC -ACEM	13.75822	-	13.75822	12.40	-	12.40			
PDC-AMR	16.23365	-	16.23365	14.04	-	14.04			
PDC-DCEM	29.34292	-	29.34292	24.65	-	24.65			
PDC-FMS	38.88165	-	38.88165	34.56	-	34.56			
PDC-IDD Version-II	62.651	-	62.651	53.88	-	53.88			
PDC - IDD Version-III	32.70547	-	32.70547	28.08	-	28.08			
PDC- IDD Version - IV	22.34436	-	22.34436	18.89	-	18.89			
PDC- POC WTTL	1.17203	-	1.17203						
PDC- POC IT	4.28524	-	4.28524						
PDC - IDD AST	2.48994	-	2.48994						
Total	**312.22**	**14.83**	**297.39**	**274.85**	**12.11**	**262.74**	**-**	**-**	**-**
Grand Total	**12,219.14**	**1,591.95**	**10,627.19**	**12,168.37**	**1,321.50**	**10,846.87**	**3,575.04**	**741.72**	**2,833.32**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion of our financial condition and results of operations together with our restated standalone financial statements for the five financial years ended March 31, 2006, 2007, 2008, 2009, 2010 and the three months period ended June 30, 2010 and our restated consolidated financial statements for the financial years ended March 31, 2009, 2010 and the three month period ended June 30, 2010 including the Schedules, Annexure and Notes thereto and the Reports thereon, which appear in the section titled "Financial Statements" beginning on page 157 of the Red Herring Prospectus. You are also advised to read the section titled "Risk Factors" beginning on page xiii of the Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and restated as described in Auditors' Report of P. Murali & Co., Chartered Accountants.

Our financial year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. Our historical financial performance may not be considered as indicative of future financial performance.

Business Overview:

We are engaged in the business of providing a range of services to telecommunication infrastructure providers for setting up their passive infrastructure and to power transmission companies for setting up their transmission lines and sub-stations. We are engaged in the manufacturing and supply of telecommunication and transmission towers, substation structures and providing service solutions to the telecommunication infrastructure and power transmission sectors. Subsequent to our acquisition of SAPL, we are also engaged in the designing, building and deploying related technology products and solutions to the telecommunications infrastructure sector**.**

Our tower manufacturing activities include designing and fabrication of telecommunication and power transmission towers. Our Company has a manufacturing capacity of 1,20,000 MTPA with a backward integrated structural steel plant supporting the raw material required for tower manufacturing. We are currently undertaking a Project to expand the manufacturing capacity to 240,000 MTPA.

Our product portfolio for the telecommunications infrastructure sector includes designing, building and manufacturing towers. Subsequent to our acquisition of SAPL, we have also started to provide solutions such as remote site monitoring solution (intelligent data device) for the telecommunication sector. Our remote site monitoring solution that is provided at certain of our telecommunication sites across India is intended to provide operational efficiencies in the management of the telecommunication infrastructure. Our services for the telecommunication infrastructure sector include turnkey services, engineering procurement construction ("EPC"), operations upgradation of towers and managed services including operations and maintenance ("O&M"). As a turnkey service provider to the telecommunication sector we undertake site identification, clearance and design, project management and control, equipment procurement, supply and installation and managing services. As a managed services provider to the telecommunication sector, we undertake complete site maintenance and reporting including activities such as fuel management, security management, estate management, trouble shooting and fault management and preventive and corrective maintenance.

Our product portfolio for the power transmission sector includes transmission towers, sub-station structures and equipments, insulators, transformers and conductors. Our services in the power sector include survey, design and setting up of transmission lines for power evacuation on turnkey basis and design and setting up of sub-stations. As a turnkey service provider ("TSP") to the power transmission sector, we execute power transmission and sub-station projects on turnkey basis which includes supply of materials, installation, erection, testing and commissioning.

We are headquartered in Hyderabad and have eight regional offices in India through which we service customers in 23 telecommunication circles and six project offices to serve the customers in power sector. As of June 30, 2010, we had 1,011 permanent employees and 780 contract employees for our operations.

We have supplied towers to companies such as Reliance Infratel Limited, Wireless - TT Info Services Limited, Indus Towers Limited, Power Grid Corporation India Limited ("PGCIL"), Transmission Corporation of Andhra Pradesh Limited ("APTransco"), Rajasthan Rajya Vidyut Prasaran Nigam Limited ("RRVPNL"), Sterling Projects and Engineering Limited, Tata BP Solar India Limited, Quippo Telecom Infrastructure Limited and other telecommunication companies. Some of our customers to whom we have provided turnkey solutions are Wireless - TT Info Services Limited and Indus Towers Limited. Our customer for our technology services in the telecommunication sector is Indus Towers Limited. We are also providing pilots for technology based products and services to Wireless-TT Info Services Limited, Global Towers Limited and Reliance Infratel Limited.

Our total order book was Rs. 53,169 lakhs, out of which our order book from manufacturing of telecommunication towers was Rs. 2,582 lakhs (typically these orders are for a period of 2 months), from turnkey service projects and managed services for telecommunications sector was Rs. 3,329 lakhs and from manufacturing of power transmission towers and EPC contracts was Rs. 47,257 lakhs, as on July 31, 2010. The total order book of our subsidiary company, SAPL was Rs. 2,277 lakhs as on July 31, 2010, which includes an order from Applied Solar Technologies (India) Private Limited. In addition SAPL has received a Letter of Intent valued at Rs. 20,000 lakhs for 500 sites for a 10 year period.

We were accredited ISO 14001:2004 by Quest International in 2008 for manufacturing and supply of galvanized and ungalvanised towers for our factory situated at Athvelly, Medchal, Ranga Reddy District. We were also accredited with ISO 9001: 2008 certification from Quest Certification Private Limited in 2010 for manufacture and sale of structural steel bars and fabrication of structures for the telecom broadcasting and power sector. Additionally, the Company has received a Certificate of Appreciation from Indus on August 6, 2010 for its contribution in TN Circle by achieving 99.99% uptime and entering the gold club in July 2010. Further, SAPL has been awarded the Best Software Product (startup -enterprise) Award 2010 by ITsAP, the ITs and ITES Industry Association of Andhra Pradesh and award for excellence in technology and innovation at the Indus Partners Meet, 2009.

For year ended March 31, 2010 our total revenue was Rs. 52,107.11 lakhs out of which our revenue from manufacturing was Rs. 12,660.32 lakhs, revenue from turnkey services, which includes managed services, was Rs. 24,473.73 lakhs and revenue from trading was Rs. 14,973.06 lakhs and for three months ended June 30, 2010 our total revenue was Rs. 16,303.56 lakhs out of which our revenue from manufacturing was Rs. 3,802.79 lakhs, revenue from turnkey services, which includes managed services, was Rs. 12,500.76 lakhs and revenue from trading was nil.

For further details, see "Business Overview" beginning on page 92 of the Red Herring Prospectus.

Comparison of Standalone and Consolidated Results of Operations and Financial Condition

Prior to the year ended March 31, 2008, we did not have any subsidiary companies. Subsequently, we incorporated and acquired BSIL and SAPL.

However, the effect of our subsidiaries on our consolidated results of operations and financial condition for the financial year ended March 31, 2009 and 2010 was not significant. Set forth below is a comparison of our results of operations and financial condition on a consolidated basis and on a standalone basis for the financial year ended March 31, 2009 and 2010:

(Rs. In lakhs)

	As at and for the year ended March 31, 2010		As at and for the year ended March 31, 2009	
	Standalone	**Consolidated**	**Standalone**	**Consolidated**
Total Income	53,928.96	54,015.53	34,095.28	34,095.27
Profit before Tax	3,665.96	3,701.46	1,903.62	1,903.08
Profit after Tax, as restated	2,416.19	2,371.32	1,236.94	1,236.51
Total Borrowings	20,230.56	20,230.56	8,315.41	8,315.41

	As at and for the year ended March 31, 2010		As at and for the year ended March 31, 2009	
	Standalone	**Consolidated**	**Standalone**	**Consolidated**
Total Assets	45,193.70	45,597.47	20,047.05	20,046.60
Total Liabilities and Provisions	36,829.92	37,298.72	14,099.44	14,099.42

Significant factors affecting operations

Our financial condition and results of operations are affected by numerous factors and we believe that the following are of particular importance:

1. Condition and performance of the telecommunication and power sector;

   Our financial results are affected by developments in the Indian telecommunications industry. The Indian telecom industry is constantly witnessing the entry of new players and technological changes, and the Indian Government has been active in its regulation of the Indian telecommunications industry. New guidelines promulgated by the Government could incentivize operators not to use the systems of third party passive infrastructure operators. Alternatively, or additionally, the Government could expand its Universal Service Support for rural development which, while beneficial to our business in certain respects due to its promotion of passive infrastructure sharing, limits the overall development of telecommunication towers and related assets within areas that are subject to the scheme. The development and implementation of new technologies designed to enhance the efficiency of networks could reduce the use of and need for telecommunication tower-based wireless transmission and reception services, which would likely have the effect of decreasing demand for our telecom services. In addition, the emergence of new technologies could reduce the need for telecommunication tower-based broadcast services transmission and reception. Significant consolidation among our existing or potential customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as they do their expansion plans. Similar consequences might occur if wireless communications service providers begin to engage in extensive sharing, roaming or resale arrangements as an alternative to leasing passive infrastructure from third party operators. These and other market driven trends could materially impact our business, results of operations and financial condition.

   Our financial results are also affected by developments in the Indian power sector, which is primarily dependent on sustained economic development in India, government policies relating to infrastructure development, and budgetary allocations made by governments to these sectors, as well as funding provided by international and multilateral development financial institutions for these businesses.

2. General economic conditions

   As a Company operating in India we are affected by the general economic conditions in India and in particular the factors affecting the telecommunication and power sectors in general. Growth in manufacturing activities and the telecommunications and power sectors will further lead to growth in demand for infrastructure facilities, which will translate into new proposals for construction and upgrading and maintenance of tower facilities. Global economic conditions, such as slow-downs in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian and government policy may change in response to such conditions. The overall economic growth will therefore impact our results of operations.

3. Our ability to manage raw material procurement, human resources, working capital and logistics efficiently

   Our business is significantly affected by the availability, cost and quality of the raw materials, purchased items which we need to construct and execute our projects and products. Although we generally provide for price contingencies in our contracts to limit our exposure, if our primary suppliers of raw materials, purchased items and should curtail or discontinue their delivery of such materials to us in the quantities we need or at prices that are competitive or expected by us, or supply materials of poor quality, our ability to meet our material requirements or quality standard for our projects could be impaired. On the other hand, if the cost of the raw materials, purchased items and fuel, and other costs necessary for the construction and development of our projects decreases from the price that we had assumed in our bid for the contract, our profit from the project could be greater than we expected.

Further, our success also depends on the continued services and performance of the members of our management team and other key employees who have vast experience in the telecommunication and power sectors. If one or more members of our senior management team were unable or unwilling to continue in their present positions, those persons could be difficult to replace and our business could be adversely affected. As such, any loss of our senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

Our business requires a significant amount of working capital and capital expenditures. Significant amounts of working capital could be required to finance the purchase of materials and the performance of engineering, construction and other work on projects before progress payments are received from clients. Generally, payments from clients are linked to completion milestones or are made monthly, and are spread out over the execution period of the contract. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments, and hence we may need to incur additional indebtedness in the future or utilize internal accruals or equity funding to satisfy our working capital and capital expenditure needs. If we experience insufficient cash flows or are unable to borrow funds on a timely basis or at all to meet working capital, capital expenditure and other requirements, there may be an adverse effect on our business and results of operations.

It is customary in the industries in which we operate to provide bank guarantees in favour of customers to secure obligations under contracts. Providing security to obtain letters of bank guarantees increases our working capital needs and limits our ability to obtain further bank guarantees. If we are unable to provide sufficient collateral to secure bank guarantees, our ability to enter into new contracts could be limited.

4. Competition from Indian and international suppliers

All of our businesses operate in a highly competitive environment. Some of the businesses we compete against have greater financial resources, economies of scale and operating efficiencies. For further details on our competition, see "Industry Overview" and "Business Overview" on pages 72 and 92 of the Red Herring Prospectus.

5. Availability of finance on favorable terms

Our ability to grow in the telecom infrastructure and power transmission sectors depends largely on cost effective avenues of funding, which will be primarily met through debt/loan borrowing from external sources. Our debt service costs as well as our overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. With the growth of our operations we have had to increasingly access debt funding. We believe that going forward the availability of cost effective funding sources could affect our business operations and financial performance.

6. Success of our proposed expansion plan

The proposed schedule of implementation of Phase II of our Project is based on our management's estimates. In the past, the expansion plans have been delayed as a result of market volatility. If the schedule of implementation is delayed for the same reason or for any other reason whatsoever, we may face time and cost overruns and this may affect our results of operations.

7. Management of our broader products and services portfolio

We have recently enlarged the scope of our business to providing turnkey services and solutions for the telecommunications infrastructure and power transmission industry. Additionally, we have acquired SAPL recently which is engaged in the business of designing, building and deploying related technology products, solutions and service solutions to the telecommunications infrastructure and power transmission sectors. We may not be able to manage this transition or make a profit as a service and solution provider. If we are unable to successfully manage our transition from being a products provider to a products and services provider, our results of operations may be adversely impacted. If any of our products do not perform in the manner they are supposed to or cause damage, we may be required to pay damages, and our reputation will suffer, which will adversely affect our results of operations.

8. Ability to successfully integrate SAPL.

We have recently acquired SAPL. However, the success of our acquisition will depend, in part, on our ability to realize the anticipated synergies from our acquired business. The integration of our business operations is a challenging task that may result in unforeseen operating difficulties, absorb significant senior management attention or require additional financial resources. Further, the acquisition of SAPL may not meet our expectations and the realization of the anticipated benefits may not be achieved or may be delayed or reduced as a result of numerous factors, some of which are outside our control. If we are unable to successfully integrate SAPL, it could adversely impact our anticipated benefits from the acquisition and could materially and adversely affect our future business performance and financial condition.

Our significant accounting policies

For significant accounting policies please refer to "Financial Information" beginning on page 157 of the Red Herring Prospectus.

Summary of Results of Operations (on a standalone basis)

The table below sets forth, for the periods indicated, our restated standalone profit and loss account, both in absolute terms and with each line item represented as a percentage of total income.

(Rs. in lakhs)

Particulars	**Quarter ended 30th June**		**For the year ended 31 March**					
	30th June 2010	**% of total income**	**2010**	**% of total income**	**2009**	**% of total income**	**2008**	**% of total income**
Income								
Sales:								
Sale of Manufactured Goods	3,802.79	21.76	12,660.38	23.48	10,859.46	31.85	6,787.87	15.51
Sale of Traded Goods		0.00	14,973.00	27.76	20,671.64	60.63	35,452.32	81.01
Turnkey Services	12,500.76	71.53	24,473.73	45.38	2,194.73	6.44	319.5	0.73
Total Sales	**16,303.56**	93.29	**52,107.11**	96.62	**33,725.83**	98.92	**42,559.69**	97.25
Other Income	12.16	0.07	102.48	0.19	59.24	0.17	330.71	0.76
Increase/(Decrease) in inventories	1,160.25	6.64	1,719.38	3.19	310.21	0.91	871.15	1.99
Total Income	**17,475.97**	100.00	**53,928.96**		**34,095.28**		**43,761.55**	
Expenditure								
Material consumed	4,089.45	23.40	26,118.08	48.43	28,159.46	82.59	38,945.02	88.99
Staff Costs	454.72	2.60	647.48	1.2	405.95	1.19	270.99	0.62
Employee Benefit Expenses	29.02	0.17	71.68	0.13	47.3	0.14	7.75	0.02

Particulars	Quarter ended 30th June		For the year ended 31 March					
	30th June 2010	% of total income	2010	% of total income	2009	% of total income	2008	% of total income
Other Manufacturing Costs	9,736.58	55.71	20,315.07	37.67	1,175.44	3.45	1,005.86	2.3
Administration & Selling Expenses less Prior year adjustment (net)	184.73	1.06	693.22	1.29	803.57	2.36	268.61	0.62
Miscellaneous Expenditure written off		0.00	-	0	-	-	-	-
Interest	705.21	4.04	1,864.10	3.46	1,261.11	3.7	771.49	1.76
Depreciation	266.51	1.52	553.38	1.03	338.83	0.99	362.6	0.83
Total Expenditure	**15,466.22**	88.50	**50,263.02**	93.2	**32,191.67**	94.42	**41,632.32**	95.14
Net Profit Before Tax and Extra ordinary items	2,009.76	11.50	3,665.96	6.8	1,903.62	5.58	2,129.23	4.87
Less: Taxation & Wealth Tax	651.32	3.73	880.44	1.63	661.75	1.94	725.86	1.66
Less: Excess Provision written back-Taxation		0.00	-	0		0	7.15	0.02
Less: Provision for Deferred Tax	16.26	0.09	369.33	0.68	-2.57	-0.01	5.16	0.01
Less: Provision for Fringe Benefit Tax			-	0	7.5	0.02	2.95	0.01
Net Profit after Tax as restated	**1,342.18**	7.68	**2,416.19**	4.48	**1,236.94**	3.63	**1,388.11**	3.17

Turnover

Our income consists of income from manufacturing, trading and turnkey service. Income from manufacturing activities includes designing, fabrication and galvanising of telecommunication and power transmission towers and towers parts. Income from trading sales includes steel products required by tower manufacturers. Income from turnkey activities includes services revenue on erection of towers, upgradation of tower sites, operation and maintenance of tower sites, services income from civil and electrical works at telecommunication sites and engineering, procurement and commissioning of transmission line towers and substations.

Expenditure

Our expenditure primarily consists of raw material consumed, other manufacturing expenses, sub-contractor costs, staff cost, selling and administration cost. Raw material includes material purchased for trading and manufacturing activities.

Other Manufacturing Expenses:

Other manufacturing expenses include power and fuel, subcontractor charges, labour charges, freight, excise duty on finished goods. Our services costs are mostly subcontracted which include subcontracting of our erection and painting of telecommunication towers, upgradation of cell sites, civil and electrical works which include excavation, foundation stub setting, back filling, string including accessories, protection of tower footing, earthing, for our telecommunication and transmission businesses, while supervision and project management of works are done by our supervisors and engineers at various locations were works is undertaken. Except in case of operation and maintenance where the Company has its own staff and the cost associated with the same is captured under staff cost.

Administration and other expenses:

Administration and other expenses relate to expenses incurred towards freight and forwarding of finished goods, travelling, rent rates and taxes, legal and professional charges and other expenses for general administration.

Finance charges:

The finance charges incurred by us include interest charges payable by us for short term and the long term loans including working capital loans and financial charges like processing fees for loans and bank charges. This also includes the cost on bill discounting, letter of credit and bank guarantees opening charges.

Depreciation:

Depreciation is charged on Written Down Value method as per rate specified in Schedule XIV of the Companies Act 1956.

Comparison of FY 2010 with FY 2009

Income:

Turnover

Our turnover comprised sale of towers manufactured, turnkey services and trading activity. Total turnover, net of excise duty increased by 54.5% from Rs. 33,725.83 lakhs in FY 2009 to Rs. 52,107.11 lakhs in FY 2010. Revenue from non-trading activity increased by 184.46% from Rs. 13,054.19 lakhs in FY 2009 to Rs. 37,134.05 lakhs in FY 2010. Given the intention of the management to phase out trading activities, turnover from trading declined by 27.57% from Rs. 20,671.64 lakhs in FY 2009 to Rs. 14,973.06 lakhs in FY 2010. Turnover from manufacturing increased from Rs. 10,859.46 lakhs in FY 2009 to Rs. 12,660.38 lakhs in FY 2010, an increase by 16.58%, owing to supply of both telecommunication and power transmission towers which increased due to increase in repeated orders from Indus and WTTIL and new orders from PGCIL and RVPNL. Revenue from turnkey services increased significantly by 1015.11% from Rs. 2,194.73 lakhs in FY 2009 to Rs. 24,473.73 lakhs in FY 2010 due to addition of new revenue streams against FY 2009 which include upgradation of towers, operation and maintenance, installation and commission of shelters for telecommunication towers. The turnkey services revenue also increase due to increase in revenue from erection and painting service and execution of civil and electrical works for the transmission business. Telecommunication and transmission tower capacity utilization which stood at 80.19% in FY 2009 decreased to 25.58% in FY 2010, implying an effective capacity utilization of 71.40% in FY 2010. The decrease in the capacity in on account of the fact that additional capacity for 84,000 MTPA became operational in operational March 2010. Our backward integrated structural mill with a capacity of 90,000 MTPA which was made operational in September 2009 achieved an effective capacity utilization of 26.92%.

Other Income

Other income includes interest, commission, rent, etc. Interest is received on fixed deposits held with bank as margin money for issuance of letter of credit and bank guarantees and on delayed payment from debtors. This has increased from Rs. 59.24 lakhs in FY 2009 to Rs. 102.48 lakhs in FY 2010. Other income as a percentage of total income stood at 0.19% in FY 2010 as compared to 0.17% in FY 2009.

Expenditure

Raw Material:

Expenditure on raw material reduced by 7.25% from Rs. 28,159.46 lakhs in FY 2009 to Rs. 26,118.08 lakhs in FY 2010. Raw material expenditure includes expenditure on billates, steel, zinc, furnace oil and consumable like nut bolts, washers. Raw material cost as a percentage of total income was 48.43% for FY 2010 as compared to 82.59% for FY 2009. This includes raw material for manufacturing as well as for the trading activity. This ratio improved mainly on account of increased proportion of manufacturing activities and turnkey services as the ratio of trading sales to manufacturing sales and turnkey services fell 28.74% in FY 2010 as compared to 61.29% in FY 2009. In addition, we have achieved savings in raw material costs due to the setting up of a backward integrated structural mill.

Staff Cost:

Staff cost went up from Rs. 405.95 lakhs in FY 2009 to Rs. 647.48 lakhs in FY 2010, an increase of 59.50%. Staff cost as a percentage of total income stood at 1.20% for FY 2010 compared with 1.19% for FY 2009. The increase in staff cost was mainly on account of increase in number of employees due to higher proportion of manufacturing activity and turnkey services during the year and increase in head count on account of operation and maintenance activities of telecommunication sites. Employee benefit cost has increased from Rs. 39.68 lakhs in FY 2009 to Rs. 71.68 lakhs in FY 2010 relating to higher PF contribution in line with increase in staff cost.

Other Manufacturing Cost:

Other manufacturing costs that are incidental to the manufacturing activity like power and fuel, inward freight on raw materials, loading and unloading, subcontractor, and jobwork costs went up from Rs. 1,175.44 lakhs in FY 2009 to Rs. 20,315.07 lakhs in FY 2010. Manufacturing costs as a percentage of total income stood at 37.67% for FY 2010 up against 3.45% for FY 2009. The increase in cost is mainly on account of increase in manufacturing activities due to which power and fuel, jobwork charges, loading and unloading charges has increased by 67.20%, further the turnkey services cost increase on account of increase in upgradation of towers, installation and commission of shelters for telecommunication towers, erection and painting service and execution of civil and electrical works for telecommunication and transmission business.

Administrative and Selling Expenses:

Administrative and selling expenses reduced from Rs. 803.57 lakhs in FY 2009 to Rs. 693.22 lakhs in FY 2010, a decrease of 13.73%. These expenses as a percentage of total income stood at 1.29% for FY 2010 compared with 2.36% for FY 2009. The decrease in these expenses was mainly on account of a decrease in freight & forwarding expenses on finished goods which is paid by the customers and fewer dispatches to far places like Jammu and Kashmir, Manipur and Nagaland.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased from Rs. 3,503.56 lakhs in FY 2009 to Rs. 6,083.44 lakhs in FY 2010. EBIDTA as a percentage of total income increased to 11.28% for FY 2010 from 10.28% for FY 2009. The increase in EBIDTA was primarily on account of increase in manufacturing and turnkey services revenue which are relatively high margin businesses as compared to trading activities. In addition, we have achieved savings in raw material costs due to the setting up of a backward integrated structural mill.

Finance Charges

Finance charges increased from Rs. 1,261.11 lakhs in FY 2009 to Rs. 1,864.10 lakhs in FY 2010. This was mainly on account of increased working capital limit utilization due to increase in turnover of the Company which requires higher working capital. The higher debtors outstanding balances were on account of increase in Turnkey services turnover which takes longer duration to realise as the bills which are submitted at circles along with measurement sheet are certified by the client site engineers first at field and the same is then on forwarded to clients head offices. The outstanding loan balance has gone up from Rs. 8,265.11 lakhs at the end of FY 2009 to Rs. 16,684.25 lakhs at the end of FY 2010.

Depreciation

Depreciation increased from Rs. 338.83 lakhs in FY 2010 to Rs. 553.38 lakhs in FY 2009. This is due to the new additions of Rs. 8,290.88 lakhs in FY 2010 in the fixed assets as a result of completion of Phase I of our Project. Depreciation on fixed assets is provided on written down basis as specified in Companies Act.

Taxation

Taxes provided for FY 2010 amounted to Rs. 1,249.77 lakhs compared with Rs. 666.68 lakhs for FY 2009. Increase in tax is due to increase in earnings before tax of the Company from Rs. 1,903.62 lakhs to Rs. 3,665.96 lakhs.

Profit after tax as restated

Profit after tax as restated increased by 95.34% in FY 2010 to Rs. 2,416.19 lakhs from Rs. 1,236.94 lakhs in FY 2009. The profit after tax as a percentage of total income increased by 22.25% from 3.63% in FY 2009 to 4.48% in FY 2010. The increase in the profit after tax was due to increase in the turnover from manufactured goods and turnkey services which have relatively higher profit margin and reduction in trading revenue which has lower profit margins.

Comparison of FY 2009 with FY 2008

Income:

Turnover

Our turnover comprised sale of towers manufactured by us, turnkey services and trading activity. Total turnover, net of excise duty declined by 20.76% from Rs. 42,559.69 lakhs in FY 2008 to Rs. 33,725.83 lakhs in FY 2009. Following a conscious decision to reduce trading activity, turnover from trading declined by 41.69% from Rs. 35,452.32 lakhs in FY 2008 to Rs. 20,671.64 lakhs in FY 2009. Turnover from manufacturing increased from Rs. 6,787.87 lakhs in FY 2008 to Rs. 10,859.46 lakhs in FY 2009, an increase of 59.98% due to increased client base resulting from the second full year of operation and orders from power transmission line business from APTransco. Revenue from turnkey services increased significantly from Rs. 319.50 lakhs to Rs. 2,194.73 lakhs by 586.92% from FY 2008. Capacity utilization which stood at 66.76% of the installed capacity increased to 80.19% of the installed capacity of 36,000 MTPA in FY 2009.

Other Income

Other income mainly includes interest, commission and rent. Interest is received on deposits and also interest on delayed payment from certain debtors. This has declined from Rs. 330.71 lakhs in FY 2008 to Rs. 59.24 lakhs in FY 2009. Other income as a percentage of total income stood at 0.17% in FY 2009 and 0.76% in FY 2008.

Expenditure

Raw Material:

Expenditure on raw material reduced by 27.69% from Rs. 38,945.02 lakhs in FY 2008 to Rs. 28,159.46 lakhs in FY 2009. Raw material cost as a percentage of total income was 82.59% for FY 2009 and 88.99% for FY 2008. This included raw material for manufacturing as well as for the trading activity. This ratio improved mainly on account of increased manufacturing activities and fall in prices of steel during FY 2009. Trading sales constituted 61.3% of the total sales and manufacturing sales constituted 32.2% of the total sales reflecting the increase in manufacturing sales compared to trading sales.

Staff Cost:

Staff cost has gone up from Rs. 270.99 lakhs in FY 2008 to Rs. 405.95 lakhs in FY 2009, an increase of 49.80%. Staff cost as a percentage of total income stood at 1.19% for FY 2009 compared with 0.62% for FY 2008. The increase in staff cost is mainly on account of increase in number of employees due to higher proportion of manufacturing activity and turnkey services during the year. Employee benefit cost has increased from Rs. 7.75 lakhs to Rs. 47.30 lakhs in FY 2009 relating to higher PF contribution, gratuity and leave encashment provisions in line with increase in staff cost.

Other Manufacturing Cost:

Other Manufacturing costs that are incidental to the manufacturing activity such as power, painting cost and freight, went up from Rs. 1,005.86 lakhs in FY 2008 to Rs. 1,175.44 lakhs, an increase of 16.86%. The increase in cost is mainly on account of manufacturing activities and turnkey service activities undertaken during the year. Manufacturing expenses as a percentage of total income stood at 3.45% for FY 2009 up against 2.3% for FY 2008.

Administrative and Selling Expenses:

Administrative and selling expenses went up from Rs. 268.61 lakhs in FY 2008 to Rs. 803.57 lakhs in FY 2009, an increase of 199.16%. These expenses as a percentage of total income stood at 2.36% for FY 2009 compared with 0.61% for FY 2008. The increase in cost is mainly on account increase in freight & forwarding expenses incurred on account of higher dispatches and higher traveling and postage & telephone cost on account of increased turnkey services revenue.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased from Rs. 3,263.32 lakhs in FY 2008 to Rs. 3,503.56 lakhs in FY 2009. EBIDTA as a percentage of total income increased to 10.28% for FY 2009 from 7.45% for FY 2008. The increase in EBIDTA was primarily on account of increase in manufacturing & turnkey services revenue and decrease in raw material consumed partly offset by an increase in employee and manufacturing costs.

Finance Charges:

Finance charges increased from Rs. 771.49 lakhs in FY 2008 to Rs. 1,261.11 lakhs in FY 2009. This was mainly on account of higher debtors outstanding resulting in increased working capital limit utilisation. The outstanding loan balance has gone up from Rs. 6,258.56 lakhs at the end of FY 2008 to Rs. 8,265.11 lakhs at the end of FY 2009.

Depreciation

Depreciation decreased from Rs. 362.59 lakhs in FY 2008 to Rs. 338.83 lakhs in FY 2009 as depreciation on fixed assets including on the additions is provided on written down basis as specified in Companies Act, 1956.

Taxation

Taxes provided for FY 2009 amounted to Rs. 666.68 lakhs compared with Rs. 741.12 lakhs for FY 2008. Fringe benefit tax for FY 2009 amounted to Rs. 7.50 lakhs and for FY 2008 amounted to Rs.2.95 lakhs.

Profit after tax as restated

The profit after tax in absolute terms decreased from Rs. 1,388.11 lakhs in FY 2008 to Rs. 1,236.94 lakhs in FY 2009. Profit after tax as a percentage of total income increased to 3.63% for FY 2009 against 3.17% for FY 2008.

Comparison of FY 2008 with FY 2007

Income:

Turnover

Our turnover comprised manufacturing activities, trading activities and turnkey services. Total turnover, net of excise duty recorded a growth of 115.11% from Rs. 19,785.39 lakhs in FY 2007 to Rs. 42,559.69 lakhs in FY 2008. Turnover from trading increased by 80.50% from Rs. 19,640.92 lakhs in FY 2007 to Rs. 35,452.32 lakhs in FY 2008. Manufacturing turnover increased from Rs. 144.47 lakhs in FY 2008 to Rs. 6,787.87 lakhs in FY 2008. Our Company also started providing turnkey services in FY 2008. Revenue from turnkey services was Rs. 319.50 lakhs. Capacity utilization which stood at 1.83% of the installed capacity increased to 66.76% of the installed capacity in FY 2008.

Other Income

Other income includes interest, commission, rent etc. Interest is received on deposits and also interest on delayed payment from debtors. Other income as a percentage of total income stood at 0.67% in FY 2007 and 0.76% in FY 2008.

Expenditure

Raw Material Consumed

Raw material consumption went up from Rs. 19,205.67 lakhs in FY 2007 to Rs. 38,945.02 lakhs in FY 2008. Raw material consumed as a percentage of total income stood at 95.53% for FY 2007 and 88.99% for FY 2008. This ratio improved mainly on account of manufacturing activities undertaken in FY 2008. Trading sales constituted 83.3% of the total sales and manufacturing sales constituted 15.95% of the total sales reflecting the increase in manufacturing sales compared to trading sales.

Staff Cost

Staff cost went up from Rs. 37.39 lakhs in FY 2007 to Rs. 270.99 lakhs in FY 2008. Staff cost as a percentage of total income stood at 0.19% for FY 2007 and 0.62% for FY 2008. The increase in staff cost was mainly on account of manufacturing activities undertaken during the year which require more manpower of people to be employed. Also managerial remuneration paid to our directors which stood at Rs. 18 lakhs in FY 2007 went up to Rs. 73.12 lakhs in FY 2008.

Other Manufacturing Cost:

Other manufacturing cost went up from Rs. 150.02 lakhs in FY 2007 to Rs. 1,005.86 lakhs in FY 2008. The increase in cost was mainly on account of manufacturing activities and turnkey service activities undertaken during the year.

Administrative and Selling Expenses:

Administrative and selling expenses have gone up from Rs. 69.30 lakhs in FY 2007 to Rs. 272.38 lakhs in FY 2008. Administrative and selling expenses as a percentage of total income stood at 0.34% for FY 2007 and 0.62% for FY 2008. The increase in these expenses was mainly on account increase in rent, rates and taxes and legal and professional charges.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased from Rs. 640.56 lakhs in FY 2007 to Rs. 3,259.56 lakhs in FY 2008. EBIDTA as a percentage of total income stood at 3.19% for FY 2007 and 7.45% for FY 2008. The increase in EBIDTA was primarily due to decrease in raw material consumed from 95.53% of the total income in FY 2007 to 88.99% in FY 2007. The sales mix has also undergone a change from trading sales in FY 2007 to trading, manufacturing and turnkey services in FY 2008.

Finance Charges:

Finance charges increased from Rs. 640.54 lakhs in FY 2007 to Rs. 3,263.32 lakhs in FY 2008. This was mainly on account of higher loan balances outstanding including working capital limits. The outstanding loan balance went up to Rs. 6,258.56 lakhs at the end of FY 2008 as compared to Rs. 4,136.32 lakhs at the end of FY 2007.

Depreciation

Depreciation increased from Rs. 35.93 lakhs in FY 2007 to Rs. 362.60 lakhs in FY 2008. Depreciation was charged in FY 2007 for a period of two months only as the plant commenced operation from February 2008 as compared to depreciation for full year in FY 2008.

Profit after tax as restated

The profit after tax as restated increased from Rs. 277.25 lakhs in FY 2007 to Rs. 1,388.11 lakhs in FY 2008. PAT as a percentage of total income stood at 1.38% for FY 2007 and 3.17% for FY 2008.

Three months ended June 30, 2010

Income:

Turnover

Our Total turnover, net of excise duty for quarter ending June 2010 stood at Rs. 16,303.56 lakhs. Turnover from manufacturing was Rs. 3,808.79 lakhs comprising of 21.7% of Total Income which include both supply of telecommunication and power transmission towers for orders from Indus and WTTIL and execution of orders received from Coastal Projects, PGCIL and RRVPNL. The turnover from Turnkey services stood at Rs. 12,500.76 lakhs comprising of 71.5% of Total Income an increase from 45.3% of Total income for year ending March 2010. Turnkey revenue increase due to increase in revenue from execution of civil and electrical works for both telecommunication and transmission businesses and full quarter revenue from new revenue streams started in FY 2010 which include up gradation, operation and maintenance of telecommunication towers. In line with management intention to phase out trading activities, there was no trading activity during the quarter ending June 2010.

Expenditure:

Raw Material

Expenditure on raw material reduced from 48.4% of total income for the full year ending March 2010 to 23.4% of total income for the quarter ending June 2010. Raw material expenditure includes expenditure on billets, steel, zinc, furnace oil, consumable like nut bolts, washers. This ratio improved mainly on account of no trading activity for the quarter and in addition savings in raw material costs due to the setting up of a backward integrated structural mill.

Staff Cost:

Staff cost went up as a percentage of total income from 1.2% for full year ending March 2010 to 2.6% of total income for the quarter ending June 2010. The cost increased mainly on account of increase in Turnkey services activity both in telecommunication and transmission business.

Other Manufacturing Cost:

Other manufacturing costs that are incidental to the manufacturing activity like power and fuel, inward freight on raw materials, loading and unloading, subcontractor, and jobwork costs went up from 37.6% of total income in year ending March 2010 to 55.7% of total income for quarter ending June 2010. The increase in cost is mainly on account of turnkey services cost increase on account of increases in execution of civil and electrical works for telecommunication and power transmission business.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA for the Quarter ending June 2010 stood at Rs. 2,981.48 lakhs at 17.06% and increased from last year full year ending March 2010 of 11.28%. The increase in EBIDTA was primarily on account of increase in turnkey services revenue which is relatively high margin business as compared to trading activities undertaken in prior years.

Summary of Results of Operations (on a consolidated basis)

We did not have any subsidiary or associate consolidated prior to FY 2009 and hence no consolidated statements have been prepared by the Company prior to FY 2009.

The table below sets forth, for the periods indicated, our restated consolidated profit and loss account, both in absolute terms and with each line item represented as a percentage of total income.

(Rs. in lakhs)

Particulars	Quarter ended 30th June		For the year ended 31 March			
	30th June 2010	% of total income	2010	% of total income	2009	% of total income
Income						
Sales:						
Sale of Manufactured Goods	3,705.64	21.30	11,905.12	22.04	10,859.46	31.85
Sale of Traded Goods		0.00	14,973.06	27.72	20,671.64	60.63
Turnkey Services	12,500.76	71.85	24,612.90	45.57	2,194.73	6.44
Consultancy Services	21.00	0.12	177.72	0.33	-	0
Total Sales	**16,227.41**	93.27	**51,668.80**	95.66	**33,725.83**	98.92
Other Income	12.20	0.07	110.12	0.2	59.24	0.17
Increase/(Decrease) in inventories	1,159.23	6.66	2,236.61	4.14	310.21	0.91
Total Income	**17,398.83**	100.00	**54,015.53**	100	**34,095.27**	100
Expenditure						
Material consumed	3,990.29	22.93	25,932.68	48.01	28,159.46	82.59
Staff Costs	463.89	2.67	717.21	1.33	405.95	1.19
Employee Benefit Expenses	29.23	0.17	73.23	0.14	47.3	0.14
Other Manufacturing Costs	9,737.17	55.96	20,422.66	37.81	1,175.44	3.45
Administration & Selling Expenses less Prior year adjustment (net)	189.88	1.09	732.28	1.36	803.65	2.36
Miscellaneous Expenditure written off		0.00		0	0.45	0
Interest	705.31	4.05	1,864.15	3.45	1,261.11	3.7
Depreciation	270.45	1.55	571.87	1.06	338.83	0.99
Total Expenditure	**15,386.22**	88.43	**50,314.07**	93.15	**32,192.19**	94.42
Net Profit Before Tax and Extra ordinary items	2,012.61	11.57	3,701.46	6.85	1,903.08	5.58
Less: Taxation & Wealth Tax	652.25	3.75	895.44	1.66	661.75	1.94
Less: Excess Provision written back-Taxation		0.00	-	0	-	0
Less: Provision for Deferred Tax	16.28	0.09	370.27	0.69	-2.69	0
Less: Provision for Fringe Benefit Tax		0.00	-	0	7.5	0.02
Less: Unrealised Profit - Intergroup	8.33	0.05	64.43	0.12	-	0
Net Profit after Tax as	**1,335.76**	7.68	**2,371.32**	4.39	**1,236.51**	3.63

restated						
Profit brought forward from the last year (B) (see Note 2)	5,294.26	30.43	2,930.20	5.42	1,693.68	4.97
Minority Share of Profits	**0.70**	0.00	**7.25**	0.01	**0**	0
Profit after Tax available for Appropriations (A) + (B)	**6,693.75**	38.47	**5,294.26**	9.8	**2,930.20**	8.6

Comparison of FY 2010 with FY 2009

Income:

Turnover

The Company's turnover on a consolidated basis comprised sale of towers manufactured, turnkey services, trading activity and consultancy services. Total turnover, net of excise duty increased by 53.2% from Rs. 33,725.83 lakhs in FY 2009 to Rs. 51,668.8 lakhs in FY 2010. Revenue from non-trading activity increased by 181.1% from Rs. 13,054.19 lakhs in FY 2009 to Rs. 36,695.74 lakhs in FY 2010. Given the intention of the management to phase out trading activities, turnover from trading declined by 27.57% from Rs. 20,671.64 lakhs in FY 2009 to Rs. 14,973.0 lakhs in FY 2010. Turnover from manufacturing activities increased from Rs. 10,859.46 lakhs in FY 2009 to Rs. 11,905.12 lakhs in FY 2010, an increase of 9.63%. This includes supply of both telecom towers and power transmission towers. Revenue from turnkey services increased significantly by 1,021% from Rs. 2,194.73 lakhs in FY 2009 to Rs. 24,612.90 lakhs in FY 2010 due to addition of new revenue streams against FY 2009 including, upgradation of towers, operation and maintenance, installation and commission of shelters for telecommunication towers. The turnkey services revenue also increase on account of increase in erection and painting service revenue and execution of civil and electrical works from transmission business. Revenue from consultancy services was Rs. 177.72 lakhs in FY 2010, contributing to 0.34% of total turnover.

Other Income

Other income includes interest, commission and rent. Interest is received on deposits and on delayed payment from debtors. This mainly increased from Rs. 59.24 lakhs in FY 2009 to Rs. 110.12 lakhs in FY 2010. Other income as a percentage of total income stood at 0.20% in FY 2010 as compared to 0.17% in FY 2009.

Expenditure

Raw Material:

Expenditure on raw material reduced by 7.91% from Rs. 28,159.46 lakhs in FY 2009 to Rs. 25,932.68 lakhs in FY 2010. Raw material expenditure includes expenditure for billates, steel, zinc, furnace oil and consumable like nut bolts and washers. Raw material cost as a percentage of total income was 48.01% for FY 2010 as compared to 82.59% for FY 2009. This included raw material for manufacturing as well as for the trading activity. This ratio has improved mainly on account of increased manufacturing activities and turnkey services. We have achieved savings in raw material costs due to the setting up of a backward integrated structural mill. The cost incurred for the turnkey services revenue is represented under other manufacturing costs.

Staff Cost:

Staff cost went up from Rs. 405.95 lakhs in FY 2009 to Rs. 717.27 lakhs in FY 2010, an increase of 76.67%. Staff cost as a percentage of total income stood at 1.33% for FY 2010 compared with 1.19% for FY 2009. The increase in staff cost was mainly on account of increase in number of employees due to higher manufacturing activity and turnkey services during the year. Employee benefit cost has increased from Rs. 39.68 lakhs in FY 2009 to Rs. 73.23 lakhs in FY 2010 relating to higher PF contribution, gratuity and leave encashment provision in line with increase in staff cost.

Other Manufacturing Cost:

Other manufacturing costs, that are incidental to the manufacturing activity such as power and fuel, inward freight on raw materials, loading and unloading, subcontractor and job work costs went up from Rs. 1,175.44 lakhs in FY 2009 to Rs. 20,422.66 lakhs in FY 2010. Manufacturing costs as a percentage of total income stood at 37.81% for FY 2010 up against 3.45% for FY 2009. The increase in cost is mainly on account of increase in manufacturing activities due to which power and fuel, jobwork charges, loading and unloading charges has increased by 68.73% and due increase in upgradation of towers, installation and commission of shelters for telecommunication towers. The turnkey services cost increase on account of increase in erection and painting service and execution of civil and electrical works from transmission.

Administrative and Selling Expenses:

Administrative and selling expenses reduced from Rs. 796.34 lakhs in FY 2009 to Rs. 730.95 lakhs in FY 2010, a decrease of 9.2%. These expenses as a percentage of total income stood at 1.35% for FY 2010 compared with 2.36% for FY 2009. The decrease in these expenses was mainly on account a decrease in freight & forwarding expenses incurred on account of lower dispatches and lesser traveling and conveyance costs.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased from Rs. 3,503.02 lakhs in FY 2009 to Rs. 6,137.48 lakhs in FY 2010. EBIDTA as a percentage of total income increased to 11.36% for FY 2010 from 10.27% for FY 2009. The increase in EBIDTA was primarily on account of increase in manufacturing and turnkey services revenue which are relatively high margin businesses as compared to trading activities.

Finance Charges:

Finance charges increased from Rs. 1,261.11 lakhs in FY 2009 to Rs. 1,864.15 lakhs in FY 2010. This was mainly on account of increased working capital limit utilization due to increase in turnover of the Company which requires higher working capital. The higher debtors outstanding balances were on account of increase in turnover and also the payment terms of customers for turnkey services turnover which takes longer duration to realise. The outstanding loan balance went up from Rs. 8,265.11 lakhs at the end of FY 2009 to Rs. 16,684.25 lakhs at the end of FY 2010.

Depreciation

Depreciation increased from Rs. 338.83 lakhs in FY 2010 to Rs. 571.87 lakhs in FY 2009. This was due to new additions of Rs. 8,290.88 in FY 2010 in the fixed assets as a result of completion of Phase I of the Project. Depreciation on fixed assets is provided on written down basis as specified in Companies Act.

Taxation

Taxes provided for FY 2010 amounted to Rs. 1,265.71 lakhs compared with Rs. 666.56 lakhs for FY 2009. Increase in tax is due to increase in earnings before tax of the Company from Rs. 1903.08 lakhs to Rs.3701.46 lakhs.

Profit after tax as restated

Consolidated profit after tax as restated increased by 91.78% in FY 2010 to Rs. 2,371.32 lakhs from Rs. 1,236.51 lakhs in FY 2009. The profit after tax as a percentage of total income increased by 20.94% from 3.63% in FY 2009 to 4.39% in FY 2010.

Three months ended June 30, 2010

Income:

Turnover

The Company's turnover on a consolidated basis comprised sale of towers manufactured, turnkey services and consultancy services. Total turnover, net of excise duty for quarter ending June 2010 stood at Rs. 16,227.41 lakhs. Turnover from manufacturing was Rs. 3,705.64 lakhs comprising of 21.30% of Total Income which include both supply of telecommunication and power transmission towers for orders from Indus and WTTIL and execution of orders received from Coastal Projects, PGCIL and RRVPNL. The turnover from Turnkey services stood at Rs. 12,500.76 lakhs comprising of 71.85% of Total Income an increase from 45.57% of Total income for year ending March 2010. Turnkey revenue increase due to increase in revenue from execution of civil and electrical works for both telecommunication and transmission businesses and full quarter revenue from new revenue streams started in FY 2010 which include up gradation, operation and maintenance of telecommunication towers. Revenue from consultancy services was Rs. 21.00 lakhs in FY 2010, contributing to 0.12% of total turnover . In line with management intention to phase out trading activities, there was no trading activity during the quarter ending June 2010.

Expenditure:

Raw Material

Expenditure on raw material reduced from 48.01% of total income for the full year ending March 2010 to 22.93% of total income for the quarter ending June 2010. Raw material expenditure includes expenditure on billets, steel, zinc, furnace oil, consumable like nut bolts, washers. This ratio improved mainly on account of no trading activity for the quarter and in addition, savings in raw material costs due to the setting up of a backward integrated structural mill.

Staff Cost:

Staff cost went up as a percentage of total income from 1.33% for full year ending March 2010 to 2.67% of total income for the quarter ending June 2010. The cost increased mainly on account of increase in Turnkey services activity both in telecommunication and power transmission business.

Other Manufacturing Cost:

Other manufacturing costs that are incidental to the manufacturing activity like power and fuel, inward freight on raw materials, loading and unloading, subcontractor, and jobwork costs went up from 37.81% of total income in year ending March 2010 to 55.96% of total income for quarter ending June 2010. The increase in cost is mainly on account of turnkey services cost increase on account of increases in execution of civil and electrical works for telecommunication and transmission business.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA for the Quarter ending June 2010 stood at Rs. 2,988.37 lakhs at 17.18% and increased from last year full year ending March 2010 of 11.88%. The increase in EBIDTA was primarily on account of increase in turnkey services revenue which is relatively high margin business as compared to trading activities undertaken in prior years.

Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes our ability to obtain appropriate equity and debt financing and loans and to monetize those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We financed our working capital and capital expenditure requirements primarily through financing from banks and other financial institutions in the form of term loans and working capital facilities and the issuance of Equity Shares. Our business requires a significant amount of working capital and capital expenditure. In many cases, significant amounts of our working capital are required to finance the purchase of materials and the performance of our contracts and other work before payments are received. Significant amounts of capital are also required to purchase plant and machinery for our operations and planned expansions.

Cash Flows

The table below summarizes our cash flows for the periods indicated:

(Rs. in lakhs)

	Three months ended June 30, 2010	**Year Ended March 31, 2010**	**Year Ended March 31, 2009**	**Year Ended March 31, 2008**	**Year Ended March 31, 2007**	**Year Ended March 31, 2006**
Net cash generated from / (used in) operating activities	(934.63)	(3,242.05)	2,704.73	(1,471.31)	(2,213.88)	(1,161.67)
Net cash generated / (used in) investing activities	(185.86)	(6,210.08)	(3,432.68)	(344.51)	(2,758.34)	(3.91)
Net cash generated from / (used in) financial activities	982.64	10,051.05	827.86	1,952.95	5,037.14	1,165.87
Net increase / (decrease) in cash and cash equivalents	(137.85)	598.92	99.95	137.11	64.94	0.24

Cash Flows from / (used in) Operating Activities

The cash flow from operating activities decreased from Rs. 2704.73 lakhs in FY09 to Rs. 3,242.05 lakhs in FY10. This decrease was due to the significant increase in the Debtors in FY10 as compared to FY09. The increase in the debtors was due to increase in the revenue coming from manufacturing and Turnkey services against FY09 and lower.

Cash Flows from / (used in) Investing Activities

The cash flows used in investing activities increased from Rs. 3,432.68 lakhs in FY09 to Rs. 6,210.08 lakhs in FY10. The increase was due to the capital expenditure for phase-1 expansion and higher capital work in progress.

Cash Flows from/(Used in) Financing Activities

The cash flows from financing activities increased from Rs. 827.86 lakhs in FY09 to Rs. 10,051.05 lakhs in FY10. The increase in financing activities was primarily due to increase in the working capital loan and term loan of Rs. 9,769.14 lakhs in FY10.

Capital Expenditures and Working Capital

Our business requires a significant amount of working capital and capital expenditures. Significant amounts of working capital could be required to finance the purchase of materials and the performance of engineering, construction and other work on projects before progress payments are received from customers. Significant amounts of capital expenditures are required to purchase, maintain and update plants and equipment that are important to our provision of products and services in our businesses. Generally, payments from customers are linked to completion milestones or are made periodically, and are spread out over the execution period of the contract. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments, and hence we may need to incur additional indebtedness in the future or utilize cash flows from operations and other activities to satisfy our capital expenditure needs. If we experience insufficient cash flows or are unable to borrow funds on a timely basis or at all to meet working capital, capital expenditure and other requirements, there may be an adverse effect on our business and results of operations.

Our working capital requirements may increase to the extent that payment terms in our contracts include reduced advance payments, retention monies, back-ended payments, or any such less favourable terms to us. Our working capital requirements have increased in recent years, because we have had to advance funds to complete projects and because of delays in payments owed to us by our customers. All of these factors may result, or have resulted, in an increase in the amount of our receivables and short-term borrowings. Continued increases in working capital and capital expenditure requirements may have an adverse effect on our financial condition and results of operations.

It is customary in the industries in which we operate to provide advance payment guarantees, bid guarantees, retention money guarantees, letters of credit, bank guarantees or performance bonds in favour of clients to secure obligations under contracts. If we are unable to provide sufficient collateral to secure the letters of credit, bank guarantees or performance bonds, our ability to enter into new contracts could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs and limits our ability to provide new bonds, guarantees and letters of credit, and to repatriate funds or pay dividends. We may not be able to continue obtaining new letters of credit, bank guarantees, and performance bonds in sufficient quantities to meet our business requirements.

Sundry Debtors

(Rs. in lakhs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Greater than 6 months	2,684.40	2,056.45	1,480.57	712.68	306.57
Less than 6 months	18,956.52	7,546.43	9,434.02	5,524.39	2,038.32
Unbilled Revenue	111.70	215.07	-	-	-
Total	**21,752.62**	**9,817.95**	**10,914.59**	**6,237.07**	**2,344.89**

Total Indebtedness

As at March 31, 2010, we had total outstanding indebtedness of Rs. 20,230.56 lakhs, Rs. 16,684.26 lakhs was for secured loans and Rs. 3,546.30 lakhs was for unsecured loans. As at March 31, 2010, we had Rs. 8,850.35 lakhs secured loans, all of which are repayable on demand.

The following table sets forth our repayment obligations under the terms of our secured indebtedness as at March 31, 2010, except for cash credits and working capital loans:

(Rs. in lakhs)

	Payments due during the year ending March 31,

Indebtedness	2011	2012	2013	2014	After 2014
Secured loans	1899.32	1965.99	1538.68	790.00	592.50
Secured loans for other fixed assets	4.32	NIL	NIL	NIL	NIL

All of our financing agreements contain conditions and restrictive covenants. For details, see the section titled "Financial Indebtedness" beginning on page 258 of the Red Herring Prospectus.

Contingent Liabilities

The table below sets out material contingent liabilities that have not been provided for as at March 31, 2010.

(Rs. in lakhs)

Particulars	As on March 31, 2010
Bills Discounted with banks	2439.62
Bank Guarantees given by banks	3,439.30
Claims contested by the Company	5.00
Claims by Customs and Income Tax	-

OTHER FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

1. Unusual or infrequent events or transactions.

There have been no unusual or infrequent transactions that have taken place.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Government's focus on telecommunication and power sector will have a major bearing on the companies involved in this industry. Accordingly, any major changes in the policies of the Government may have an impact on our operations

Except the above, we do not anticipate that there are other significant economic changes that may materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Other than described in "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Result of Operations" beginning on page xiii and 238 respectively of the Red Herring Prospectus, there are to our knowledge no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

The Company's future costs and revenues will be determined by demand/supply situation, government policies.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

The increase in net sales or revenue is mainly on account of increase in volume and general increase in sales price in the normal course of business. Our Company has started providing turnkey services during FY 2008. Revenue from such services in FY 2010 was Rs. 24,473.73 lakhs.

6. Total turnover of each major industry segment in which the issuer Company operated.

The Company reports its revenues under three segments, i.e., revenue from manufacturing activities, revenue from trading activities and revenue from turnkey services. For further details see, "Business- Our Business Divisions" on page 98 of the Red Herring Prospectus.

7. Status of any publicly announced new products or business segment.

The Company has not announced any new product and segment except in the ordinary course of our business.

8. The extent to which business is seasonal.

The Company's business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers.

The % contribution of the Company's customers is given below:

Customers' contribution:

(Rs. in lakhs)

Particulars	FY 2010	FY 2009	FY 2008
Top 5 Clients (Revenues)	19,428.95	13,732.45	15,861.01
Top 5 Clients (Revenues %)	35.54	40.69	37.27
Top 10 Clients (Revenues)	29,037.39	20,546.77	20,996.53
Top 10 Clients (Revenues %)	53.12	60.89	49.34

10. Competitive conditions.

Please refer to sections titled 'Industry Overview' and "Business Overview" on pages 72 and 92 respectively of the Red Herring Prospectus for details on competitive conditions.

11. Material developments occurring after the Balance Sheet Date

The Company has availed loan of Rs. 1,000 lakhs from Basai Steels and Rs. 2,500 lakhs from Sanvijay Rolling vide loan agreements dated August 9, 2010 and August 13, 2010 respectively. For further details please see sections titled "Objects of the Issue" and "Financial Indebtedness" on pages 46, 48 and 264 of the Red Herring Prospectus.

Except as above, in the opinion of the Board, other than as disclosed in this Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months. See also, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 239 of the Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Our aggregate borrowings as of August 14, 2010 are as follows:

(Rs. in lakhs)

S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	29,277
2.	Unsecured Borrowings	3,500

I. Secured Loans

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
Loan facility aggregating to Rs. 5,880 lakhs from IDBI Bank pursuant to sanction letter dated November 29, 2006 and Loan Agreement dated December 4, 2006: *Term loan:* Rs. 1,880 lakhs *Working capital facility*: Rs. 4,000 lakhs (Cash Credit of Rs. 2,000 lakhs and Letters of Credit / Bank guarantees of Rs. 2,000 lakhs)	*Term loan*: Rs. Rs. 9,40,00,000 *Working capital facility:* Nil *Letter of Credit*: Nil *Bank Guarantees*: Rs. 4,88,62,767	**Repayment:** *Term loan*: Repayable after a moratorium of one year from the date of last disbursement in 20 quarterly installments commencing from February 1, 2008. *Working capital*: On demand **Interest**: *Term loan*: 11.50% p.a. (i.e. IDBI's BPLR on the date of the sanction letter, presently at 11.85%). Interest rate will crystallize in respect of the tranche disbursed on the date of such disbursement. Interest rate applicable after drawdown of the entire amount of the financial assistance shall be the weighted average of all interest rates pertaining to different tranches. *Working capital*: 11.50% p.a. (i.e. IDBI's BPLR on the date of the sanction letter, presently at 13.75%)	*Term loan:* First mortgage charge on all the fixed assets of the Company, present and future with Axis Bank and Punjab National Bank. First charge by way of hypothecation of all the Company's movables including movable plant and machinery, machinery spares, tools and accessories, present and future save and except book debts. First charge by way of hypothecation on all the Company's goods, book – debts and all other movable assets. Irrevocable and unconditional corporate guarantee of I-Vantage Private Limited. Irrevocable and unconditional guarantees from the Promoters in favour of IDBI. Collateral Security: Pledge of 30% equity shares of the Company held by the Promoters with Axis Bank and Punjab National Bank. Collateral Security to rank *pari passu* with the working capital assistance.

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
			Working Capital: First *pari passu* charge on all present and future stocks, receivables, spares, consumables and other current assets of the project at Athvelly Village, Medchal Mandal, Ranga Reddy District Second charge on all fixed assets of the Company. Irrevocable and unconditional corporate guarantee of I-Vantage Private Limited. Irrevocable and unconditional guarantees from Mr. Rajesh Agrawal, Mr. Rakesh Agarwal and Mr. Mukesh Agarwal in favour of IDBI.
Working Capital Loan Facility for a sum of Rs. 501 crores pursuant to a Working Capital Consortium Agreement dated May 21, 2010 and Sanction letters dated October 7, 2009 and May 2, 2010 from State Bank of India (SBI), for a sum of Rs. 215 crores (Cash Credit Limit of Rs. 35 crores, Bank Guarantee Limit of Rs. 150 crores and Letter of Credit Facility of Rs. 30 crores) Sanction letter dated March 24, 2010 from Punjab National Bank, (Cash Credit Limit of Rs. 31.25 crores, Bank Guarantee Limit of Rs. 53.50 crores and Letter of Credit Facility of Rs. 3.50 crores) Sanction letter dated January 15, 2010 from State Bank of Hyderabad, (Cash Credit Limit of Rs. 16.25 crores, Bank Guarantee Limit of Rs. 42 crores and Letter of Credit Facility of Rs. 7 crores)	State Bank of India – *Working Capital facility* Rs. 10,35,35,117 *Bank Guarantee* – Rs. 14,99,01,717 *Letter of Credit* – 14,00,00,000 Punjab National Bank – *Working Capital facilty* - Rs. 25,53,66,080 *Letter of Credit* – Rs. 6,44,08,678	**Interest:** *For Cash Credit Limits* State Bank of India : 12.5% (i.e. SBAR+0.75%) Punjab National Bank : 13% (i.e. BPLR + 2%) State Bank of Hyderabad : 12.5% (i.e. SBHPLR + 0.25%) State Bank of Mysore : 12.5% (i.e. SBMPLR + 0.25%) Axis Bank : 12.5% (i.e BPLR-2.25%) Syndicate Bank : 12.5% (i.e. PLR+0.5%) *Bills Purchased/Discounting*	The loan is secured by First pari passu charge on the current assets of the Company both present and future among the working capital bankers in the consortium Second pari passu charge on the fixed assets of the Company both present and future among the working capital bankers in the consortium Pari passu pledge of 30% of the Promoter's equity in the Company among with the working capital bankers in the consortium along with the Term Lenders shares Exclusive 10.48% pledge of shares of the Promoters

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
Sanction letter dated January 15, 2010 from the State Bank of Mysore, (Cash Credit Limit of Rs. 20 crores, Bank Guarantee Limit of Rs. 10 crores and Letter of Credit Facility of Rs. 10 crores) Sanction letter dated March 11, 2010 from Axis Bank (Cash Credit Limit of Rs. 7.5 crores, Bank Guarantee Limit of Rs. 15.50 crores and Letter of Credit Facility of Rs. 19.50 crores) Sanction letter dated May 19, 2010 from Syndicate Bank (Cash Credit Limit of Rs. 30 crores, Bank Guarantee Limit of Rs. 10 crores and Letter of Credit Facility of Rs. 10 crores)	State Bank of Hyderabad – *Working Capital facility* - Rs. 16,09,73,606 *Bank Guarantee – Rs. 3,02,87,686* *Letter of Credit – Rs. 6,53,16,661* State Bank of Mysore – *Working Capital facility – Rs. 19,37,12,628* *Letter of Credit* – Rs. 19,99,96,882 Axis Bank – *Working Capital facility* Rs. 7,34,40,765 *Bank Guarantee* – Rs. 11,39,18,032 *Letter of Credit* – Rs. 19,49,63,420 Syndicate Bank – *Working Capital facility* - Rs. 26,68,25,563 *Bank Guarantee* –	*Limit :* As applicable to Bank Charges *Import/Inland Letter of Credit/Inland Revolving Letter of Credit Limit Commission :* As applicable to Bank Charges *Guarantee Limit Commission :* As applicable to Bank Charges *Drawings against uncleared effects/interest :* As applicable to Bank Charges **Repayment** The loan is repayable on demand	in favor of State Bank of India. Guarantee from Ivantage India Private Limited Guarantee from Agarwal Developers Guarantees from the following Promoters/ Directors of the Company • Mr. Rajesh Agrawal • Mr. Rakesh Agarwal • Mr. Mukesh Agarwal

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
	Rs. 5,95,57,082 *Letter of Credit* – Rs. 10,00,00,000		
Rupee term loan of Rs. 3,950 lakhs from a consortium comprising Punjab National Bank and Axis Bank Limited pursuant to loan agreement dated September 29, 2009.	*Punjab National Bank:* Rs. 27,10,19,103 *Axis Bank Limited:* Rs. 5,82,66,715	**Interest:** Punjab National Bank BPLR + Term Premium of 0.50%, presently at 11.50%. Axis Bank : BPLR – 2.25%, presently at 12.50% **Repayment:** Punjab National Bank : In twenty equal instalments commencing from January 1, 2010 Axis Bank: In eighteen equal quarterly instalments commencing from October 1, 2009.	A first mortgage and charge, on *pari passu* basis, of existing and future movable fixed assets of the Borrower at Survey No. 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh A first charge by way of hypothecation, on *pari passu* basis of existing and future movable fixed assets of the borrower including but not limited to plant and machinery spares etc. for the purpose of setting up 84000 MTPA Telecom Towers Manufacturing plant and a steel backward integrated structural mill of 90,000 MTPA (Called Phase 1 of the expansion plan) at Survey No. 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh or any other godown or godowns or in course of transit from one godown to another wherever else the same may be but related to Phase I of the expansion plan. A first mortgage and charge, on *pari passu* basis on all the immovable fixed assets (present and future) of the Borrower at survey number 82,83,92,95 and 107, Athvelly Village, Medchal Mandal, Ranga Reddy District, Andhra Pradesh

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
			A first charge by way of hypothecation, on *pari passu* basis, of existing and future movable fixed assets of the Borrower including but not limited to plant and machinery spares etc. at Survey No. 82,83,92,95 and 107, Athvelly Village, Medchal Mandal, Ranga Reddy District, Andhra Pradesh or any other godown or godowns or in course of transit from one godown to another wherever else the same may be. The mortgage and charge on all present and future assets as Survey No. 82,83,92,95 and 107, Athvelly Village, Medchal Mandal, Ranga Reddy District, Andhra Pradesh shall rank pari passu with the charges created/to be created on the same assets in favour of the Lenders who have financed the related project on their ceding pari passu charge in writing. A charge on all present and future current assets – stocks of whatever nature and kind and book debts including receivables operating cash flows, all revenues of whatever nature and investments, claims and amounts lying in all Escrow accounts/Trust and Retention Account subject to terms and conditions as per escrow/ Trust and retention Agreement, balances in DSRA and other reserves including

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
			major maintenance reserves and other Bank Accounts of the Borrower, wherever. Personal Guarantees of the Promoters Corporate Guarantee of I-Vantage India Private Limited Pari Passu charge on 30% of the shares pledged with IDBI Bank
Term loan agreement dated October 29, 2009 for an amount of Rs. 2,000 lakhs from Tata Capital Limited. Sanction letter dated September 29, 2009.	Rs. 17,33,33,600	**Interest** : 1.50% below the LTLR subject to a minimum of 13.50% p. a, presently at 13.50% **Repayment:** Principal to be repaid in equal quarterly installments after a six month moratorium.	Personal Guarantees of Mr. Rajesh Agrawal and Mr. Mukesh Agarwal Pledge of shares of the Company held by the Promoters to the tune of 1.5 times of the loan amount. Collateral for an amount of Rs. 1,000 lakhs in form of land and fixed deposit of the borrower to the satisfaction of TCL, 2.39 acres of land belonging to the Company situated at survey no. 119, 120, 121, 122, Athvelly village, Medchal Mandal, Ranga Reddy District Andhra Pradesh.
Purchase bill factoring agreement dated March 15 2008 and Sanction letter dated March 12, 2010 between SBI Factors and Commercial Services Private Limited and the Company for a sum of Rs. 1,100 lakhs	Rs. 10,99,95,123	**Repayment**: Upon termination of the agreement the amounts due shall be payable with immediate effect. **Finance Charges**: FPLR+0.75%, effective 13.50% p.a. will be applied upfront **Service Charges**: 0.15% per invoice value per	Charges by way of hypothecation and or pledge over the client's goods, debts and assets in favour of SBI Factors Personal guarantee of the Directors, partners and other persons acceptable to the factor in a form satisfactory to SBI Factors

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
		invoice with service tax as applicable thereon per invoice will be applied.	

II. Unsecured Loans

Facility	Amount outstanding as on August 14, 2010	Repayment Schedule and Interest	Security Created
Business Loan pursuant to a Loan Agreement dated August 9, 2010 entered into with Basai Steels* for a sum of Rs. 10,00,00,000.	Rs. 10,00,00,000	**Repayment** The loan is to be repaid on or before May 8, 2011 or within one month from the receipt of Issue proceeds of the Public Issue funds, whichever is earlier. **Interest -** 15% per annum	The loan is secured by a Demand Promissory Note for a sum of Rs. 10 crores The loan is further secured by an undated cheque, drawn on State Bank of India, for a sum of Rs. 10 crores
Business Loan pursuant to a Loan Agreement dated August 13, 2010 entered into with Sanvijay Rolling* for a sum of Rs. 25,00,00,000 .	Rs. 25,00,00,000	**Repayment** The loan is to be repaid on or before nine months from the May 9, 2011 or within one month from the receipt of Issue proceeds of the Public Issue funds, whichever is earlier. **Interest -** 15% per annum	The loan is secured by a Demand Promissory Note dated for a sum of Rs. 25 crores The loan is further secured by an undated cheque, drawn on Axis Bank for a sum of Rs. 25 crores

* *For details regarding Basai Steels and Sanvijay Rolling, please see section titled "Object of the Issue" on pages 44, 46 and 48 of the Red Herring Prospectus.*

Except as stated above and in the section titled "Related Party Transactions" beginning on page 155 of the Red Herring Prospectus, our Company has not availed any other unsecured loans.

Under the terms of various agreements with our lenders, our Company is restrained from undertaking the following without the prior consent of the relevant lender:

- enter into any scheme of expansion, merger, amalgamation, compromise or reconstruction or sell, lease, transfer all or substantial portion of its fixed and other assets;
- permit any change in the ownership or control or constitution of our Company or make any change in shareholding or the management or majority of directors and not make any change to

the general nature of business;

- make any material amendments in the memorandum and articles of association of our Company;
- change the capital structure of our Company;
- declare any dividend in respect of any financial year if any event of default has occurred;
- incur any further indebtedness;
- issue any debentures, accept deposits from public, create any charge on its assets or give any guarantees;
- prepay any loan availed by it from any other party for the project;
- pay any commission to its promoters, director, managers or other persons for furnishing guarantees, counter guarantees, indemnities or for undertaking any other liability in connection with any financial assistance obtained or in connection with any other obligation undertaken for the purposes of the project;
- create any subsidiary or permit any company to become its subsidiary;
- revalue its assets at any time during the currency of the loan;
- make any corporate investment or investment by way of share capital or debentures or lend or advance funds to or place deposits with any other concern, except give normal trade credits or place on security deposits in the normal course of business or make advances to employees;
- in an event of default by the Company in payment of the interest as agreed, the lenders shall be entitled to call back the principal amount even before the due date; and
- the banks shall have the right to appoint a nominee director and/or remove, from time to time a Director or Directors not exceeding two on the Board of Directors of the Company as nominee directors.
- loans or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance;
- create or permit to subsist any encumbrance or any type of preferential arrangement, in any form whatsoever on any of its assets including intellectual property and intellectual property rights or sell, transfer, grant lease or otherwise dispose of or deal with all or any of its assets including intellectual property and intellectual property rights;
- change the financial year;
- change the accounting method.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Save as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, our Directors and our Promoters and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions/small scale undertaking(s), over dues to any other creditor to whom the Issuer owes Rs. 100,000 which is outstanding for more than 30 days, except in the ordinary course of business, defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraphs (a) and (b) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, our Promoters or Directors.

Litigations instituted against our Company

A motor accidents claim, (O.P. 1102 of 2007) was filed by Mr. M. Raghavulu and Ms. M. Shakuntahla (the “Complainants”) against B.S. Integrated Steel Products Private Limited, now merged with our Company. The said petition has been filed pursuant to the death of Mr. Venkata Ramana, the son of the Complainants who was killed in an accident that occurred on August 24, 2007 due to the alleged rash and negligent driving of a vehicle owned by our Company. The total amount of compensation demanded is Rs. 5 lakhs and the matter is currently pending.

Legal Notices issued to our Company

1. Our Company has received a legal notice dated December 2, 2008 from Featherlite Products (P) Limited (the “Complainant”) alleging the non-payment of dues arising out of supply of chairs to our Company. The Complainant has alleged that the total amount payable by our Company is Rs. 3.77 lakhs along with interest calculated at 18% per annum amounting to approximately Rs. 1 lakhs threatening criminal proceedings in case the said payments are not made. Our Company is yet to respond to this notice.

2. Our Company has received a legal notice dated January 20, 2009 from ERG Contractors Private Limited (the “Complainant”) alleging the non – payment of dues for services provided. The said notice has been sent pursuant to the alleged breach of an undertaking to pay the Complainant with respect to a prior notice dated December 25, 2008 sent by the Claimant for non payment of certain dues owed by the Company to the Complainant. Our Company is yet to respond to this notice.

3. A notice dated December 8, 2009 has been served upon the Company as a principal employer and Mr. C. Raja as a contractor, on behalf of Ms. Vanitha. The said notice has been served pursuant to the death of Mr. Babu, the husband of Ms. Vanitha, while he was on official duty at the Company’s site, situated at Priya Nagar, Virudhachalam, Tamil Nadu. The said notice demands the payment of Rs. 10 lakhs from the Company and Mr. Raja within 15 days of its receipt failing which, the Company and Mr. Raja would be proceeded against.

4. B.S. Integrated Steel Products (P) Limited, now merged with our Company, has received three legal notices dated February 18, 2008 from the District Labour Office, Kendrapara, Orissa.

   (i) A notice bearing number 5630/DLO was served on the Company pursuant to an inspection of a site of the Company situated at Rajnagar, Orissa where the Company was found to be in violation of the Payment of Wages Act, 1936 and the Orissa Payment of Wages Rules, 1936. The Company was asked to rectify the defects and submit a report of compliance within 15 days failing which legal action would be initiated.

   (ii) A notice bearing number 560 (2)/DLO was served on the Company pursuant to an inspection of a site of the Company situated at Rajnagar, Orissa where the Company was found to be in violation of the Minimum Wages Act, 1936 and the Orissa Minimum Wages Rules, 1954. The Company was asked to rectify the defects and submit a report of compliance within 15 days failing which legal action would be initiated.

(iii) A notice bearing number 566 (2)/DLO was served on the Company pursuant to an inspection of a site of the Company situated at Rajnagar, Orissa where the Company was found to be in violation of the ISMW (RE&CS) Act, 1979 and the Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Orissa Rules, 1980 for not obtained any license under Licensing Officer to execute the work in Kundrappa District by engaging outstate workers. The Company was asked to rectify the defects and submit a report of compliance within 15 days failing which legal action would be initiated.

5. The Directors of our Company have received a notice dated May 22, 2009 from the Vigilance and Enforcement Department – Ramachandrapuram Unit. The said notice has been sent pursuant to the Vigilance and Enforcement Department being entrusted with the enquiry relating to seigniorage/royalty for various construction materials like stones, metal, sand, earth, gravel used by the Company at its factory situated at Majeedpally village, Toopran Mandal, Medchal. The notice demands that the Company provide seignoriage paid particulars for various construction materials like stone and metal, sand, earth/gravel etc within seven days of receipt. The Company further received a notice dated June 11, 2009 in this regard to which it responded on August 6, 2009. Our Company further received a notice dated January 2, 2010 from the office of the Assistant Director of Mines and Geology, Medak demanding a payment of Rs. 4.24 lakhs for the alleged evasion of seignorage fee on construction materials consumed by the Company for the factory situated at survey number 41, Muppireddy village, Toopran Mandal, Medak District, as claimed in the aforesaid notices dated May 22, 2009 and June 11, 2009 The Company in its reply dated May 03, 2010 stated that no commercial transaction or monetary gain was involved in the process of leveling the land and hence, the same would not attract any seigniorage fee or Royalty tax. The matter is currently pending.

6. Our Company and Mr. Rakesh Agarwal have received a Legal Notice dated January 21, 2009 from Mr. Pramod Kumar Deshbandhu (the "**Complainant**"). The said notice has been served demanding a sum of Rs. 42,731 that the Complainant claims were owed to him by the Company for certain expenses that he incurred while supervising the Company's works at Bikaner and for non payment of salary which the Complainant claims were wrongfully withheld by the Company's. The notice demands a payment of the said amount within seven days of the receipt of the notice failing which the Company would be proceeded against in a Court of Law. The Company is yet to reply to the notice.

Income Tax

The Income Tax Officer (INV.), Department of Income Tax, conducted search operations at our Registered Office on pursuant to a warrant of authorization dated September 24, 2009 under section 132 of the Income Tax Act and section 37(A) of the Wealth Tax Act, 1957 and subsequently visited our offices on September 29, 2009, October 15, 2009, November 19, 2009 and November 23, 2009 in pursuance thereof.

Legal Notices issued by our Company

7. Our Company has issued a legal notice dated November 25, 2008 to Arrow Cables Limited ("**Arrow**") alleging breach of contract. The notice has been sent pursuant to the breach of an agreement dated June 28, 2008 (the "**Agreement**") for the sale of 146.26 KM of ACSR Panther Conductors ("**Goods**") by Arrow to our Company. Pursuant to the Agreement, an advance of Rs. 19.71 lakhs was made to Arrow, the balance amount becoming payable against inspection of the Goods by APTransco. The Agreement also stated that the Goods were to be delivered before August 28, 2008. Our Company has alleged in this notice that Arrow failed to deliver the goods on time and has raised inconsistent invoices and has demanded a repayment of the advance along with penal interest at the rate of 18% per annum. Arrow has replied to the notice on January 25, 2009 denying the allegations.

Litigation involving the Subsidiaries

Nil

Litigation involving the Group Companies

Nil

Material Developments since the Last Balance Sheet Date

In the opinion of the Board, other than as disclosed in this Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months. See also, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 238 of the Red Herring Prospectus.

LICENSES AND APPROVALS

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for its present businesses and further approvals are required for carrying on the present businesses except as stated in the Red Herring Prospectus.

I. Approvals for the Issue

1. Our Board of Directors has, pursuant to resolutions passed at its meeting held on May 30, 2008, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

2. Our shareholders have, pursuant to a resolution dated June 3, 2008 under Section 81(1A) of the Companies Act, authorised the Issue.

3. In-principle approval from the National Stock Exchange of India Limited dated June 12, 2009.

4. In-principle approval from the Bombay Stock Exchange Limited dated February 19, 2009.

II. Incorporation Details of the Company

1. The Certificate of Incorporation had been issued to our Company by the RoC, Hyderabad, on January 7, 2004 bearing registration number 42375 of 2003-04. The CIN number is U27109AP2004PTC42375.

2. The fresh certificate of incorporation pursuant to change in name from BS Steels and Minerals Private Limited to BS TransComm Private Limited dated January 24, 2008 was issued to our Company by the RoC, Hyderabad.

3. The fresh certificate of incorporation pursuant to change in name from BS TransComm Private Limited to BS TransComm Limited dated February 7, 2008 was issued to our Company by the RoC, Hyderabad.

III. Approvals to carry on our Business

1. The Ministry of Telecommunications and IT, Government of India has registered our Company as Infrastructure Provider Category – I on July 31, 2008.

2. Our Company has received an approval dated February 19, 2010 valid up to February 28, 2011 from PGCIL for rolling MS angle sections of size 40x40x4 mm to 150x150x20 mm for PGCIL projects at survey number 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh 502 334.

3. The office of the Chief Engineer (Electricity), Tendering and Procurement of the Karnataka Power Transmission Corporation Limited has included our Company in its approved vendors list through an Official Memorandum dated April 16, 2010. The approval has been granted for the supply of substation structures and tower parts with bolts, nuts and washers. The approval is valid up to April 15, 2012

4. The Inspector of Factories, R. R. District, has granted the license to work a factory at Survey No. 82, 83, 92 – 95 and 107, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401 pursuant to certificate dated April 18, 2007 bearing registration number JDM/227/2007.

5. The office of the Gram Panchayat Athvelly, Mandal Medchal has issued a No Objection Certificate dated July 19, 2006 for the setting up of our tower manufacturing facility at Survey No. 82, 83, 92 – 95 and 107, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401.

6. The office of the Assistant Provident Fund Commissioner, Hyderabad has granted Provident Fund Registration to our Company for our factory premises at Survey No. 82, 83, 92 – 95 and 107, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401 pursuant to certificate dated April 10,

2007 bearing registration number AP/HY/54300. The Employees Provident Fund Organisation has, pursuant to their letter dated March 11, 2008, recorded the change in the name from B.S. Integrated Steel Private Limited to BS TransComm Limited.

7. The Employees' State Insurance Corporation, Hyderabad has issued certificate of registration dated September 13, 2007 bearing registration number 52-27982-67 to our Company for our factory premises at Survey No. 82, 83, 92 – 95 and 107, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401.

8. The Electricity Inspectorate, Hyderabad had vide license dated May 10, 2007 authorised our Company to install:

   a. High Voltage Installations: Transformer of 500 KVA capacity, A.B. Smitch of 400 A capacity, Lightning Arrester of 5 KA capacity and High Voltage Jumper/ High Voltage Cable of NO 'O' SWG.

   b. Medium Voltage Installations: 80 KVA welding machine, 125 KVA Generator and 150 KVA capacitors and 115 HP Motor Load.

   c. Light Voltage Installations: 10 KW lighting loads.

9. The Andhra Pradesh Pollution Control Board, Hyderabad has issued a consent order dated February 26, 2007 for a period of 5 years under section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974 and section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for the establishment of our plant at Survey No. 82, 83, 92 – 95, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401 set up for the purposes of galvanizing communication and transmission towers. This consent has been accorded for manufacture of 12,000 MT of galvanized communication towers and 12,000 MT of galvanized transmission towers.

10. The Andhra Pradesh Pollution Control Board, Hyderabad has issued a consent order dated November 22, 2008 till September 30, 2011 under section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974, section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and rule 5 of the Hazardous Wastes (Management and Handling) Rules, 1989 authorizing the Company to operate the industrial plant, to discharge trade effluents from the outlets and for emission from the chimneys from the plant at Survey No. 82, 83, 92 – 95, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401.

11. The Andhra Pradesh Pollution Control Board, Hyderabad issued a consent order dated November 20, 2009 till August 31, 2010 under section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974, section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and rule 5 of the Hazardous Wastes (Management and Handling) Rules, 1989 authorizing to operate the industrial plant to discharge the effluents from the outlets and emission from chimneys from our plant at survey number 41, Majeedipally village, Toopran Mandal, Medak District, Andhra Pradesh 502 334. The Company has applied for a renewal of the consent order vide its application dated September 13, 2010 and the application is currently pending.

12. Our Company has received an acknowledgement dated October 13, 2008 from the Public Relation and Complaints Section of the Secretariat of Industrial Assistance, Ministry of Commerce and Industry, for the fabrication and galvanizing of towers with a capacity of 84,000 MT, rolling of steel section with a capacity of 90,000 MT and ingot billets with induction furnace with a capacity of 36,000 MT.

13. Our Company has received an acknowledgement dated June 9, 2008 from the Public Relation and Complaints Section of the Secretariat of Industrial Assistance, Ministry of Commerce and Industry, for the fabrication of tower parts and galvanizing of tower parts with rolling of structural steel with a capacity of 170,000 MT.

14. Our Company has received a license from the Bureau of Indian Standards bearing license number CM/L-6982195 as per 2062: 2006 to use the ISI standard mark in for the hot rolled low, medium and high intensity structural steel. The license applies to sizes angles of ISA 40X40X 4mm to 150X150X20 mm grade E 250 Quality A. The license is operative from November 13, 2009 and is valid up to November 12, 2010.

15. Our Company has received Manufacturing Quality Plan (MQP) No. TSB 211/Rev.00 from PGCIL vide letter dated October 22, 2009 valid up to October 14, 2010 for Galvanized Tower Structures and parts.

16. Our Company has received vendor approval dated May 6, 2010 for supply of transmission line towers and sub-station structures for EHV transmission projects from Maharashtra State Electricity Transmission Company Limited. The approval is given for supply of transmission line towers, sub-station structures for upto 220 KV.

17. Our Company has received an approval dated August 9, 2010 from PGCIL for rolling HT angle sections of size 40x40x4 mm to 150x150x20 mm for an initial period upto February 28, 2011.

18. We have applied for OHSAS ISO 18001:2007 certifications for which the certification and certification audit is pending.

19. Our Company has been granted ISO 14001: 2004 by Quest International Certification for manufacture and supply of galvanized and ungalvanized towers pursuant to certificate dated March 2, 2008 bearing registration number RQ91/102. The expiry date for the certification is March 1, 2011.

20. Our Company has been granted ISO 9001:2008 certification dated March 20, 2010 from Quest Certification Private Limited, accredited by the Government of Dubai Accreditation Department, for manufacture and sale of structural steel and bars and fabrication of structures for telecom broadcasting and power sector. The certificate is valid upto March 19, 2013.

21. The Deputy Commissioner of Labour – III, Hyderabad has registered our Company's office at 504, 5th floor, Trendset Towers, Road No. 2, Banjara Hills, Hyderabad – 500 034 as a commercial establishment under the Andhra Pradesh Shops and Commercial Establishment Act, 1988. The license is valid for a period between January 1, 2010 to December 31, 2010.

22. The office of the Divisional Engineer, Telecom Quality Assurance Circle, Bangalore, BSNL has issued a Technical Specification Evaluation Certificate to our Company on October 27, 2008 valid up to October 31, 2011 for 40 meter narrow base light weight tower.

23. Consent for establishment under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 issued by the Andhra Pradesh Pollution Control Board on November 26, 2008.

24. The Company's tower manufacturing capacity is 36,000 MTPA. However, the consent accorded by the Andhra Pradesh Pollution Control Board, Hyderabad under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and section 21 of the Air (Prevention and Control of Pollution) Act, 1981 is for the manufacture of 24,000 MT of galvanized telecommunication and transmission towers.

25. The Assistant Commissioner of Customs and Central Excise has given a Central Excise Registration Certificate dated June 25, 2008 under Central Excise Rules, 2002 to our Company for manufacturing excisable goods at survey number 41, Majeedpally Village, Toopran Mandal, Medak District Andhra Pradesh 502 334

26. The Chief General Manager, Ranga Reddy Zone, Hyderabad has sanctioned the extension of 33 KV power supply under HT Cat – I to 1 No. additional 1500 KVA CMD to the existing 100 KVA CMD to the new Project pursuant to the letter dated June 19, 2009.

27. Certificate of No Objection dated June 19, 2008 from the office of the Gram Panchayat at Muppireddypally, Medak for the construction of rolling, fabrication and galvanizing of structural steel to make tower parts at Medak.

28. The Inspector of Factories has granted a license to work the factory vide certificate dated December 4, 2009 bearing license number 47941 and registration number 95282, located at survey number 41, Majeedpally Village, Toopran Mandal, Medak District, Andhra Pradesh 502 334 with the maximum horse power limit being 5096 HP and the maximum number of workers to be employed shall not exceed 250 workmen. The license is dated December 4, 2009 and is valid until cancelled.

29. The office of the Registering Officer and Joint Commissioner of Labour, Ranga Reddy Zone, Hyderabad, has issued a certificate of registration to our Company under section 7 (2) of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules made thereunder. The certificate has been issued on October 8, 2009 and is for the purposes of mobile tower manufacturing to be undertaken at our factory situated at survey number 41, APIIC, Majeedpally village, Toopran Mandal, Medak District stating that the maximum number of contract labour to be employed on any day through each contractor is 500 workers.

IV. Tax related approvals

1. The PAN Card was issued by the Income Tax PAN Services Unit, bearing Permanent Account Number AACCB3170F, on January 7, 2004.

2. The Income Tax Department had allotted Tax Deduction Account Number HYDB02125E to our Company on December 31, 2004.

3. The Commercial Taxes Department, has allotted TIN 28740193523, pursuant to the certificate of registration dated March 5, 2008 and has certified our Company as a registered dealer under section 7(1) and 7(2) of the Central Sales Tax Act, 1956. The certificate is valid from April 1, 2005 until cancelled.

4. The Commercial Taxes Department, pursuant to the certificate of registration dated June 28, 2007, has certified our Company as a manufacturer and seller under section 7(1)7(2) of the Central Sales Tax Act, 1956.

5. The Office of the Assistant Commissioner of Central Excise, pursuant to the Central Excise Registration Certificate dated April 9, 2008, has registered our Company as a manufacturer of excisable goods at Survey No. 82, 83, 92 – 95 and 107, Athvelly Village, Medchal Mandal, R. R. District, Andhra Pradesh – 501 401.

6. The Office of the Assistant Commissioner of Customs and Central Excise, pursuant to the Central Excise Registration Certificate dated February 27, 2008, has registered our Company as a dealer of excisable goods at our godown at 186/A/B8, Plassy Line, Bowinpally, Secunderabad, Hyderabad urban, Andhra Pradesh – 500 011.

7. The Commercial Taxes Department, Government of Andhra Pradesh has allotted VAT Registration Number 28740193523 pursuant to letter dated March 5, 2008.

8. The Commercial Taxes Department, Government of Andhra Pradesh has allotted VAT registration number 28740193523 pursuant to letter dated February 18, 2008. The certificate is valid from April 1, 2005.

9. The office of the Commercial Taxes Department, Hyderabad has granted an AP Professional Tax Payer Enrollment Certificate to our Company dated April 9, 2008 bearing number 28376286630.

10. The office of the Commercial Taxes Department, Hyderabad has granted an AP Professional Tax Payer Enrollment Certificate to our Company dated April 9, 2008 bearing number 28610187429.

11. The Commercial Taxes Department, Government of Tamil Nadu has allotted a TIN 33622123905 pursuant to letter dated January 13, 2010 under the provisions of the Tamil Nadu Value Added Tax Act, 2006.

12. The office of the Company situated at 172/87, Bharathi Colony, I cross west, Peelamedu, Coimbatore, Tamil Nadu has been registered as a dealer under sections 7(1) and 7(2) of the Central Sales Tax Act, 1956, by the Commercial Taxes Department, pursuant to the certificate of registration dated January 13, 2010. The CST number is 1025015.

13. The Assistant Commissioner, Shahjahanpur, Government of Rajasthan has allotted a TIN 08940703237 to our Company pursuant to letter dated March 15, 2010 issued under the provisions of the Rajasthan Value Added Tax Act, 2003. The certificate is valid with effect from March 25, 2009.

14. The office of the Company situated at A-87 RIICO Colony, Behror, Shahjahanpur, Alwar, Rajasthan has been registered as a dealer under sections 7(1) and 7(2) of the Central Sales Tax Act, 1956, by the Commercial Taxes Department, Rajasthan pursuant to the certificate of registration dated March 15, 2010. The certificate is valid from March 12, 2010. The CST number is 08940703237.

15. The Assistant Commissioner of Taxes has pursuant to letter dated December 19, 2009 registered the Company as a dealer under section 22 of the Karnataka Value Added Tax Act, 2003 and allotted TIN 29720872325. The certificate is valid from December 15, 2009.

16. Our Company has received a Certificate of Enrolment dated December 15, 2009 from the Assistance Commissioner of Commercial Taxes, issued under the Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976.

17. The office of the Central Excise and Customs, Hyderabad has registered our Company for the purposes of payment of service tax on transport of goods by road, business auxiliary services, erection, commissioning and installation and for distribution of input services pursuant to a certificate dated February 26, 2008 bearing Service Tax Cell number AACCB3170FST001.

18. The Deputy Commercial Tax Officer, pursuant to a certificate of registration dated August 7, 2007 bearing registration number BGT/09/01/P.T/R.C. No. 1598/2007-08, has registered our Company as an employer as defined under the Andhra Pradesh State Tax on Professions, Trades, Callings and Employment Act, 1987.

V. Intellectual Property

1. We have applied for registration of our trademark "BSG", the logo as appearing on the cover page of the Red Herring Prospectus, in class nine before the Trade Marks Registry, Chennai on May 14, 2008. The application for registration is currently pending.

2. SAPL has filed a patent application with the Indian Patent Office bearing number 912/CHE/2010 and bearing CBR number 2713 on March 31, 2010 for a "Multitenant Energy Optimiser". The application is currently pending.

3. SAPL has filed a patent application with the Indian Patent Office bearing number 883/CHE/2010 on March 30, 2010 for "System and method for dynamic management of remote infrastructure". The application is currently pending.

4. SAPL has filed two Trade Mark applications number 1844002 and 1844003 dated July 27, 2009 for the mark "Intelligent Data Device" and its abbreviation "IDD", Class "09" with the Government of India, Trademark Registry, Chennai. The application is currently pending.

5. SAPL has filed two Trade Mark applications with the office of the Register of Trademarks, Trade Marks Registry, Chennai dated May 5, 2010 for registration of the SAPL's logo, SAPL SUGAN AUTOMATICS Creating Intelligent Infrastructure. The application is currently pending.

The Company has obtained the above approvals and the same are valid as of the date of the Issue. Some of these have expired in the ordinary course of business and applications for their renewal have been submitted. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on May 30, 2008 subject to the approval of the shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders have, at the Annual General Meeting of our Company held on June 3, 2008, approved the Issue.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the Promoter Group, or the person (s) in control of the Company have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of the Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same.

Neither our Company, Directors, our Promoters and the relatives of the Promoters (as defined under the Companies Act), have been identified as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for this Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 300 lakhs 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 accordance with 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 lakhs in each of the three preceding full years;

- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter’s contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last financial year;

- Our Company has not changed its name in the last fiscal year.

Further, we undertake that the number of Allottees in the Issue shall be least 1,000. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

The Company's net tangible assets, monetary assets, net profit and net worth derived from our Audit Report for the last five years ended FY 2009 are set forth below:

(Rs. in lakhs)

	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Net Tangible Assets (1)	28,632.50	14,167.44	10,937.51	6,861.02	1,288.38
Monetary Assets (2)	901.39	302.47	202.52	65.41	0.45
Distributable profits	2,416.19	1,236.94	1,388.11	277.25	18.70
Net Worth, as restated	8,363.78	5,947.60	4,678.47	885.52	607.52

(1) *Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)*

(2) *Monetary assets include cash on hand and bank. Detailed figures are given in the Auditor's Report dated May 4, 2010 pertaining to the Initial Public Offering of BS TransComm Limited.*

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER JM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER, JM FINANCIAL CONSULTANTS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, JM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 19, 2010 WHICH READS AS FOLLOWS:

"WE, THE BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

A. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE ISSUE.

B. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS, AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

a. THE RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

c. **THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

C. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**

D. **WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

E. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.**

F. **WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE RED HERRING PROSPECTUS.**

G. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. – NOT APPLICABLE**

H. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION 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.**

I. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE**

THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

J. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

K. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

L. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE RED HERRING PROSPECTUS:

a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE 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.

M. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

N. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

O. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Book Running Lead Manager any irregularities or lapses in the Red Herring Prospectus.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Andhra Pradesh at Hyderabad, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

DISCLAIMER STATEMENT FROM OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER

The Company, the Directors and the Book Running Lead Manager accepts no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website www.bsgroup.in would be doing so at his or her own risk**.**

The BRLM accepts no responsibility, save to the limited extent as provided in the Engagement Letter entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither the Company, its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Disclaimer in respect of jurisdiction

This Issue is 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 equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) and to eligible NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer 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 disputes arising out of this Issue will be subject to the jurisdiction of courts in Hyderabad, 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 Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (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). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The BSE has given *vide* its letter dated February 19, 2009, permission to the Issuer to use the Exchange's name in the Red Herring Prospectus as one of the stock exchange on which this Company's securities are proposed to be listed. The BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or

ii. warrant that this Company's securities will be listed or will continue to be listed on the BSE; or

iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE. 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 BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given *vide* its letter dated June 12, 2009 permission to the Issuer to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The NSE 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 not it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60 of the Act, would be delivered for registration to the Registrar of Companies at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500 195, Andhra Pradesh, India.

Listing

The Equity Shares issued though this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it or within 70 days from the Bid/ Issue Closing Date, whichever is earlier, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the BRLM shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven Working Days of finalisation of basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

"Any person who-

(a) **makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or**

(b) **otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years."

Consents

The written consents of the Promoters, the Directors, the Company Secretary and Compliance Officer, the Auditor, the legal advisors, the BRLM, the Syndicate Members, the Registrar to the Issue, the Underwriter and the Bankers to the Company to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with RoC and have agreed that such consents have not been withdrawn up to the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

M/s. P. Murali & Co**.**, Chartered Accountants, our statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Prospectus for registration to the Registrar of Companies.

M/s. P. Murali & Co**.**, Chartered Accountants have given their written consent to the statement of 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 Prospectus for registration with the Registrar of Companies.

The IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated May 11, 2010 for the inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus.

Expert Opinion

Except the report of ICRA Limited in respect of the IPO grading of this Issue **Annexed** herewith as Annexure, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] lakhs. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the BRLM to the Issue and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

The estimated Issue expenses are as under:

Particulars	Amounts*	As % of total expenses	As a percentage of Issue Size
Lead management fees (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:			
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- IPO Grading fees	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

**Will be incorporated after finalisation of Issue Price*

Fees payable to the Book Running Lead Manager

The total fees payable to the BRLM will be as per the Issue Agreement signed between the Company and the BRLM, a copy of which is available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The total 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 signed with between the Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Underwriting Commission, Brokerage and Selling Commission

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous public or rights issues

Our Company has not made any public or rights issue since its inception.

Previous issue of shares otherwise than for cash

Please refer to the section titled 'Capital Structure' and 'History and Certain Corporate Matters' beginning on pages 30 and 114 respective of the Red Herring Prospectus for details of shares issued otherwise than for cash.

Commission or brokerage on previous issues

No sum has been paid or payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Outstanding debentures or bond issues

As on the date of filing this Red Herring Prospectus, our Company does not have any outstanding debentures or has made any bond issue.

Outstanding Preference Shares

As on the date of filing this Red Herring Prospectus, our Company does not have any outstanding preference shares.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1) (b) of the Companies Act which made any capital issue during the last three years

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act that made any capital issue during the last three years.

Promises *v.* Performance

Our Company has not made any public or rights issue since its inception. None of our Group Companies, associates and subsidiaries of the Company have made any public issue since their respective dates of inception.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

The MoU between the Registrar to the Issue and our Company entered on May 7, 2010 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed 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 BCAF was submitted by the ASBA

Bidders.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The Company has also constituted an Investors' Grievance Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

Our Company has appointed Mr. Subbaiah Raman, Company Secretary as the Compliance Officer and he may be contacted at 504, Trendset Towers, Road 2, Banjara Hills, Hyderabad – 500 034, Tel: +91 40 6666 6250, Fax: +91 40 6666 7268, Email: investors@bsgroup.in for redressal of any complaints.

Changes in the Auditors during last three years and reasons thereof

Changes in our auditors in the last three years are as follows:

Name of Auditor	Date of Appointment/ Resignation	Reasons for change
P. K. Bajaj & Co.	November 17, 2006	Resignation
S.K. Bang & Co.	January 7, 2008	Resignation
M. Bhaskara Rao & Co.	December 29, 2009	Resignation
P. Murali & Co.	January 12, 2010	Appointment

Capitalisation of reserves or profits during the last five years

Our Company has issued 68,92,600 Equity Shares as bonus to the existing shareholders of the Company in the ratio of 1:1. For details of the same, please refer to the section titled "Capital Structure" beginning on page 30 of the Red Herring Prospectus.

Revaluation of assets during the last five years

Our Company has not revalued its assets since inception.

SECTION VII: ISSUE INFORMATION

ISSUE STRUCTURE

Public Issue of 76,79,410 Equity Shares of face value of Rs. 10 each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] lakhs (hereinafter referred to as the "Issue").

The Issue will constitute 35.10% of the total post issue paid-up equity capital of our Company. The Issue is being made through the 100% Book Building Process:

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 38,39,705 Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 11,51,911 Equity Shares	Not less than 26,87,794 Equity Shares
Percentage of the Issue Size available for allocation	Not more than 50% (of which 5% shall be reserved for Mutual Funds) of the Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of allocation, if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares 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
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of 1 Equity Share thereafter.	[●] Equity Shares and in multiples of 1 Equity Share thereafter.	[●] Equity Shares and in multiples of 1 Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs and sub-accounts registered with SEBI,	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts. sub-	Individuals (including NRIs and HUFs in the name of karta)

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	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 Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500 lakhs, pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable law, and National Investment Fund and insurance funds set up and managed by army, navy or air force of the Union of India.	accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals	
Terms of Payment##	Bid Amount shall be payable at the time of submission of Bid cum Application Form	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Member of Syndicate##	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Member of Syndicate##
Margin Amount	Full 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, under-subscription, if any, in QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company, BRLM and subject to applicable provisions of SEBI Regulations.*

** *In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.*

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA BCAF.

The number of prospective Allottees of Equity Shares in this Issue shall not be less than 1,000.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof. In such an event the Company shall issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to stock exchanges on which the Equity Shares are proposed to be listed.

In the event that the Company decides not to proceed with the Issue after Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, the Company shall file a fresh draft red herring prospectus with SEBI.

Bid/Issue Program

BID/ISSUE OPENS ON	**OCTOBER 6, 2010**
BID/ISSUE CLOSES ON	**OCTOBER 8, 2010**

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be accepted only between 10.00 a.m. and 3 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and (ii) 5.00 p.m. in case of Bids by Retail Individual Investors which may be extended to such time as may be permitted by BSE and NSE.

Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, the Issuer, BRLM, Syndicate Members, the Registrar to the Issue and the SCSBs will not be responsible. Bids will be accepted only on Business Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

The data contained in the electronic book, for a particular bidder, as per the details upoloaded may be taken as the final data for the purpose of allotment. In order that the data so captured is accurate, the Syndicate Members or their affiliates and SCSBs may be permitted an additional day, post Bid/Issue Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

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

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, conditions of RBI approval, if any, the terms of the Red Herring Prospectus and Prospectus, Bid cum Application Form, ASBA BCAF, the Revision Form, ASBA Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice, and other documents/certificates that may be executed in respect of 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, Government of India, Stock Exchanges, RBI, RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including in respect of the rights to receive dividends. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see section titled “Main Provisions of the Articles of Association” beginning on page 322 of the Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

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

Rights of the Equity Shareholder

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

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

For a detailed description of the main provisions of the Articles of Association of BS TransComm Limited dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled ‘Main provision of the Articles of Association of our Company’ beginning on page 322 of the Red Herring Prospectus.

Market Lot

The Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI

Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, please refer to the section titled "Issue Procedure" beginning on page 291 of the Red Herring Prospectus.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in an English newspaper, Hindi newspaper and a Telugu newspaper at least two Working Days prior to the Bid/ Issue Opening Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Hyderabad, India.

Bid/Issue Program

For details see, "Issue Structure" on page 285 of the Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to our Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such allotment 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 allot the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to public including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as prescribed under Section 73 of the Companies Act. Further, the Company shall ensure that the number of prospective allotees to whom Equity Shares will be Allotted shall not be less than 1,000.

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.

Arrangement for disposal of odd lot

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Restriction on transfer of Equity Shares

Except for lock-in as detailed in "Capital Structure – Promoters Contribution and Lock-in" beginning on page 34 of the Red Herring Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfers of debentures except as provided in the Articles of Association. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please see section titled "Main Provisions of the Articles of Association" beginning on page 322 of the Red Herring Prospectus.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders (other than ASBA Bidders) are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Book Building Procedure

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

All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted through the BRLM or its affiliates in case of ASBA Bids by QIBs should be intimated to the BRLM.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the Bid-cum-Application Form bearing the stamp of the Syndicate Members for making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission the Bid cum Application Form to the Syndicate Members, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	[●]
ASBA Bidders	
Resident ASBA Bidders	[●]
Non-Resident ASBA Bidders	[●]

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by the ASBA Bidders.

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);

2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;

4. Mutual Funds registered with SEBI;

5. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);

6. Multilateral and bilateral development financial institution;

7. Venture capital funds registered with SEBI;

8. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;

9. FIIs and sub-accounts registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;

10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;

11. State Industrial Development Corporations;

12. Insurance companies registered with the Insurance Regulatory and Development Authority;

13. Provident funds with a minimum corpus of Rs. 2,500 lakhs and who are authorized under their constitution to invest in Equity Shares;

14. Pension funds a with minimum corpus of Rs. 2,500 lakhs and who are authorized under their constitution to invest in Equity Shares;

15. National Investment Fund

16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their respective constitutions to hold and invest in Equity Shares;

17. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable local laws;

18. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares;

19. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;

20. Insurance funds set up and managed by army, navy or air force of the Union of India.

As per the existing regulations, OCBs are not eligible to participate in this Issue.

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.

Participation by associates of BRLM and Syndicate Members

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand 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.

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. These limits would have to be adhered to by the Mutual Funds for investment in the Equity Shares.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

Bid cum Application forms have been made available for eligible NRIs at the Registered Office and with the members of the Syndicate.

Eligible NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians and not use the forms meant for reserved category.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company.

In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total paid-up capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date no such resolution has been recommended for adoption.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII 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 regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

Application by 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 registered with SEBI. Accordingly, the holding 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 or 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 of venture capital undertakings.

The above information is given for the benefit of the Bidders. The Company and the BRLM 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 own independent investigations and 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.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000, net of Retail Discount as applicable to be adjusted. 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 Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price 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.

For other Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the full Bid Amount upon submission of the Bid. In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.

1,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIBs are not allowed to Bid at Cut-Off Price.

Information for the Bidders:

1. The Company and the BRLM shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Telugu newspaper with vide circulation. This advertisement shall be in the prescribed format.

2. The Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.

3. The members of the Syndicate and the SCSBs, as applicable will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. The SCSB shall ensure that the abridged prospectus is made available on its website.

4. Any Bidder (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 the BRLM / Syndicate Members.

5. Eligible Bidders who are interested in subscribing the Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.

   The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA BCAFs) should bear the stamp of the members of the Syndicate otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form, which will also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

   The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Depository database, the application is liable to be rejected.

Method and Process of Bidding

a. The Company and the BRLM, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily, one Hindi national daily and one Telugu daily newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding/Issue Period.

b. The Bid/Issue Period shall be for a minimum of three Working Days and not exceeding ten Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Telugu newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

c. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

d. The Bidder cannot Bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids".

e. The Members of the Syndicate/SCSBs 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.

f. During the Bidding/Issue Period, Bidders (other than QIBs) may approach the Syndicate Members to submit their Bid. Every Syndicate Member shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

g. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled "Issue Procedure - Escrow Mechanism, terms of payment and payment into the Escrow Accounts" on page 297 of the Red Herring Prospectus.

h. Upon receipt of the ASBA BCAF, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA BCAF, prior to uploading such Bids with the Stock Exchanges.

i. 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.

j. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA BCAF and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

k. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. 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 ASBA Accounts and for transferring the amount allocable to the successful 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 Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

1. In accordance with SEBI Regulations, the Company, in consultation with the BRLM and without the prior approval of or intimation to the Bidder, reserves the right to revise the Price Band during the Bid/Issue Period, provided 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 the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

2. The Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

3. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.

4. 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 respective Escrow Accounts. 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), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.

5. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.

6. In case of a downward revision in the Price Band, 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 respective Escrow Accounts/refund account(s) or unblocked by the SCSBs, as applicable.

7. The Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please refer to "Issue Procedure - Payment Instructions" on page 306 of the Red Herring Prospectus.

Electronic Registration of Bids

(a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days.

(c) There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, the Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(d) The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members, their authorized agents and the SCSBs during the Bid/Issue Period. The Syndicate Members and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Members and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the bidding centres during the Bid/Issue Period.

(f) At the time of registering each Bid other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidder in the on- line system:

- Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary 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 such as Individual, Corporate, NRI, FII or Mutual Fund;
- Price options;
- Cheque amount;
- Numbers of Equity Shares Bid for all the options;
- Cheque number;
- Bid cum Application Form number;
- Depository Participant Identification Number and Client Identification Number of the Bidder; and
- PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online bidding system:

- Name of the Bidder(s);
- Application Number;
- PAN (of First Bidder in case ofmore than one Bidder);
- Investor Category and Sub-Category;

Retail	**Non- Institutional**	**QIB**
(No sub category)	-Individual - corporate - other	- Mutual Funds - Financial Institutions - Insurance companies - Foreign Institutional - Investors other than corporate and individual sub-accounts

- DP ID;

- Beneficiary Account Number or Client ID;
- Number of Equity Shares bid for all;
- Price;
- Bank Account number;
- Cheque Amount;
- Cheque number.

(g) 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 request and obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the Syndicate Members or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.

(h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(i) In case of QIB Bidders, the members of the Syndicate can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. In case of Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in this Red Herring Prospectus. The SCSB shall have no right to reject Bids except on technical grounds.

(j) 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 the Company and the BRLM are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company 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 Stock Exchanges.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bidding/Issue Period after which the data will be sent to the Registrar for reconciliation and Allotment of Equity Shares.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/Issue Period.

(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 changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder 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) 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) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) 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.

(h) The Company in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

(i) 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Members. **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.**

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with the Company.

The Company, in consultation with BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

(a) Not more than 50% of the Issue (including 5% specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(b) Not less than 15% and 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(c) Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,91,985 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM.

(d) Allocation to eligible NRIs or FIIs or Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to the terms and conditions stipulated by RBI.

(e) The Company reserves the right to cancel the Issue any time after the Bid/Issue Closing Date but before Allotment without assigning any reasons whatsoever.

(f) In terms of SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date i.e. October 8, 2010.

(g) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company and the BRLM would update and file the updated Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Telugu language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allottment Note ("CAN")

(a) Upon approval of basis of allotted by the Designated Stock Exchange, the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The Company shall ensure that the date of Allotment of the Equity Shares to all Bidders in this Issue shall be done on the same date.

(b) The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allotted Equity Shares in the Issue. The dispatch of 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.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Bid/Issue Closing Date.

2. As per SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Letters of Allotment or refund orders or instructions to the SCSBs

We shall give credit to the beneficiary account with Depository Participants within 12 (twelve) Working Days from the Bid/Issue Closing Date. Applicants residing at 68 centres where clearing houses are managed by the RBI, will get refunds through NECS (subject to availability of information for crediting the refund through NECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, we shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidders sole risk within 12 Working Days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA BCAFs for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date;

- Despatch of refund orders shall be done within 12 Working Days from the Bid/Issue Closing Date; and

We shall pay interest at 15% per annum, if Allotment is not made and refund orders are not despatched and/or demat credits are not made to Bidders within eight days from the day the Company becomes liable to repay, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money with interest at the rate of 15% per annum as prescribed under section 73 of the Companies Act.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Bid cum Application Form;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;

e) With respect to ASBA Bids ensure that the ASBA BCAF is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA BCAF;

f) Ensure that you have requested for and receive a TRS for all your Bid options;

g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA BCAF to the respective Designated Branch of the SCSB;

h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted though the SCSBs;

j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

k) Ensure that the Bid is within the Price Band;

l) Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form.; and

m) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

n) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

a) Do not Bid for lower than the minimum Bid size;

b) Do not Bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB;

d) Do not pay the Bid amount in cash, by money order or by postal order;

e) Do not provide your GIR number instead of your PAN number.

f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;

g) Do not Bid at cut-off price (for QIBs and Non-Institutional Bidders);

h) Do not Bid for a Bid Amount exceeding Rs. 1,00,000 (for Bids by Retail Individual Bidders);

i) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and

j) Do not submit Bid accompanied with Stock invest.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the BRLM or Syndicate Members.

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(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. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

(c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct are legible.

(d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 1,00,000.

(e) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs. 1,00,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

(f) In single name or in joint names (not more than three and in the same order as their Depository Participant details).

(g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of Depository Participant-Identification number and Beneficiary Account Number registered in the electronic book, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, 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, NECS, 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 despatch/ credit of refunds to Bidders at the Bidders sole risk and the Company, the BRLM, Syndicate Members or the Registrar to the Issue shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN 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 ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, 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 the Company, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first Bidders, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 lakhs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

(b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

(c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company and the BRLM may deem fit.

The Company in our 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, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable ([•] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be 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. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the BRLM shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLM, Escrow Bankers and Registrar to the Issue. The monies in the

Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Registrar to the Issue and BRLM to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA BCAF and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA BCAF. 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 unblock the Bid Amount. In the event of withdrawal or rejection of ASBA BCAF or for unsuccessful ASBA BCAFs, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. 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.

Payment into Escrow Account for Bidders other than ASBA Bidders:

1. QIB, Non-Institutional Bidders and Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

2. The payment instruments for payment into the Escrow Account should be drawn in favor of:

    a. In case of resident QIBs: "**Escrow Account – BS TransComm Limited Public Issue - QIB - R**";

    b. In case of non-resident QIB Bidders: “**Escrow Account - BS TransComm Limited Public Issue - QIB - NR”;**

    c. In case of Resident Retail and Non Institutional Bidders: **“Escrow Account - BS TransComm Limited - Public Issue”;**

    d. In case of Non Resident Retail and Non Institutional Bidders: **“Escrow Account - BS TransComm Limited - Public Issue - NR”;**

3. In case of bids by NRIs applying on a repatriation basis, the payments must be made through 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), 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). Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

4. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident

Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

5. In case of Bids by FIIs, 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 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 Accounts.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.

9. On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Successful Bidders

Payments should be made by cheque, or a 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 center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center 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.

Payment by cash/ / money order

Payment through cash/ / money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA BCAF or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

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 favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids 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:

- All applications will be checked for common PAN and Bids with common PAN will be identified as multiple unless they are from mutual funds for different schemes / plans or from portfolio managers registered as such with SEBI seeking to invest under different schemes / plans.

In case of a Mutual Fund/ a SEBI registered port folio managers, a separate Bid can be made in respect of each scheme of the Mutual Funds/ scheme and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Right to Reject Bids

In case of QIB Bidders, our Company, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit / cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to 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, the Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

1) Amount paid doesn't tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA BCAF does not tally with the amount payable for the value of the Equity Shares Bid for;

2) 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;

3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;

4) PAN number not stated and GIR number given instead of PAN number;

5) Bids for lower number of Equity Shares than specified for that category of investors;

6) Bids at a price less than lower end of the Price Band;

7) Bids at a price more than the higher end of the Price Band;

8) Bids at cut-off price by Non-Institutional and QIB Bidders;

9) Bids for number of Equity Shares which are not in multiples of [●];

10) Category not ticked;

11) Multiple bids as defined in this Red Herring Prospectus;

12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

13) Bids accompanied by Stock invest/ money order/postal order/cash;

14) Signature of sole and / or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

15) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Members;

16) ASBA Bid cum Application Form does not have the stamp of the SCSB;

17) Bids by QIBs not submitted through the BRLM or their affiliates or in case of ASBA Bids for QIBs, not intimated to the BRLM;

18) Bid cum Application Form does not have Bidder's depository account details;

19) In case no corresponding record is available with the Depository that matches two parameters viz, Depository Participant's identity (DP ID) and beneficiary's account number;

20) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;

21) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA BCAF at the time of blocking such Bid Amount in the bank account;

22) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled "Issue Procedure - Maximum and Minimum Bid Size" beginning on page 294 of the Red Herring Prospectus;

23) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

24) Bids by U.S. Persons (as defined in Regulation S) other than entities in the United States (as defined in Regulation S) that are 'qualified institutional buyers' as defined in Rule 144A of the U.S. Securities Act;

25) Bids which do not contain the Bidders bank account details;

26) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

27) Bids not uploaded on the terminals of the Stock Exchanges;

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 OCBs; and

30) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositaries.

Basis of Allotment or Allocation

For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue 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.

3. If the aggregate demand in this category is less than or equal to 26,87,794 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.

4. If the aggregate demand in this category is greater than 26,87,794 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis not more than 26,87,794 Equity Shares. For the method of proportionate basis of allotment, refer below.

For Non-Institutional Bidders

1. 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.

2. The Issue Size less allotment to QIBs and Retail Portion 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.

3. If the aggregate demand in this category is less than or equal to 11,51,911 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4. In case the aggregate demand in this category is greater than 11,51,911 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis not less than 11,51,911 Equity Shares. For the method of proportionate basis of allotment refer below.

For Qualified Institutional Bidders

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2. The QIB Portion shall be available for allotment to QIB Bidders who have Bid in the Issue at a price that is

equal to or greater than the Issue Price.

3. 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 up to 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 QIB Bidders as set out in (b) below;

   (b) In the second instance Allotment to all QIBs shall be determined as follows:

      - In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

      - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

      - Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

   The aggregate allotment available for allocation to QIB Bidders shall not be more than [●] Equity Shares.

Method of proportionate basis of allotment in this Issue

In the event of the Issue being over-subscribed, we shall finalise the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

a. Bidders will be categorised according to the number of Equity Shares applied for;

b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

c. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:

i. Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and

ii. 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 as far as possible equal to the number of Equity Shares calculated in accordance with (c) above.

e. If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2,000 lakhs Equity Shares
2.	Allocation to QIB (50%)	1,000 lakhs Equity Shares
	Of which:	
	a. Allocation to MF (5%)	35 lakhs Equity Shares
	b. Balance for all QIBs including MFs	665 lakhs Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	5,000 lakhs Equity Shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of Equity Shares bid for (in lakhs)
1	A1	500
2	A2	200
3	A3	1,300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	Total	5,000

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 lakhs)

Type of QIB bidders	Equity Shares bid for (in lakhs)	Allocation of 50 lakhs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 950 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	500	-	96.0	-
A2	200	-	38.4	-
A3	1,300	-	249.5	-
A4	500	-	96.0	-
A5	500	-	96.0	-
MF1	400	10.0	74.8	84.8
MF2	400	10.0	74.8	84.8
MF3	800	20.0	149.7	169.7
MF4	200	5.0	37.4	42.4
MF5	200	5.0	37.4	42.4
	5,000	**50.0**	**950.0**	**424.2**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 285 of the Red Herring Prospectus.

2. Out of 1,000 lakhs Equity Shares allocated to QIBs, 50 lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 lakhs Equity Shares in QIB category.

3. The balance 950 lakhs Equity Shares (i.e. 1,000-50 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 5,000 lakhs Equity Shares (including five MF applicants who applied for 2,000 lakhs Equity Shares).

4. The figures in the fourth column entitled "Allocation of balance 950 lakhs 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 950 / 4,950.

   - 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 950 / 4,950.

The numerator and denominator for arriving at allocation of 1,000 lakhs Equity Shares to the 10 QIBs are reduced by 50 lakhs Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

a. a tripartite agreement dated December 19, 2008 with NSDL, our Company and Registrar to the Issue;

b. a tripartite agreement dated December 19, 2008 with CDSL, our Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

(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) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

(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) Non-transferable allotment advice will be directly sent to the Bidder by the Registrar to this Issue. Refunds will be made directly by the Registrar to the Issue as per the modes disclosed.

(f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(g) 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.

(h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(i) The trading of the Equity Shares would be in dematerialized form only for all Bidders.

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, details of benificiary account, Bid cum Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, 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 allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branch of the SCSB.

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".

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the DP ID and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit 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 the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders, would be done through various modes not necessarily in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. 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 centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Where the refund amount exceeds Rs. 10 lakhs, the same shall be remitted through RTGS provided the Bidder has given details of the IFSC, type of account and account number of the branch where the account is maintained, in the Bid cum Application Form in the space provided for the same.the bidder has registered the nine digit of their branch with their DP and that for the corresponding micr code an IFSC code is available as per RBI web site. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. It is observed that the payment through this mode is successful, if the correct account number has been registered with the depository participant. It is also observed that a number of banks, particularly in the public sector, have assigned a new multi digit account number as a consequence to the implementation of centralised core banking solution in the branches. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA BCAFs for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys

With respect to Bidders other than ASBA Bidders, our Company shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 12 Working Days of the Bid/ Issue Closing Date.

Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or NECS facility. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 12 Working Days of the Bid/Issue Closing Date. Our Company shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit, NEFT, RTGS or NECS, as applicable, only at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer. Our Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two Working Days of date of Allotment. Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days after Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days from the Bid /Issue Closing Date;
- dispatch of refund orders, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or NECS facility, within 12 Working Days from the Bid /Issue Closing Date would be ensured; and
- we shall pay interest at 15% per annum (for any delay beyond the 15 - day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 - day time prescribed above as per the SEBI Regulations. In a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, and the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date, we shall pay interest at 15% per annum if such money is not repaid within eight days from the day the Company becomes liable to repay. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or NECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSB by the Registrar

The Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 12 Working Days from the Bid/ Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or 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 in the disclosed manner within 15 Working Days from the Bid/ Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertaking by the Company

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to 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 12 Working Days of the Bid/Issue Closing Date

3. that the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;

4. that no further issue of Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing and under-subscription.

5. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

6. That the Promoters' contribution in full has already been brought in;

7. That the certificates of the securities/ refund orders to the Eligible NRIs shall be dispatched within specified time;

8. That 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.;
9. That adequate arrangements shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment; and

10. The Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the

Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of Bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

(a) all monies received in the Issue 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;

(b) details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilized monies have been invested; and

(c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of the Company indicating then form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI.

Currently, the Industrial Policy and FEMA stipulate that companies investing in a manufacturing unit such as BS TransComm Limited do not require the prior approval of the FIPB for investments by persons resident outside India and that 100% investment in the outstanding capital of the company may be made by persons resident outside India.

There is no necessity for non-resident Bidders to make separate applications seeking permission from the FIPB and RBI. However, it may be distinctly understood that there is no reservation for FIIs, NRIs or OCBs and in view of the SEBI Regulations, the allotment and/or transfer of shares to FIIs, NRIs or OCBs would be made in the manner detailed in "Terms of the Issue" on page 288 of the Red Herring Prospectus.

The allotment of Equity Shares to non-resident Bidders shall be subject to RBI approval or any requisite permission as may be necessary under the FEMA.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India ("**NRIs**"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of a company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of the company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remain non-repatriable.

As per the RBI Exchange Control Department Circular No. ADP (DIR Series) 13 dated November 29, 2001, OCBs are not permitted to invest under the portfolio investment scheme in India. However, OCBs would continue to be eligible for making foreign direct investment under FEMA and the regulations thereunder as per notification no. FEMA 20/20000 RB dated May 3, 2000. Also, OCBs can sell their existing shareholdings through a registered broker on the stock exchanges.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("**FIIs**") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards a sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company if the approval of the board of directors and the shareholders of the company is obtained. The offer of shares to a single FII should not exceed 10% of the post-issue paid-up capital of the company. In respect of an FII investing in shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Under the SEBI Takeover Regulations, upon the acquisition of more than 5.0% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify the company of such acquisition, and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15.0% or more of such shares or voting rights or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20.0% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the SEBI Takeover Regulations.

The above information is given for the benefit of the Bidders and neither the Company nor the BRLM are liable for any modifications that may be made after the date of this Red Herring Prospectus.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Share Capital – Article 3

The authorized share capital of the Company is Rs. 30,00,00,000 (Rupees thirty crores only) divided into 3,00,00,000 Equity Shares of Rs. 10 (Rupees ten only) each. The Company may from time to time by ordinary resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.

Increase of Capital – Article 4

The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97of the Act.

Preference Shares – Articles 6 and 7

Article 6

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Article 7

On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions-shall take effect:

a. No such Shares shall be redeemed except out of profits of the Company, which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.

b. No such Shares shall be redeemed unless they are fully paid.

c. The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed.

d. Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

e. Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of Capital – Article 8

The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

a. the share capital;

b. any capital redemption reserve account; or

c. any share premium account;

d. in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted. The amount payable on application on each share shall not be less than 5% the nominal of the shares.

e. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

Sub-division consolidation and cancellation of shares – Article 9

Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Modification of rights – Article 10

Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking pari passu therewith.

Further issue of capital – Article 12

1. Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:

    a. Such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;

b. Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.

c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.

d. After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

2. Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever:

a. If a Special Resolution to that effect is passed by the Company in the General Meeting; or

b. Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of clause (l) hereof shall be deemed;

a. To extend the time within which the offer should be accepted; or

b. To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into Shares in the Company; or

(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

a. either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and

b. in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.

Shares at the disposal of the Directors – Article 13

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 control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

(i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the Company's employees including by way of options, as referred to in Article 13A(i) in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.

Issue of Share Certificate - Article 24

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 certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the directors shall comply with such rules or 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 thereof in this behalf.

The provisions of this Article shall mutatis mutandis apply to the Debentures of the Company.

Buy back of securities by the Company – Article 28

No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of

Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

Calls – Articles 34 to 41

Article 34

(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution)make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

(b) The joint holders of a Share shall be jointly and severally liable to pay all moneys due in respect of all calls

Article 35

Not less than one month 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 whom such call shall be paid.

Article 36

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members on such date determined by the Board or on such subsequent date as shall be fixed by the Board of Directors.

Article 37

The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.

Article 38

If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

Article 39

If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof up to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Article 40

On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 41

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

Company’s lien of the shares – Articles 42 and 43

Article 42

Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Article 43

The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) which shall be free from all lien and the Company’s lien shall be restricted to moneys called or payable at a fixed time in respect of such 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/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company’s lien if any, on such Shares.

Article 45

(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and

(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

Article 46

If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Forfeiture of shares – Article 47

For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

Transfer of Shares – Article 61

No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Instrument of Transfer – Article 62, 63 and 64

Article 62

The instrument of transfer of any shares of the Company shall be in writing in the usual common form and such instrument for transfer, duly signed by the transferor and transferee, shall be deposited by the Company and subject to the provisions of section 108(3) of the Act, no transfer shall be registered until such instrument shall be so deposited together with the certificate of the shares.

Article 63

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Article 64

a. An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.

b. Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice

c. For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Instrument of transfer shall be duly stamped – Article 65

The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.

Share Warrants - Article 78

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Conversion of shares into stock – Articles 82 to 85

Article 82

The Company may, by Ordinary Resolution:

(a) Convert any fully paid up Share into stock, and

(b) Reconvert any stock into fully paid-up Shares.

Article 83

The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.

Article 84

The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.

Article 85

Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

Borrowing Powers – Article 86

Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

Meeting of Members – Articles 90 and 91

Article 90

The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.

Article 91

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. The company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

General Meeting – Articles 101 and 102

Article 101

No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.

Article 102

Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.

Votes of Members – Articles 116, 117 and 118

Article 116

A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.

Article 117

No Member shall exercise any voting rights 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 exercised any right of lien.

Article 118

Subject to the provisions of Article 116, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Right to vote of member under the transmission clause – Article 122

Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Maximum and minimum directors – Article 134

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

Nominee Directors – Article 135, 136 and 137

Article 135

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI),ICICI Limited.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.

Article 136

Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.

Article 137

a) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.

b) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall *ipso facto* vacate such office immediately on the moneys owing by the Company to the Corporation being paid off

c) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

d) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation.

   Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.

Power to appoint an alternate director – Article 139

The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.

Qualification shares - Article 142

A Director need not hold any qualification shares.

Managing Directors - Article 166

Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Whole-time Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.

(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.

Proceedings of the Board – 174

The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and at least four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

Minutes of the Board Meetings - Article 187

1. The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.

2. Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:

    a. in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

    b. in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

Common Seal - Article 191 (a)

The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

Dividends – Articles 192, 193 and 194

Article 192

(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

Article 193

The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

Article 194

No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.

Unclaimed Dividend – Article 205

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid divided shall be forfeited by the Board.

Capitalisation of Reserves – Article 209

1. The Company in General Meeting may, upon the recommendation of the Board, resolve:

    a. That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and

    b. that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;

    a. paying up any amount for the time being unpaid on any Shares held by such Members respectively, or

    b. paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or

c. partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)

3. A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.

Winding up – Article 225

If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Issue Agreement between our Company and the Book Running Lead Manager dated May 4, 2010.

2. Memorandum of Understanding between our Company and the Registrar to the Issue dated May 7, 2010.

3. Escrow Agreement dated [●] between the Company, the Book Running Lead Manager, the Escrow Banks and the Registrar to the Issue.

4. Syndicate Agreement dated [●] between the Company, the Book Running Lead Manager and the Syndicate Members.

5. Underwriting Agreement dated [●] between the Company, the Book Running Lead Manager and the Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our certificate of incorporation dated January 7, 2004.

3. Board resolutions in relation to the Issue dated May 30, 2008.

4. Shareholders’ resolutions in relation to the Issue dated June 3, 2008.

5. Shareholders’ resolutions of the general body for appointment executive Directors dated June 3, 2008

6. Shareholders’ resolutions of the general body for determination of the remuneration of our executive Directors dated March 3, 2008.

7. The Scheme of Amalgamation sanctioned by the Hon’ble High Court of Judicature of Andhra Pradesh at Hyderabad on October 13, 2007 for the amalgamation of B.S. Integrated Steel Products Private Limited with our Company.

8. Share Subscription cum Shareholders Agreement dated June 6, 2009,

9. Agreement for Sale of Shares entered into between Mr. Nitesh Vijayvargiya and the Company dated January 4, 2010.

10. Lease Deed dated March 1, 2009 entered into between Mr. Rakesh Agarwal and the Company.

11. Marketing Agreement dated December 14, 2009 entered into between M/s U-Foam Private Limited and our Company.

12. Agreement dated March 16, 2010 between Beijing Beikai Electric Company Limited and our Company.

13. Agreement of Intent dated May 27, 2010 entered into between Baoding Tianwei Baobian Electric Company Limited and the Company

14. The BS Transcomm Employee Stock Option Plan dated May 20, 2008.

15. The BS Transcomm Employee Stock Purchase Plan dated May 20, 2008.

16. Statements of Assets and Liabilities, Statement of Profits and Losses, as Restated and Cash Flows, as Restated, under Indian GAAP as at and for the quarter ended June 30, 2010 and years ended March 31, 2010, 2009, 2008, 2007 and 2006 by P. Murali & Co., Chartered Accountants and their audit report on the same, dated August 12, 2010.

17. Statement of Tax Benefits from P. Murali & Co., Chartered Accountants dated August 12, 2010 on possible Income-tax benefits available to the Company and its shareholders.

18. Copies of annual reports of our Company for the years ended March 31, 2006, 2007, 2008, 2009 and 2010.

19. Consent of P. Murali & Co., Chartered Accountants, our Auditors for inclusion of their reports on restated standalone financial statements, auditor's report on restated consolidated financial statements and Statement of Tax Benefits dated September 20, 2010 in the form and context in which they appear in the Red Herring Prospectus.

20. Special power of attorney executed by Mr. Kapil Kathpalia dated July 31, 2009, in favour of Mr. Rajesh Agrawal for signing and making necessary changes to the Draft Red Herring Prospectus and other related documents.

21. Consents of Bankers to the Company, Book Running Lead Manager, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), the IPO Grading Agency, Bankers to the Issue, Legal Counsel to the Issue, Directors of the Company, Company Secretary and Compliance Officer as referred to, in their respective capacities.

22. Due diligence certificate dated September 26, 2008 to SEBI from IL&FS Investsmart Securities Limited.

23. Due Diligence certificate dated May 19, 2010 and September 24, 2010 to SEBI from the Book Running Lead Manager.

24. In-principle listing approval dated February 19, 2009 and June 12, 2009 from BSE and NSE respectively.

25. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated December 19, 2008.

26. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated December 19, 2008.

27. SEBI observation letter no. CFD/DIL/ISSUES/SK/EHM/189842/2010 dated January 6, 2010.

28. SEBI letter no. CFD/DIL/ISSUES/SK/200668 dated April 1, 2010.

29. The IPO Grading Report by ICRA Limited dated May 11, 2010 and August 20, 2010.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in the Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Name	**Designation**	**Signature**
Mr. Rajesh Agrawal	Managing Director	Sd/-
Mr. Rakesh Agarwal	Joint Managing Director	Sd/-
Mr. Mukesh Agarwal	Whole Time Director	Sd/-
Dr. Subrata Kumar De	Independent Director	Sd/-
Mr. Suneel Babu Gollapalli	Independent Director *Nominee of IDBI*	Sd/-
Mr. Mahesh Kumar Khera	Independent Director	Sd/-
Mr. Kapil Kathpalia	Independent Director	Sd/-
Mr. D.G. Sohony	Executive Director	Sd/-

Signed by the Finance Controller of the Company

Sd/-

Mr. Vijay Bajaj

Date: September 24, 2010

Place: Hyderabad

I C R A Limited
An Associate of Moody's Investors Service

Confidential

Ref: ICRA/HYD/BSTL/2010-11/1005

May 11, 2010

Mr. Rajesh Agarwal
Managing Director
BS Transcomm Limited
504, Trendset Towers
Road No. 2, Banjara Hills
Hyderabad - 500034

Dear Sir,

Re: ICRA Grading of Initial Public Offer of 76,79,410 equity shares of Rs. 10 each to be issued by BS Transcomm Limited to the Public ("IPO")

Please refer to your mandate letter dated March 15, 2010 for grading of IPO of 76,79,410 equity shares of Rs. 10 each of BS Transcomm Limited. The Rating Committee of ICRA, after due consideration, has assigned the **"IPO Grade 2"** (pronounced Initial Public Offer Grade two) grading to the captioned IPO programme. This grading indicates below-average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as **"IPO Grade 2"**. We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your confirmation about the use of this letter. The rationale for assigning the above grading will be sent to you in due course.

Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such Issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

301, Concourse,
3rd Floor, No. 7-1-58,
Ameerpet, Hyderabad-500 016.

Tel. :+(91-40) 23737251/5061
Fax :+(91-40) 23735152

website : w w w . i c r a . i n
email : info@icraindia.com

Regd. Office : 1105 Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

If there is any material change in Draft Red Herring Prospectus (DRHP) or business conditions, or any other significant development, the grading would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the instrument rated, as above, is not issued by you within a period of 6 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 6 months.

You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.

In determining the grading, ICRA has relied on the information available/made available to it by your company and ICRA does not guarantee the completeness or accuracy of such information on which the grading is based.

We thank you for your kind cooperation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited

[M.S.K. Aditya]
Relationship Manager

ICRA Grading Perspective

May 2010

BS TRANSCOMM LIMITED

Issue Details

BS Transcomm Limited proposes to come out with an Initial Public Offer (IPO) of 76,79,410 shares of face value Rs. 10 each, through the book building route. Of the total issue, 50% would be reserved for Qualified Institutional Buyers (QIBs), 15% for non-institutional investors, and 35% for retail investors. Post-IPO, the shares will be listed on Bombay Stock Exchange and the National Stock Exchange.

Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used primarily to:

- Setting up of manufacturing facilities of telecommunication and power transmission towers under Phase-I† and Phase II having an installed capacity of 84,000 MTA and 120,000 MTA respectively. Phase-I has been completed in March 2010 (except the galvanizing plant which is scheduled completed by August 2010).
- Setting up rolling mill plant under Phase-I† having an installed capacity of 90,000 MTA. The setting up of the rolling mill capacity has been completed in August 2009 and the commercial production has started in September 2009
- To part finance margin money for working capital
- To fund general corporate purposes
- To meet expenses of this issue
- To get the equity shares of the Company listed on BSE and NSE

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IPO Grading

ICRA has assigned an IPO Grade 2, indicating below average fundamentals, to the proposed initial public offering (IPO) of BS Transcomm Limited (BTL). ICRA assigns IPO gradings on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, *inter alia, business* and competitive position, financial position and prospects, management quality, corporate governance, and history of compliance and litigation.

† Phase-I project (manufacturing unit of 84,000 MTPA capacity and rolling mill of 90,000 MTPA capacity) was funded through bridge finance (Rs 550 million), internal accruals, promoters equity and long term loans. The bridge loan taken for Phase-I will be repaid from the proceeds of the IPO.

Strengths

- Long track record of the promoters in steel trading and rolling activities.
- Reputed client base of the company.
- Backward integrated operations provides the company with additional margin per unit of tower sales.
- Strong return indicators and healthy revenue growth demonstrated in the past.
- Positive demand outlook for towers given the large capex planned in the power transmission sector in India.

Concerns

- Limited track record of the company in its core activities (including tower manufacturing, turnkey solutions and O&M services); the company has however demonstrated the capability to effectively transition from steel trading to tower manufacturing and services within a short span of three years.
- High market risk associated with expansion plans, particularly given the high competitive intensity of the business.
- Industry dominated by large established players; given this the company's capability to sustain current level of growth and return on investments still remains to be seen.
- Profitability could be vulnerable to steel price fluctuation risk; the risk is however mitigated to an extent on account of the price escalation clause typically attached to longer duration tower manufacturing contracts.
- Current stretched liquidity position as indicated by instances of LC devolvement and delays in debt servicing in the recent past.
- High working capital intensity of the business.
- Current high gearing level and significant debt repayment obligation in the medium term.

Grading Rationale

The assigned grading draws comfort from BTL's strong client base, its backward integrated operations and the long track record of the promoters in steel trading and rolling activities. The grading is also supported by the company's strong return indicators and healthy revenue growth demonstrated in the past, and the positive demand outlook for towers, given the large capex planned in the power transmission sector in India. However, the grading is constrained by the company's limited track record in tower manufacturing and services, although this risk is partly mitigated by the fact that the company has demonstrated the capability to effectively transition from steel trading to tower manufacturing and services within a short span of three years. The grading also factors in BTL's exposure to raw material price fluctuation risk although this risk is partly mitigated by price escalation clauses attached to most longer duration tower manufacturing contracts, and the high market risk associated with BTL's expansion plans, given the high competitive intensity of the business. The industry is dominated by large established players which could constrain BTL's capability to sustain its current growth rate and return on investments going forward. The grading is further constrained by current stretched liquidity position of the company as indicated by the instances of LC devolvement and delays in debt servicing in the recent past, its high working capital intensity and its current high gearing level

Company Profile

BTL started its operations in the year 2004 with steel trading activity. Since the year 2007, the company diversified into tower manufacturing, turnkey services (for tower erection and commissioning), and O&M services and has catered to the requirements of various reputed telecom operators and power transmission companies. Currently BTL is in the process of wrapping up its trading activity and has completely shifted its focus towards tower manufacturing and services. During FY2010, the company reported a Profit After Tax of Rs 241 million on an Operating Income of Rs 5.2 billion.

Promoters and Management

The shareholding pattern of BTL (pre and post IPO) is provided in Table-1.

Table-1: BTL shareholding pattern (Pre and Post IPO)

	Pre-IPO shareholding (%)	Post-IPO shareholding (%)
A. Promoters		
Mr. Rajesh Agrawal	35.29	22.9
Mr. Rakesh Agarwal	29.39	19.08
Mr. Mukesh Agarwal	30.74	19.95
Sub Total (A)	**95.42**	**61.93**
B. Promoter Group		
Mrs. Shakuntala Devi Agarwal	2.02	1.31
Mrs. Reema Agarwal	0.97	0.63
Mrs. Rakhee Agarwal	0.80	0.52
Mrs. Shalini Agarwal	0.19	0.12
Mr. Dhruv Bansal, through his legal guardian Mr. Rajesh Agrawal	0.02	0.01
Sub Total (B)	**4**	**2.6**
Total Promoters and Promoter Group holding (A+B)	**99.42**	**64.52**
C. Non-Promoters		
Employees	0.03	0.02
Others	0.55	0.36
Sub-Total (C)	**0.58**	**0.38**
Equity Shares offered through the present Issue*		35.1
Total	**100**	**100**

The promoters of the company have over a decade experience in steel trading and rolling activities. The Board of Directors of the company constitutes of eight directors out of which four are independent directors. The management team of the company has qualified personnel having experience in various sectors such as power, telecom, and manufacturing.

BST has two subsidiaries namely, BS Infratel Limited (99.88% BTL holding, yet to commence commercial operation) and SAPL (63.25% BTL holding). SAPL is mainly into the business of development of remote monitoring systems and energy management solutions for the telecom infrastructure and the utilities segments. During FY2010, SAPL generated a PAT of Rs 2 million on an Operating Income of Rs 34 million.

The other companies/ partnership firms/ trusts in the Group include - Yograj Real Estates Private Limited, Novus Real Estates Private Limited, Shivaganga Infrastructures Limited, Head Infotech India Private Limited, I-Vantage Apac Private Limited, I-Vantage India Private Limited, Reemalaxmi Mining and Energy Limited, CVK Developers Limited, Agarwal Developers, Everest Ventures, S.R.M Real Estate and Constructions and Champa Devi Foundation and Big Indian's Do Karma Foundation.

Business & Competitive Position

Limited track record of the company in its core activities (including tower manufacturing, turnkey solutions and O&M services); the company has however demonstrated the capability to effectively transition from steel trading to tower manufacturing and services within a short span of three years

Starting as a steel trading company in the year 2004, BTL diversified into tower manufacturing activity in the year 2007 with an installed capacity of 36,000 Metric Tonne Per Annum (MTPA). Subsequently the company also started providing turnkey solutions (for tower erection and commissioning) and O&M services to various telecom and power transmission companies. Within a short span of three years the company has been able to significantly expand its footprint in both tower manufacturing and services. However, the company still lacks the pre-qualification criteria to bid for transmission tower projects on a standalone basis, mainly because of its limited experience in providing turnkey solutions. As a result, the company has to largely depend upon its various joint venture partners for bidding for such projects. In the tower manufacturing segment of its operations, the company has recently expanded its capacity from 36,000 MTPA to 1,20,000 MTPA.

Currently tower manufacturing and services together contributes more than 70% of BTL's total turnover. During FY2011, the company plans to completely wrap up its trading activity while further expanding its tower manufacturing, turnkey solutions and O&M services operations. Considering the limited track record of the company in its core activities, its ability to effectively manage the future growth and expansion remains to be seen; although ICRA has derived comfort from the company's demonstrated capability of effectively transitioning from steel trading to tower manufacturing and services within a short span of three years.

High market risks associated with the expansion plans given the high competitive intensity of the industry

The company has recently expanded its tower manufacturing unit capacity from 36,000 MTPA to 120,000 MTPA by setting up an additional manufacturing unit of 84,000 MTPA. The new unit became operational in March 2010. Further, in order to backward integrate its operations, the company has set-up a rolling mill of 90,000 MTPA which became operational in September 2009. This acts as a feeder to BTL's tower manufacturing unit thereby providing the company with additional margin per unit of tower sales. The company is also planning a phase 2 expansion where additional 1,20,000 MTPA of manufacturing capacity will be added thereby taking the total installed capacity of the company to 2,40,000 MTPA.

Considering the significant capacity addition undertaken and planned by the company, optimum utilization of the plant would remain critical for its future profitability and growth. As compared to the company's total installed capacity of 1,20,000 MTPA, its order book position as on 30th April 2010 shows orders for only 53,951 MT of tower supply. Additionally considering the intensely competitive nature of the industry (marked by the presence of several large established players like KEC International Limited, Jyoti Structures Limited, and Kalpataru Power Transmission Limited among others), adequate availability of orders for the optimum utilization of the plant still remains to be seen. The risk is however mitigated to an extent on account of positive demand outlook for towers given the large capex planned in power transmission sector in India, and strong order book position of various established players in the industry which should make them relatively less aggressive in future order bids.

Reputed client base

Although the company diversified into tower manufacturing and services only in the year 2007, it has been able to build up a strong and reputed client base within a short span of three years. In the telecom tower segment the company has catered to companies like Reliance Communications Limited, Vodafone Essar Spacetel Limited, Idea Cellular Limited, Wireless - TT Info Services Limited (WTTIL), Essar Telecom Infrastructure Limited, Indus Towers Limited and India Telecom Infra Limited among others. In the transmission tower segment, the main customers of the company include Transmission Corporation of Andhra Pradesh Limited (APTransco), Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL), and Power Grid Corporation of India Limited (PGCIL) among others.

Future profitability of the company could be vulnerable to raw material (mainly steel and zinc) price fluctuation risk

The company's future profitability could be vulnerable to raw material (mainly steel and zinc) price fluctuation risk. However the risk is mitigated to an extent on account of the price escalation clause attached to the longer duration transmission tower sales contracts. Moreover the risk is not significant in case of telecom tower orders as these are shorter duration orders (typically executed in 1-2 months time) and the price for the new orders are negotiated based on the prevailing raw material price.

Order book position (as on 30th April 2010)

The order book position as on 30th April 2010 is around Rs 4.3 billion which includes telecom tower manufacturing orders of Rs 0.2 billion, transmission tower orders of Rs 2.7 billion and services orders of Rs 1.4 billion. The telecom tower manufacturing orders are shorter duration orders (1-2 months), while the transmission tower orders are for a much longer period (six months to two years). As compared to the total installed capacity of 1,20,000 MTPA, the order book as on 30th April 2010 includes orders of only 53,951 MT of tower supply. The order book therefore provides limited visibility to the adequate utilization of the installed capacity going forward.

Diversified into technology products through the acquisition of SAPL

The company has recently diversified into technology products through its acquisition of 63.25% stake in SAPL (acquired in February 2010). The company is mainly into the business of development of remote monitoring system and energy management systems for tower infrastructure and utility sector and is expected to provide synergic benefits to the O&M operation of BTL.

Although the FY2010 turnover of SAPL was modest (Rs 34 million), the company has successfully deployed its remote monitoring systems in 1200 Indus sites for which it has also received award for Technology & Innovation excellence from Indus Towers Limited in 2009. Besides this, the company's product is undergoing trial in the sites of various other passive telecom infrastructure players like WTTIL, Global Tele Limited, Reliance Infratel Limited and Bharti Infratel Limited. If SAPL is able to convert the ongoing negotiations and trials into confirm orders, it would lead to improvement in its turnover and profitability going forward.

Financial Position

Profitability and Earnings

Table 2: Financial Highlights

Rs in Million	2005-06	2006-07	2007-08	2008-09	2009-10
Operating Income	1350.0	1978.5	4256.0	3372.6	5210.7
Y-o-Y	224%	47%	115%	-21%	55%
OPBDITA	0.4	50.5	293.3	344.4	598.1
OPBDITA/OI	0.03%	2.55%	6.89%	10.21%	11.48%
PAT	1.9	27.7	138.8	123.7	241.6
PAT/OI	0.1%	1.4%	3.3%	3.7%	4.6%
RONW	5.0%	16.6%	37.8%	23.5%	34.2%
ROCE	4.9%	14.4%	28.2%	23.2%	24.7%

Y-o-Y: Year-on-Year, OI: Operating Income; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; PAT: Profit After Tax; RONW: Return on Net Worth; ROCE: Return on Capital Employed

Healthy revenue growth demonstrated in the past; future growth expected to be primarily driven by strong demand prospect for towers

Despite progressively declining turnover from trading operation, the company has been able to demonstrate a healthy growth in revenue during the last three years (revenue growth from Rs 2 billion in FY2007 to Rs 5.2 billion in FY2010). The growth has been largely backed by expansion in the tower manufacturing and services operations of the company.

Going forward the revenue growth of the company is expected to be primarily backed by the strong demand prospect for towers given the large capex planned in the power transmission sector in India. Additionally the company is currently exploring various other avenues of growth including foraying into international market, supplying of gas insulated switchgear procured from Beijing Beikai Electric Company Limited, China, and inorganic expansion.

Improving profitability and strong return indicators

On account of the drop in lower margin trading activity (dropped from nearly 100% in FY2007 to less than 30% currently), the overall operating margin of the company has also improved from 2.8% in FY2007 to 11.5% during FY2010. The company's return indicators are also strong (Return on Net Worth of 34.1%, and Return on Capital Employed of 24.7% in FY2010) mainly on account of its healthy profitability and asset turnover ratio. Going forward, the profitability of the company is expected to be positively impacted by the further reduction in the trading activity. However overall profitability and return on investment of the company will largely depend on the company's ability to effectively manage the recent and proposed expansion and acquire enough orders for the optimum utilization of its resources.

Financial Leverage

Table 3: Capital Structure

Rs in Million	2005-06	2006-07	2007-08	2008-09	2009-10
Total Debt*	78.5	420.9	894.0	1030.5	2267.5
Net Worth	66.6	267.5	467.8	586.0	826.4
Total Debt/ Networth	1.18	1.57	1.91	1.76	2.74

**Total Debt includes bills discounted by the company*

High gearing level and significant repayment obligation in the medium term

The debt level of the company has gone up significantly following debt funded capacity expansion undertaken by the company. The company had earlier planned the expansion work to be partly funded through proceeds from an IPO planned in the beginning of the year 2009. However the IPO got delayed considerably on account of various reasons and the company had to fund the phase-I of the expansion plan largely through debt and internal accrual. This has resulted in high gearing level of 2.74 times as on 31st March 2010.

Out of total outstanding debt of Rs 2.3 billion[1] as on 31st March 2010, nearly Rs 1 billion is the long and short term loan taken from various banks and financial institutions. There is significant repayment obligation on these term loan during the next two years (approx. Rs 0.55 billion in FY2011 and Rs 0.2 billion in FY2012). The company plans to repay nearly Rs 0.55 billion (including 0.35 crore of short term bridge loan from Punjab National Bank) of its term loan through IPO proceeds.

Working Capital

Table 4: Working Capital Indicators

Working capital intensity	2005-06	2006-07	2007-08	2008-09	2009-10
Debtor (days)*	63	116	115	125	169
Creditor (days)	28	72	60	42	90
Inventory (days)	1	17	34	38	44
NWC/OI	0.11	0.21	0.25	0.31	0.37

NWC: Net Working Capital; OI: Operating Income
** Debtors includes bills discounted by the company*

High working capital intensity of the business

The working capital intensity of the company is relatively high (NWC/OI of 0.37 times during FY2010) mainly on account of high debtor days of the company (169 days during FY2010). Typically in case of telecom tower sales the payments are realized in 60-90 days time, while in case of transmission tower contracts payments are largely dependent on the customer. While, PGCIL typically releases payments within 60 days from the bill date, the state owned power utilities take 90-120 days for the release of payments.

Current stressed liquidity position as also indicated by the instances of LC devolvement and interest payments delays in the recent past

The current liquidity position of the company is relatively stressed which is also reflected in the instances of LC devolvement and interest payment delays in the recent past. The stress is on account of several factors including recent capacity expansion undertaken by the company, increase in the scale of the company's operations, and high working capital intensity of the business. Earlier the company had planned to come up with an IPO in the beginning of the year 2009 in order to fund the capex of phase-I expansion and provide for the additional working capital requirement for the increase in scale of operation of the company. However the IPO was significantly delayed on account of various reasons. As a result the company had to partly fund the expansion through internal accruals. Additionally, as the company could not get adequate enhancements in its working capital limits from banks, the overall liquidity position of the company worsened. Going forward the company plans to use to IPO proceeds to repay the short term loan taken for the expansion plan and also provide for the margin money for enhancement in working capital limits of the company. Overall the liquidity position of the company is expected to improve after the IPO.

[1] Includes Rs 0.24 billion of bills discounted by the company

Contingent Liabilities

Table 5: Contingent Liabilities

Rs in Million	2008-09	2009-10
Bill Discounted with Bank	198.9	244
Bank Guarantees	60.9	343.9
Claim contested by the company	0.5	0.5
Claim by Custom and Income Tax	NIL	NIL

Corporate governance

Currently BTL's board has eight directors, of which the Chairman of the Board is an executive director. In compliance with the requirements of clause 49 of the listing agreement, the company has four executive directors and four independent Directors. This satisfies clause 49 requirements, which states that a company with executive chairman should have at least half of the board comprising of independent directors. In terms of the clause 49 of the listing agreement, the company has also constituted the following committees: (a) Audit Committee; (b) Share Transfer and Investor Grievance Committee; and (c) Remuneration and Compensation Committee.

Compliance and Litigation History

There are no material litigations against the company.

May 2010

ICRA LIMITED HYDERABAD

(M S K Aditya)
Relationship Manager

ICRA Limited

An Associate of Moody's Investors Service

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I C R A Limited
An Associate of Moody's Investors Service

Ref: ICRA/HYD/BST-134/2010-11/2008

Date: August 20, 2010

Mr. Rajesh Agarwal
Managing Director
BS Transcomm Limited
504, Trendset Towers
Road No. 2, Banjara Hills
Hyderabad - 500034

Dear Sir,

Re: ICRA Grading of Initial Public Offer of 76,79,410 equity shares of Rs. 10 each to be issued by BS Transcomm Limited to the Public ("IPO")

Please refer to our letter (Ref: ICRA/HYD/BSTL/2010-11/1005) dated May 11, 2010 communicating the IPO Grade 2 assigned to the proposed IPO of your company and your subsequent letter dated August 14, 2010 requesting ICRA for review of the IPO grading. The Rating Committee of ICRA, after due consideration, has retained the "**IPO Grade 2**" (pronounced Initial Public Offer Grade two) grading to the captioned IPO programme. This grading indicates below-average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as "**IPO Grade 2**".

Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and / or (c) a credit rating. Further the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such Issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by the users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

If there is any material change in Draft Red Herring Prospectus (DRHP) or business conditions, or any other significant development, the grading would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the instrument rated, as above, is not issued by you within a period of 6 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 6 months.

You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.

In determining the grading, ICRA has relied on the information available/made available to it by your company and ICRA does not guarantee the completeness or accuracy of such information on which the rating is based

We thank you for your kind cooperation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited

[M.S.K. Aditya]
Relationship Manager