



## VKS PROJECTS LIMITED

(Our Company was incorporated in India as "Chaitanya Contractors & Engineers Private Limited" on February 17, 1998 under the Companies Act, 1956)  
 (For details of the changes in our name and Registered Office, see "History and Other Corporate Matters" on page 125 of this Red Herring Prospectus)

**Registered Office:** 507, "B" Wing, Sai Sangam, Sector 15, CBD Belapur (E), Navi Mumbai – 400614, Maharashtra, India.  
**Contact Person:** Ms. Supriya A. Tatkar, Company Secretary and Compliance Officer.  
**Tel:** 91-22-41267000; **Fax:** 91-22-41267030; **Email:** complianceofficer@vksprojects.com; **Website:** www.vksprojects.com  
**Our Promoters:** Dr. V.K. Sukumaran and Dr. Saritha Sukumaran

### THE ISSUE

**PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹ 10/- EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ 5500.00 LACS ("HEREIN AFTER REFERRED TO AS "THE ISSUE") BY VKS PROJECTS LIMITED (HEREINAFTER REFERRED TO AS "VKSP" OR THE "COMPANY" OR THE "ISSUER"). THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.**

**PRICE BAND: ₹ [●] TO ₹ [●] PER EQUITY SHARE OF FACE VALUE ₹ 10 EACH.**

*The Price Band will be decided by our Company in consultation with our Book Running Lead Manager and advertised at least two working days prior to bid/issue opening date.*

This Issue is being made in terms of regulation 26(2)(a)(i) and b(i) of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, at least 50% of the offer to public shall be allotted to QIBs, failing which the full subscription monies shall be refunded. (In case of delay, if any in refund, VKS Projects Limited shall pay interest on the application money at the rate of 15% per annum for the period of delay). In case of revision in the Price Band, the Bidding Period/ Issue Period will be extended for three additional working days after such revision, subject to the total Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE Limited (the "BSE") and National Stock Exchange of India Limited (the "NSE"), whose online IPO System will only be available for bidding, by issuing press release and also by indicating the change on the website of Book Running Lead Manager (the "BRLM") and the terminals of the members of Syndicate.

The Issue is being made through the 100% Book Building Process wherein at least 50% of the offer to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers, out of which 5% of the QIB Portion (excluding Anchor Investor 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 eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹ 10/- per Equity Share and the issue price is [●] times of the face value. The Issue Price (as determined and justified by the Issuer, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of 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 or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the statement of Risk Factors pertaining to Company, its business and this Issue on Page 13 of this Red Herring Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### IPO GRADING

This issue has been graded by CRISIL Limited and has been assigned the "IPO Grade 1" indicating that the fundamentals of the Issue are poor relative to other listed equity securities in India, through their letter dated May 9, 2012. For further details in this regard please refer "General Information" and "Material Contracts and Documents for Inspection" on page 44 and 281 respectively of this Red Herring Prospectus.

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE"). Our company has received an in-principle approval for listing of the equity shares from BSE and NSE vide their letters dated September 14, 2011 and October 07, 2011 respectively. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

### BOOK RUNNING LEAD MANAGER



**Aryaman Financial Services Limited**  
 60, Khatau Building, Ground Floor,  
 Alkesh Dinesh Modi Marg, Fort,  
 Mumbai – 400 001.  
 Tel No.: 91 – 22 – 2261 8264 / 8635  
 Fax No.: 91 – 22 – 2263 0434.  
 Web: www.afsl.co.in  
 Email: info@afsl.co.in  
 Contact Person: Mr. Gaurav Khandelwal / Ms. Nehar Sakaria  
 SEBI Registration No. INM000011344

### REGISTRAR TO THIS ISSUE



**Bigshare Services Private Limited.**  
 E-2/3 Ansa Industrial Estate,  
 Saki Vihar Road, Saki Naka,  
 Andheri (E), Mumbai – 400072  
 Tel. No.: 91-22-4043 0200  
 Fax No.: 91-22-2847 5207  
 Web: www.bigshareonline.com  
 Email: ipo@bigshareonline.com  
 Contact Person: Mr. N V K Mohan  
 SEBI Registration No: INR000001385

### BID/ISSUE OPENS ON

**JUNE 29, 2012**

### BID/ISSUE CLOSES ON

**JULY 04, 2012**

\* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.

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## SECTION I: GENERAL

### DEFINITIONS & ABBREVIATIONS

In this Red Herring Prospectus, the terms “we”, “us”, “our”, “the Issuer”, “the Company”, “our Company” or “VKSPL”, unless the context otherwise implies, refers to VKS Projects Limited on a standalone basis. All references to “Rupees”, “₹” refer to Indian Rupees, the official currency of Republic of India; references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “Lacs” or “Lakhs” mean “100 thousand” and the word “million” means “10 lac” and the word “crore” means “10 million” or “100 Lacs” and the word “billion” means “1,000 million” or “100 crores”. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Term / Abbreviation	Description
“We”, “us”, “our”, “the Issuer”, “the Company”, “our Company” or “VKSPL”	Unless the context otherwise indicates or implies, refers to VKS Projects Limited.
“Our Promoter(s)”	Unless the context otherwise requires, refers to <b>Dr. V. K. Sukumaran, and Dr. Saritha Sukumaran.</b>

#### Conventional / General Terms

Term / Abbreviation	Description
A/c	Account
Act / Companies Act	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
AY	Assessment Year
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
DIN	Director Identification Number
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FI	Financial Institution
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
Financial Year / Fiscal / FY	Period of twelve months ended 31 <sup>st</sup> March of that particular year

Term / Abbreviation	Description
GDP	Gross Domestic Product
GOI	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
IT	Information Technology
IT Department	Income Tax Department
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn / mn	Million
MoU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NPA	Non Performing Assets
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, means a person resident outside India, who is a citizen of India or is a person of Indian origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	Per Annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBDT	Profit before Depreciation and Tax
PBIDT	Profit before Interest Depreciation and tax
PBT	Profit before tax
PIO	Persons of Indian Origin
P/E Ratio	Price Earnings Ratio
RBI	The Reserve Bank of India
RoC	Registrar of Companies
ROI	Return on Investment
RONW	Return on Net Worth
Rs / INR / ₹	Indian Rupees
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time

Term / Abbreviation	Description
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state of India
Stock Exchange(s)	BSE and NSE as the context may refer with respect to
w.r.t	With Respect To

### Issue Related Terms

Term / Abbreviation	Description
"AFSL" or "Aryaman"	Aryaman Financial Services Limited, the Book Running Lead Manager of this Issue.
"AI CAN" or "Anchor Investor Confirmation of Allocation Note"	The note or advice or intimation of allocation of the Equity Shares sent to the Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Allocation Price, including any revisions thereof.
"Allotment" or "Allotment of Equity Shares"	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allotment Advice	The advice or intimation of Allotment of the Equity Shares sent to the Bidders who are to be Allotted the Equity Shares after the discovery of the Issue Price in accordance with the Book Building Process.
Allottee	A successful Bidder to whom the Equity Shares are allotted
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 100 million.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company in consultation with the BRLMs prior to the Bid Opening Date.
Anchor Investor Bidding Period	The day, one working day prior to the Bid/Issue Opening Date on which Bids by Anchor Investors shall be accepted and allocation to Anchor Investors shall be completed.
Anchor Investor Issue Price	The price at which Allotment will be made to Anchor Investors in terms of the Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.
Anchor Investor Pay-in Date	In case of the Anchor Investor Issue Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the AI CAN.
Anchor Investor Portion	The portion of the Issue available for allocation to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, in accordance with the SEBI Regulations, being up to 30% of the QIB Portion or up to [●] Equity Shares.
"ASBA" or "Applications Supported by Blocked Amount"	The application (whether physical or electronic) used by an ASBA Bidder to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of an ASBA Bidder.
ASBA Investor/ ASBA Bidders	Any Bidder, other than Anchor Investors, in this Issue who Bids through ASBA.

Term / Abbreviation	Description
ASBA Centre	A branch of an SCSB designated by the SCSB, for members of Syndicate and their authorised agents to forward physical ASBA Forms from ASBA Bidders. A list of ASBA Centers is available on: <a href="http://www.sebi.gov.in/pmd/scsb-asba.html">http://www.sebi.gov.in/pmd/scsb-asba.html</a>
ASBA Form	The form, whether physical or electronic, by which an ASBA Bidder can make a Bid, authorising an SCSB to block the Bid Amount in the ASBA Account maintained with such SCSB pursuant to the terms of the Red Herring Prospectus.
ASBA Revision Form	The form used by an ASBA Bidder to modify the quantity of Equity Shares or the Bid Amount in any of its ASBA Forms or previous ASBA Revision Forms (if submitted in physical form).
Basis of Allotment	The basis on which the Equity Shares will be Allotted as described in –Issue Procedure - Basis of Allotment at page 253 of this Red Herring Prospectus.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bidder	A prospective investor who makes a Bid, and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor.
Bid Amount	The highest value of optimal Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of a Bid in the Issue and in case of ASBA Bidders, the amount mentioned in the ASBA Form that is blocked by the SCSB.
Bid cum Application Form	The form in terms of which a Bidder (other than an ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus which will be considered as an application for Allotment.
Bid /Issue Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids, and which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. Further, our Company, in consultation with the BRLMs, may decide to close Bidding by QIBs one day prior to the Bid Closing Date.
Bid / Issue Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids, and which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI Regulations.
"Book Running Lead Manager" or "BRLM" or "Lead Merchant Banker"	Book Running Lead Manager to this Issue, in this case being Aryaman Financial Services Limited.

Term / Abbreviation	Description
CAN / Confirmation of Allotment Note	The note or advice or intimation of allotment of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The higher end of the Price Band, in this case being ₹ [●], and any revisions thereof, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding ₹ 2,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding ₹ 2,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue, or by when have issued, instructions for transfer, of the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account in terms of the Red Herring Prospectus.
Designated Exchange	Stock In this case being the BSE Limited
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus dated August 05, 2011 filed with SEBI, prepared and issued by our Company in accordance with the SEBI Regulations and section 60B of the Companies Act.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Equity Shares	Equity Shares of the Company of face value of ₹ 10 each unless otherwise specified in the context thereof.
Escrow Account(s)	Accounts opened for this Issue to which cheques or drafts are issued by Bidders (excluding ASBA Bidders) in respect of the Bid Amount.
Escrow Agreement	An agreement to be entered into among our Company, the Registrar to the Issue, the Escrow Collection Banks, the Refund Bank(s), the BRLMs and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being Axis Bank Ltd. and HDFC Bank Ltd.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.





Term / Abbreviation	Description
IPO Grading Agency	CRISIL Limited, the credit rating agency appointed by our Company for grading this Issue.
Issue	The issue of [●] Equity Shares of ₹ 10 each fully paid up at the Issue Price of ₹ [●] aggregating ₹ 5500 Lacs.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders, who have Bid for Equity Shares for an amount more than ₹ 2,00,000/- and who have bid through the ASBA Mode only.
Non Institutional Portion	The portion of this Issue being upto 15% of the Net Issue consisting of [●] Equity Shares of ₹ 10/- each aggregating ₹ [●] Lacs, available for allocation to Non Institutional Bidders.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders or Anchor Investors, as applicable.
Price Band	The price band of a minimum price ("Floor Price") of ₹ [●] and the maximum price ("Cap Price") of ₹ [●] and includes revisions thereof and advertised in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation in the place where our Registered and Corporate Office is situated, at least two Working Days prior to the Bid Opening Date.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Mumbai, Maharashtra containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.



Term / Abbreviation	Description
QIB(s)" or "Qualified Institutional Buyers"	<ul style="list-style-type: none"> <li>i. Mutual Funds, Venture Capital Funds, or Foreign Venture Capital Investors registered with the SEBI;</li> <li>ii. FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual;</li> <li>iii. Public financial institutions as defined in Section 4A of the Companies Act;</li> <li>iv. Scheduled Commercial Banks;</li> <li>v. Multilateral and Bilateral Development Financial Institutions;</li> <li>vi. State Industrial Development Corporations;</li> <li>vii. Insurance Companies registered with the Insurance Regulatory and Development Authority;</li> <li>viii. Provident Funds with minimum corpus of ₹ 2,500 Lakhs;</li> <li>ix. Pension Funds with minimum corpus of ₹ 2,500 Lakhs;</li> <li>x. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and</li> <li>xi. Insurance Funds set up and managed by the army, navy, or air force of the Union of India.</li> <li>xii. Insurance Funds set up and managed by the Department of Posts, India</li> </ul>
QIB Bid Closing Date	In the event our Company, in consultation with the BRLMs, decides to close Bidding by QIBs one day prior to the Bid Closing Date, the date one day prior to the Bid Closing Date; otherwise it shall be the same as the Bid Closing Date.
QIB Portion	Consists of [●] Equity Shares of ₹ 10 each aggregating ₹ [●] Lacs being at least 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
"RHP" or "Red Herring Prospectus"	The Red Herring Prospectus to be issued by our Company in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Refund Account(s)	The account(s) opened by our Company with the Refund Bank(s), from which refunds of the whole or part of the Bid Amounts (excluding for the ASBA Bidders), if any, shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, NEFT, Direct Credit or RTGS, as applicable.
Refund Banker(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being Axis Bank Ltd.
Registrar / Registrar to this Issue	Bigshare Services Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to ₹ 2,00,000 in any of the bidding options in this Issue.
Retail Portion	Consists of [●] Equity Shares of ₹ 10/- each aggregating ₹ [●] Lacs, being upto 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	BSE Limited and the National Stock Exchange of India Limited.

Term / Abbreviation	Description
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the Board.
Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	Syndicate Members to this Issue, in this case being Aryaman Financial Services Ltd. and KGR Securities Pvt. Ltd.
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
Working Days	All days on which banks in Mumbai are open for business except Sunday and any bank holiday, provided however during the Bidding Period and the Anchor Investor Bidding Period, a Working Day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a bank holiday.

### Company Related Terms

Term / Abbreviation	Description
Articles / Articles of Association / AoA	The Articles of Association of VKS Projects Limited
Auditors	The statutory auditors of our Company, M/s. Borkar & Muzumdar, Chartered Accountants.
Board / Board of Directors	The Board of Directors of VKS Projects Limited
Director(s)	The Director(s) on the Board of VKS Projects Limited
Group Companies	Includes those companies, firms and ventures promoted by our Promoters
Auditor	Auditor holding a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India and who would certify the restated financials presented in this offer document. In this case being, M/s. Borkar & Muzumdar, Chartered Accountants.
KMP	Key Managerial Personnel
Memorandum / MoA	The Memorandum of Association of VKS Project Limited
Registered Office	507, "B" Wing, Sai Sangam, Sector 15, CBD Belapur (E), Navi Mumbai – 400614, Maharashtra, India.

### Industry Related Terms

Term / Abbreviation	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
A/c	Account
ASBA	Application Supported by Blocked Amount
BG	Bank Guarantee

<b>Term / Abbreviation</b>	<b>Description</b>
BOOT	Build, Own, Operate and Transfer
BOM	Bill of Materials
BOT	Build, Operate and Transfer
BSE	The BSE Limited
CDSL	Central Depository Services (India) Limited
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
CPWD	Central Public Works Department
DBFO	Design Build Finance Operate
DIN	Director Identification Number
DP	Depository Participant
ECS	Electronic Clearing System
EBITDA	Earnings before Interest, Tax Depreciation and Amortization
EGM	Extra Ordinary General Meeting of the shareholders
EMD	Earnest Money Deposit
EPC	Engineering Procurement & Construction
EPS	Earnings Per Share
ESIC	Employee's State Insurance Corporation
F&B	Food and Beverage
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
F.Y.	Financial Year
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/Government	Government of India
HUF	Hindu Undivided Family
IPO	Initial Public Offering
ISO	International Organization for Standardization
IT	Information Technology
JV	Joint Venture
LC	Letter of Credit
MABG	Mobilization Advance Bank Guarantee
MOU	Memorandum of Understanding
NAV	Net Asset Value
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NOC	No Objection Certificate
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non-Resident (External) Account



<b>Term / Abbreviation</b>	<b>Description</b>
NRO Account	Non-Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Order Book	Expected revenues from the uncompleted portions of our existing contracts as of a certain date
O&M Contracts	Operations and Maintenance Contracts
P.A., p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PSU	Public Sector Undertaking
PWD	Public Works Department
PPP	Public Private Partnership
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
ROE	Return on Equity
RoC	Registrar of Companies
RONW	Return on Net Worth
SH	State Highways
SRP	State Roads Project
SPV	Special Purpose Vehicle
Sq. ft.	Square Feet
USD/US\$	United States Dollar
VAT	Value added tax
YoY	Year on Year



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## PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from the Company's restated financial statements as of year ended March 31, 2011, 2010, 2009, 2008 and 2007 and nine months period ended December 31, 2011 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of the statutory Auditors.

Our fiscal year commences on April 1<sup>st</sup> and ends on March 31<sup>st</sup> of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2009), are to the fiscal year ended March 31<sup>st</sup> of a particular 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.

All references to 'Rupees' or '₹' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 Lacs and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, ₹ 10 crore equals ₹ 100 million. All references to '\$', 'US\$' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

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

For additional definitions, please refer the section titled "*Definitions and Abbreviations*" beginning on page 1 of this Red Herring Prospectus. In the Section titled '*Main Provisions of the Articles of Association*' beginning on page 258 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

## FORWARD LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in technology in future;
- Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Variations in exchange rates;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved

For a further discussion of factors that could cause our actual results to differ, please refer the sections titled “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 13, 99 and 177 respectively of this RHP. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Book Running Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchange requirements, the Company and Book Running Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

## **SECTION II: RISK FACTORS**

*An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this RHP, including the risks described below, before making an investment in our Equity Shares. To obtain a better understanding, you should read this section in conjunction with the chapters titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected In The Financial Statements" beginning on pages 99 and 177 of this RHP. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company.*

*The risks set out in this RHP may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. This RHP also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and in the chapter titled "Forward Looking Statements" beginning on page 12 of the Red Hearing Prospectus.*

*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. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations.*

### **Materiality**

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

1. Some risks may not be material individually but may be material when considered collectively.
2. Some risks may have an impact which is qualitative though not quantitative.
3. Some risks may not be material at present but may have a material impact in the future.

### **INTERNAL RISK FACTORS**

- 1. "CRISIL Limited", an IPO Grading Agency, has assigned "IPO Grade 1" to the Issue indicating poor fundamentals.**

CRISIL Limited, a SEBI registered IPO Grading agency, vide their letter dated May 9<sup>th</sup>, 2012 has assigned "IPO Grade 1" which indicates that the fundamentals of our proposed Initial Public Offer (IPO) of VKS Projects Limited (VKS) are poor relative to other listed equity securities in India.

For further details, please refer to Annexure I of this RHP.

- 2. The objects for which the Net Proceeds of the Issue aggregating to ₹ 5500.00 lacs are to be utilized have not been appraised by any bank or financial institution and are purely based on quotations received by the company and management estimates.**

We propose to use the Net Proceeds of the Issue primarily to fund the purchase of construction equipments and key machineries, our Working Capital Requirements and for opening offices in five cities



across India. For further details, please refer to the section titled "*Objects of the Issue*" beginning on page 64 of this RHP. None of the proposed fund requirements have been appraised by any Bank or Financial Institution.

We have estimated the costs and funding requirements of certain activities such as Purchase of Plant and Machinery or Softwares and Interior Works etc. based on Quotations / Fair Market Estimates received from relevant agencies and of certain activities such as Working Capital Funding Requirements, Office Space proposed to be purchased and related miscellaneous expenses, for which, specific quotations cannot be entered into or are subject to market changes or changes in our internal operations we have relied on Management estimates. In view of the competitive nature of our industry, we may have to revise our management estimates from time to time.

If the funding requirements were to increase, we will need to look for additional sources of financing, which may not be readily available, or may not be available on commercially reasonable terms. This may result in the rescheduling of our implementation schedules or increases in our proposed expenditures for our "Objects of the Issue" and our results of operations and financial conditions may hence be adversely impacted.

***3. We are yet to place orders aggregating to ₹ 2264.18 Lacs for the entire construction equipments and key machineries proposed to be purchased from the Issue proceeds. Any delay in their procurement or change in our assumptions or change in market conditions, etc. may delay the implementation schedule which may also lead to increase in price further affecting our cost, revenue and profitability.***

We propose to purchase key construction equipments, vehicles, tools and other machines used in our EPC Operations whose costs have been estimated to aggregate ₹ 2264.18 Lacs and which constitutes 100% of the total fund requirements for capital equipments and machineries as disclosed in the section titled "*Objects of the Issue*" beginning on page 64 of this RHP. We have received quotations from various suppliers for all such capital equipments and machineries. We expect to place orders for these assets as per our proposed implementation schedule disclosed in the section "*Objects of the Issue*" beginning on page 64 of this RHP. Any delay in the supply of these capital equipments and machineries may adversely affect our operations.

Also, our requirement for such capital assets is based on our growth plans and perceived business opportunities. Any deviation in our assumptions of market conditions or the actual requirements for these capital assets could adversely affect our results of operations and financial conditions.

***4. We are yet to identify the office spaces proposed to be bought from the Net Proceeds of the Issue. The cost of the same is currently estimated to be ₹ 1000 lacs.***

The Company intends to use the funds raised from the Issue towards expansion into newer geographies namely Chennai, Cochin, Hyderabad, Ahmedabad and Delhi in order to open a local Engineering Design Studio/Office and Training Centre for our EPC Contracting Business. The cost of purchasing these offices and renovation/interiors including installations of key engineering and design softwares is estimated at ₹ 1000.00 Lacs. For the success of our business it is very essential that we identify the best possible location at a competitive cost. There can be no assurance that the Company will be able to expand and grow at the rate at which it may desire to, as it may not be able to find locations that it believes will be appropriate for implementing its expansion plans. If the Company is unable to find locations at the time and place that it desires, the same may have a material adverse impact on its results of operations and financial condition.

**5. *The deployment of the Issue Proceeds is entirely at the discretion of the Management / Company and no independent agency has been appointed to monitor its deployment***

As per the SEBI Regulations, a monitoring agency to monitor the utilisation of funds is required to be appointed only if the issue size exceeds ₹ 500 crores. Since, our issue size is less than ₹ 500 crores, we have decided not to appoint any independent monitoring agency and hence the utilization of the funds raised from this issue shall be monitored by the Company's board of directors. The net proceeds from this Issue are expected to be used as set forth under the chapter titled "*Objects of the Issue*" beginning on page 64 of this RHP. The fund requirement and other estimations have not been appraised by any bank or financial institution and are based on internal estimates of the Company's management. If the Company's Board of Directors do not diligently monitor the utilisation of proceeds or the proceeds are not utilized for the purposes stated in the offer document for any reason whatsoever, then the Company's business or operations could be adversely affected.

**6. *We may not realize the expected revenues, cash flow and profit from our EPC Order Book. Such under realizations, if any, may adversely affect our financial condition and results of operations.***

Our EPC Order Book is comprised of the estimated contract value of the unexecuted portion of our existing assigned EPC contracts/Work Orders. Our EPC Order Book was aggregating ₹ 9825.32 Lacs as of December 31<sup>st</sup>, 2011. A number of contingencies could affect the realization of our EPC Order Book and future external revenues including cancellations, delays in actual project execution due to change in client requirements or inability of client to provide the necessary site and other facilities on time, scope of work adjustments, loss of revenue resulting from our failure to meet the completion schedule, force majeure, legal impediments and our ability to perform under the contract.

There can be no assurances that any revenues anticipated in our EPC Order Book will be realized or, if realized, will be realized at the time they are currently expected and hence projects may remain in our EPC Order Book for an extended period of time.

We may also not receive cash flows from our execution of EPC contracts that correspond to the timing of the revenues we have recognized. We recognize revenues in respect of our EPC contracts by reference to the overall estimated profitability of the contract under the percentage of completion method. However, we are typically entitled to receive milestone payments pursuant to the terms of the EPC contracts. Although we typically aim to achieve milestone payments that will yield equal payments at regular intervals over the life of the project based on our estimation of completion times of various aspects of the project; receipt of milestone payments may not necessarily correspond to the revenues we recognize or the costs we incur.

**7. *Our growth strategy to expand into new functional areas poses risks.***

We intend to expand the functional areas in which we undertake our projects. As a part of our growth strategy, we intend to continue to diversify the portfolio of projects and services offered by us. For instance, one of our major objectives is to enhance our presence in segments such as Large Scale Infrastructure Projects, Turnkey Projects in Transportation, Water Management and Building Constructions etc. Furthermore, we seek to diversify our presence in the EPC Contracting industry by developing a strong design base and capitalize on the demand for high design sophisticated turnkey projects which yield higher margin as compared to purely construction and contracting job works. As we do not have significant experience in these offerings and business segments, we may not be successful and this may hence hamper our growth prospects.

**8. We typically enter into contracts on a fixed fee basis for our EPC Business, which exposes us to various forms of risks with respect to the cost of contract execution.**

The contracts entered into by us for our EPC Business are typically provided on a fixed fee basis, which means we generally bear the risk that the cost of executing the project will exceed our estimates. A number of factors may cause our cost of project execution to exceed our estimates, including but not limited to:

- limited availability of information made available to us at the time we tender for the contract;
- limited amount of time we may be given to prepare our bid;
- increase in the cost of raw material, such as steel, aluminum, bulk tools etc;
- increase in the cost or rentals of key construction equipments;
- increase in the cost of components, such as mandatory spares;
- increase in sub-contractor costs, labour costs and/or freight costs;
- increases in the cost of our working capital necessary for completion of the project;
- adverse changes to the relevant legal, regulatory or tax regimes;
- inflation;
- our inexperience with a particular type of project, particularly as we seek to expand outside of our regular EPC projects;
- customer delays, such as delayed engineering inputs and approvals, that require us to commit additional resources to contract execution in accordance with the project timeline; and
- changes to the project plan or timetable that may increase our costs but for which we do not receive additional payment.

As we continue to undertake EPC projects of increasing size, we may become increasingly exposed to the risk of adverse deviations from our cost estimates, particularly to the extent that the project execution period occurs over a more extended period of time.

**9. Our business is operated from Multiple Locations and the same poses risks associated with exposure to different geographies.**

Our EPC Order book is currently geographically concentrated in the States of Madhya Pradesh, Maharashtra and Delhi and we have executed projects in the past in other states such as West Bengal, Karnataka, Punjab, Tamil Nadu, Uttar Pradesh and Uttarakhand. Further, we intend to setup Engineering Design Studio/Office and Training Centre for Engineers & Technicians at Chennai, Cochin, Delhi, Hyderabad and Ahmedabad for further increasing execution efficiencies and exploring business development opportunities therein. Our business therefore is and shall continue to be significantly dependent on the general economic condition and activity in these cities, and the central, state and local government policies relating to infrastructure and industrial construction projects. Although investment in the infrastructure sector in the areas in which we operate has been encouraged, there can be no assurance that this will continue. Further, we may face the risk that our competitors may be better known and more experienced in such newer markets and they may enjoy better relationships with customers and joint venture partners or local sub-contractors and vendors, gain early access to information regarding attractive projects and be better placed to bid for and be awarded such projects. We face additional risks if we undertake projects in regions we have not worked in before, including, adjusting our construction methods 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. There can hence be no guarantee that we will be able to effectively manage our entry into new geographical areas.

**10. We have certain undisputed tax liabilities which are pending payment for more than six months from the date they become due. We are hence subject to adverse action from these government departments including but not limited to payment of interest or penalties for delayed payment of dues.**

Except as mentioned below, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty were outstanding, as at December 31<sup>st</sup>, 2011 for a period of more than six months from the date were they became payable:

(₹ in Lacs)

Sr. No.	Particulars	Amt. Outstanding for more than 6 months
1	Income Tax	112.49
2	Service Tax	82.07

We are hence subject to adverse action from these government departments including but not limited to payment of interest or penalties for delayed payment of dues.

**11. We typically enter into contracts for our EPC Business that require us to complete project execution within a specified timeframe, which exposes us to various forms of risks with respect to delays in contract execution.**

The contracts entered into by us for our EPC Business typically require us to complete the project within a specified timeframe, which means we generally bear the risk of delay. A number of factors may cause a delay in project execution, including:

- delays in receipt of work schedules and engineering inputs, approvals and decisions required from the customer;
- changes to project plans and process requirements;
- delays due to interface issues with the other EPC contractors employed by the customer;
- delays in delivery of raw materials, components or equipment;
- delays in performance by the sub-contractors;
- delays due to environmental considerations;
- delays in receiving the necessary regulatory clearances, approvals and certifications or delay in renewal of the same;
- delays due to resettlement obligations;
- unavailability of working capital necessary to finance execution of the project accidents;
- delays in transportation of equipment and construction material;
- unavailability of skilled and unskilled labour;
- local strikes, bandhs and curfews by political parties;
- adverse weather conditions;
- adverse changes to the relevant legal, regulatory or tax regimes; and
- our inexperience with a particular type of project, particularly as we seek to expand outside of our regular projects

In the event that we fail to complete an EPC project within the specified timeframe, our customers are typically entitled to receive liquidated damages for the delay to the extent the delay is attributable to us, and our customers may invoke the bank guarantees that we have provided in connection with the performance of the project or retain our security deposits as compensation for such damages.

As we continue to undertake EPC projects of increasing size, we may become increasingly exposed to the risk of delay in the performance of EPC contracts and, therefore, liquidated damages claims.

### **12. The nature of our EPC Business exposes us to defect liability and warranty claims**

Where we are the principal contractor under an EPC contract, we remain responsible for ensuring satisfactory performance under the contract and remain liable to rectify defects. Our EPC contracts typically have defect liability period of 6 months from the date of mechanical completion or 12 months from the date of commissioning, whichever is earlier.

We have not made any provisions in our financial statements to cover the costs we may incur to correct defects for our projects. In particular, we may be liable for the work of our sub contractors and suppliers. Although we typically receive guarantees, warranties and/or retentions from our sub-contractors and suppliers until the expiry of the defect liability period, there can be no assurances that such guarantees, warranties and/or retentions will prove to be adequate to cover any liabilities which may arise during the defect liability period.

### **13. Upon the occurrence of a force majeure, we or our customers may temporarily suspend performance under EPC contracts.**

Our EPC contracts/Work Order agreements typically contain force majeure provisions allowing temporary suspension of contract by us or our customers during the duration of specified events beyond the control of the affected party, including events such as strikes, adverse weather conditions and serious transportation issues. To the extent there was an extended force majeure with respect to a significant project that we were undertaking, for example a large EPC project, it could have a material adverse impact on our revenues and cash flows, which could impair our ability to meet our liquidity and working capital requirements.

### **14. We may not be successful in managing our growth. Any inability to manage our growth may have a material and adverse effect on our business, results of operations and financial condition.**

We have experienced reasonable growth in recent years. Our key financial results are as shown below:

(₹ in lacs)

Particulars	As on 31 <sup>st</sup> December, 2011	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010	As on 31 <sup>st</sup> March, 2009	As on 31 <sup>st</sup> March, 2008	As on 31 <sup>st</sup> March, 2007
Revenue	9755.14	6025.43	3023.75	1078.81	534.86	330.93
EBITDA	801.65	737.34	382.61	63.12	33.50	27.54
NPAT	562.58	315.97	200.44	19.37	9.02	8.09

Our revenues have grown at a CAGR of 106.57% between fiscal 2007 and fiscal 2011, increasing from ₹ 330.93 Lacs in fiscal 2007 to ₹ 6025.43 Lacs in fiscal 2011. Our EBITDA has grown at a CAGR of 127.47%, increasing from ₹ 27.54 lacs in fiscal 2007 to ₹ 801.65 lacs in fiscal 2011 and our restated profit after tax has grown at a CAGR of 150.00% between fiscal 2007 and fiscal 2011, increasing from ₹ 8.09 Lacs in fiscal 2007 to ₹ 315.97 Lacs in fiscal 2011.

While no assurance can be given that the past increases in our revenue will continue, if we continue to grow as we expect, this growth will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. As part of our growth strategy, we have diversified and intend to continue to diversify the portfolio of projects and services offered by us into new sectors. However, due to our relative inexperience in these new sectors, such new businesses may not be successful, which could hamper our growth prospects and may also

damage our reputation. In particular, taking on larger projects and continued expansion increases the challenges involved in:

- Preserving a uniform culture, values and work environment across our projects;
- Developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- Recruiting, training and retaining sufficient skilled management, technical and marketing personnel; Requirements for increased amount of working capital and, therefore, increasing amounts of debt financing;
- Maintaining high levels of client satisfaction; and
- Adhering to health, safety, and environmental standards.

If we fail to effectively manage larger projects or our growth generally, it could have an adverse effect on our business, results of operations and financial condition.

***15. Our inability to qualify for or win large EPC contracts and compete with other engineering companies could adversely affect our margins and results of operations.***

Substantially all our contracts are obtained through a competitive bidding process. Pre-qualification is pre requisite to our winning most projects. In selecting contractors for such projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria, including technical ability, past performance, financial strength and the size of previous contracts executed in similar projects, although the price competitiveness of the bid is usually the most important selection criterion. We are currently qualified to bid for projects up to certain values commensurate with our track record of previously completed projects and current net worth vis-a-vis the project size and required net worth considered appropriate by the client, and therefore may not be able to compete with other engineering companies for larger, higher-value projects, on our own or find suitable joint venture partners. Our ability to bid for and win larger value projects is dependent on our ability to find suitable joint venture partners. Any inability to qualify for and win large EPC contracts and compete with other engineering companies could adversely affect our margins and results of operations.

***16. Our business is dependent on few clients each year. Our inability to execute the work orders on time or loss of a major order may adversely affect our business.***

Our business is significantly dependent on EPC requirements of various government and private companies. Our top five (5) clients provided approximately 91.42%, 72.22% and 74.82% of our total revenue in fiscal year 2009, 2010 and 2011 respectively. Also these top five clients vary from period to period and hence our business is dependent on only a few clients each year. Our inability to execute the work order on time may affect our business. Our business and results of operations will be materially and adversely affected if we are unable to maintain a continuing relationship or prequalified status with our clients and partners.

***17. We depend on third-party contractors and manufacturers for certain portions of our project executions. Inability to get this satisfactory levels of delivery and service from these vendors on time, could affect our project executions and hence our profitability and brand image.***

A significant part of the work performed under our contracts, particularly procurement of labour contracts and fabrication job works for equipments and key processes is performed by third-party subcontractors we engage. For the last financial year, approximately 66.07% of our Project Executions was carried out by Third Party Sub Contracting. All statutory liabilities under the various labour laws such as provident fund, state insurance, and other employee related benefits are maintained by our subcontractors. If our sub contractors fail to perform their obligation under the contract or fail to comply with the applicable



laws, rules and regulations or obtain the necessary approvals, we may be held responsible for such failure and this could have a negative impact on our business. We may also run the risk of engaging subcontractors that may not be competent to carry out our projects and which may make us liable under the contract with our clients.

Further, even though we carry out the designing of our on-site machinery and tools requirements in-house, we do however; out-source almost all of our manual fabrication works to local vendors or contractors depending on the location of the actual project. We have long term relations with these contractors and are well aware of their service levels, however, we do not have control over these entities or any written or binding agreement with respect to our job works.

Inability to get the necessary job work done on time from these vendors, could affect our project execution and hence also our profitability and brand image.

***18. Our success depends, in large part, upon our Directors and senior management team and the loss of key members or a failure to attract skilled personnel or retain such persons may adversely affect our business.***

Our sustained growth depends on our ability to attract, train, motivate and retain qualified and experienced industry professionals, including Project Managers, engineers, construction design experts and labor contractors etc. Our inability to attract and retain such skilled personnel could result in a decrease in the quality of our services and could have a material adverse effect on our results of operations. Further, our success is significantly dependent on the efforts, expertise and continued performance of our Directors and our senior management team. These Directors and Senior Management team provide expertise which enables us to make well-informed decisions in relation to our business and future prospects. However, these Directors, or other members of senior management and key personnel may leave us and/or join a competitor. We generally do not maintain key-man insurance on our employees. The loss of their services or failure to recruit suitable or comparable replacements in a timely manner could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***19. Our Company has unsecured loans aggregating to ₹148.29 lacs as on December 31<sup>st</sup>, 2011, which are repayable on demand and which may hamper our liquidity positions if recalled.***

As on December 31<sup>st</sup>, 2011, the Company has outstanding unsecured loans of ₹ 246.22 Lacs, of which, ₹ 148.29 lacs are repayable on demand. In the event that the lenders of such loans demand the repayment of these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all because of which we may face the liquidity crunch in the future.

***20. We are a labour intensive industry and hence may face labour disruptions and other planned and unplanned outages that would interfere with our operations.***

Our Company's activities are labour intensive. Strikes and other labour action may have an adverse impact on our operations. Even though, we have not experienced any such labour disruption in the past, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, the third-party suppliers of raw materials, which we may use or key equipments, which we may hire for our operations, may experience strikes or other industrial action. Further, we use substantial amount of contracted and sub-contracted labor for our on-site operations, which we do not directly control. Inability to comply with the relevant laws and record keeping requirements by us or our sub-contractors for our labor related matters could also affect us adversely.





Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. For further details, refer to "*Business Overview - Manpower*" on page 110 of this RHP.

In addition, work stoppages, refurbishments, accidents or sustained bad weather at our operations could result in delays in project delivery, which may adversely affect our operations and profitability.

***21. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.***

Our Company's operations are subject to inherent risks in any construction or fabrication processes, such as defects, malfunctions and failures of construction equipment, fire, strikes, accidents and natural disasters. In addition, many of these operating and other risks may cause personal injury, severe damage to or destruction of our properties and may result in suspension of operations and the imposition of civil or criminal penalties.

Whilst we believe that we maintain adequate insurance coverage amounts for our units, our insurance policies do not cover all risks and are subject to exclusions and deductibles. If any or all of our on-site operations are interrupted for a sustained period, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities.

Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable. Our inability to procure and/or maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability.

Further our Company does not maintain key-man insurance for any of its key personnel and loss of the services of such key personnel may have an adverse effect on our business, financial condition and results of operations. For more details refer to "*Business Overview - Insurance*" on page 117 of the RHP.

***22. Our Promoters and Promoters Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After completion of the Issue, our Promoters and Promoters group will collectively own approximately [●] % of the Equity Shares. As a result, our Promoter together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company. In addition, our Promoter will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

***23. We have in the last five financial years entered into related party transactions aggregating to ₹ 2389.16 lacs, and we may continue to enter into similar transactions in the future. There can be no assurance that such transactions, individually or in the aggregate will not have an adverse effect on our business, financial condition and results of operations.***

We have entered into certain transactions with related parties, including our Directors, Promoter Group Companies and Promoters. For further details please refer to "*Annexure XVI*" of the Auditors Report on

page 171 of this RHP. While we believe that all our related party transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties.

Furthermore, it is possible that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations.

***24. Our Promoters and Directors have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters may also be regarded as having interest in the Equity Shares, if any, held by them or by the companies/ firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Promoters may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Additionally, our Directors are also interested in our Company to the extent of remuneration paid to them for services rendered as Directors of our Company and reimbursement of expenses payable to them. Our Directors may also be interested to the extent of any transaction entered into by our Company with any other company or firm in whom they are directors or partners. For details, refer to "***Our Management-Interests of Directors***" on page 136 of this RHP.

***25. Our Company has in the past, not followed Accounting Standard – 15 regarding Employee Benefits prescribed by the Institute of Chartered Accountants of India (ICAI).***

In the Auditor's Report for the year ended March 31, 2010, it is commented that we account for our liabilities in respect of gratuity and leave encashment on Payment Basis which is not in conformity with AS-15 regarding Employee Benefits prescribed by ICAI. The accounting standard stipulates that these liabilities should be accounted for in the books of accounts on accrual basis.

Even though, there is no specific punitive action that can be taken by any authorities for the same and we have, in the last financial year March 31, 2011 rectified this error, started complying with the provisions of this accounting standard and made a provision of ₹ 8,44,386/- for Gratuity in the books of accounts for the year ended March 31, 2011 based on actuarial valuation, we cannot be assured that the actual liability would not differ or be higher than the estimated liability, since the same is an estimated liability.

For details pertaining to the discount rate considered for actuarial valuation and the planned asset value etc, please refer to Note no. 10 of "*Annexure V*" to the "*Auditors Report*" on page 157 of this RHP.

***26. Our Company is yet to file necessary documents with certain regulatory / statutory authorities and agencies for the notation of the change of name after conversion into a limited company.***

Our Company was converted from Private Limited Company to a Public Limited Company on November 3<sup>rd</sup>, 2010. Some of the licenses and registrations obtained by our Company are still in the previous name. All such approvals/ licenses /registrations such as VAT, CST, Maharashtra State Tax on Professions, etc. are required to be revised. Our Company is in the process of getting such licenses / registration renewed / revised from the concerned regulatory / statutory authorities and agencies. Our business operations may be impacted till we receive the aforesaid registration. For further details please refer to the section titled "*Government and Other Key Approvals*" beginning on page 196 of this RHP.

**27. Our name and logo is not registered trademark and any misuse of the same may result in loss of our business**

We have applied for registration of our Company's logo and trademark (TM-1) under Class 37 of the Act, at the office of Registrar of the Trademarks, Mumbai on 02/06/2011 and the application number is 2153710. The application is currently pending for approval.

Any delay or refusal to register the name and logo of our Company could adversely affect our image and reputation. There cannot be any assurance that the pending application will be decided in favour of the Company. If our trademarks are not registered it can allow any person to use a deceptively similar mark and market its product which could be similar to our products. Such infringement will hamper our business and adversely affect our results of operations.

**28. Our Promoters have given personal guarantees in relation to certain debt facilities provided to us.**

Our Promoters, Dr. V.K. Sukumaran and Dr. Saritha Sukumaran have given personal guarantees aggregating to ₹ 2.50 Cr. and ₹ 1.50 Cr. in relation to majority of our unconsolidated secured debt facilities. Further 2,40,000 shares held by Dr. V.K. Sukumaran are pledged with SBI as collateral security. 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 even 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 adversely affect our financial condition.

For further information, please refer to "Annexure VII" of the "Auditors Report" on page 163 of this RHP.

**29. We have certain contingent liabilities not provided for that may affect our financial condition.**

As per our audited accounts for the nine months period ended December 31<sup>st</sup>, 2011, we have following outstanding contingent liabilities:

(₹ in Lacs)		
Sr. No.	Particulars	31.12.2011
1	Outstanding Bank Guarantees	190.00

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

**30. We have experienced negative cash flows from operating activities for the years ended March 31, 2007, 2008, 2009, 2010 2011 and for the nine months period ended December 31<sup>st</sup>, 2011; negative cash flows from operating activities in future periods could impair our ability to meet our liquidity and capital resource requirements**

For the years ended March 31<sup>st</sup>, 2007, 2008, 2009, 2010, 2011 and for the nine months period ended December 31<sup>st</sup>, 2011, we experienced negative cash flows from operating activities of ₹ 3.90 Lacs, ₹ 47.25 Lacs, ₹ 82.85, ₹ 399.46 Lacs, ₹ 211.57 Lacs and ₹ 504.25 lacs respectively, as a result of higher working capital requirements. Negative cash flows from operating activities in future periods could impair our ability to meet our liquidity and capital resource requirements, including that necessary to procure the necessary equipment for the fulfillment of our contracts, finance our expansion plans, including acquisitions, and make the necessary investments in our business in order to remain competitive.

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***31. Proprietary rights of our customers may be misappropriated by our employees in violation of applicable confidentiality agreements***

We require our employees to enter into non-disclosure arrangements to limit access to and distribution of our customers' intellectual property and other confidential information as well as our own. In addition, we provide restricted access to employees to proprietary technology and customer data. However, we can give no assurance that the steps taken by us in this regard will be adequate to enforce our or any third party technology partners' or our customers' intellectual property rights. If any of our or any third party technology partner's or our customers' proprietary rights are misappropriated by our employees, in violation of any applicable confidentiality agreements or otherwise, we may lose any technological advantage that is important for our business and the third party technology partner or our customers may consider that we are liable for that act and seek damages and compensation from us in respect of it.

***32. Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business***

We require certain statutory and regulatory permits and approvals for our business. Laws or regulations in Maharashtra and other states in which we operate may require us to obtain licenses or permits in order to bid for contracts or otherwise conduct our operations. We cannot assure you that we will receive the requisite permits and approvals particularly if our joint venture partners or clients are responsible for obtaining the requisite permits and approvals. In some jurisdictions, activities related to construction of our projects may be subject to the prior granting of environmental licenses or permits or to prior notification. Additionally, in the future, we may be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals or in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals or comply with the conditions precedent to obtain such approvals may result in the interruption of our operations and may have a material adverse effect on our business, prospects, financial condition and results of operations.

For further details in regards to the various Government or Statutory Approvals taken as well as pending currently, please refer the section titled "*Government and Other Key Approvals*" beginning on page 196 of this RHP.

***33. There are restrictive & financial covenants under our loan sanctions, which could influence our ability to expand, in turn affecting our business and results of operations.***

Our bank sanctions for obtaining working capital facilities with our banker viz. The State Bank of India have certain covenants which require us to seek the prior consent of the bank for making fresh borrowings, pledge, charge, mortgage or hypothecate in respect of the hypothecated assets in favour of any other party, carrying out any substantial change in the shareholding pattern of our Company or our management / control and alter the ownership structure of our Company or issue the capital. Even though we have received NOC dated July 2, 2011 from State Bank of India for the proposed IPO, we cannot be assured that these covenants will not have an adverse effect on the functioning of our Company and this public issue.

Furthermore, our Company has created a charge in favor of our lender against the moveable fixed assets of our Company. In case of default by our Company in repayment of the loans, our banker may exercise its rights over the security, which may be detrimental to the interest of our Company. For restrictive covenants, please refer to "*Annexure VII*" of the "*Auditors Report*" appearing on page 163 of this RHP.

## EXTERNAL RISK FACTORS

### ***34. General economic conditions could have a material adverse effect on our business.***

Our performance is subject to general economic conditions and their impact on levels of commercial and industrial infrastructure activity and spending in India. Some of the factors having an impact on commercial and industrial infrastructure activity and spending include general economic conditions, taxation, energy prices, domestic demand for products and services, interest rates, export market demands and other macroeconomic factors. Declines in domestic and export demands for products and services or civil and project based infrastructure spending activity results in unutilized industrial and commercial capacities and thereby decreasing demand for commercial and industrial expansions. Unfavorable changes in the above factors or in other business and economic conditions affecting our customers or our business model could result in continued reduced demand for EPC Contracting, reduce our potential revenues, increase our operating expenses, increase competition within the EPC Contracting industry or force us to reduce the prices we charge, any of which could have a material adverse effect on our business, financial condition and results of operations.

### ***35. Increases in interest rates may affect our results of operations.***

Majority of our borrowings are subject to floating interest rates, which exposes us to interest rate risk. Further, we do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements or other material agreements. We cannot assure you that we will be able to enter into interest hedging contracts or other financial arrangements on commercially reasonable terms, or any of such agreements will protect us fully against our interest rate risk. Any increase in interest expense may have an adverse effect on our business prospects, financial condition and results of operations.

### ***36. Natural calamities and force majeure events may have an adverse impact on the Indian economy.***

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer. India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of the Equity Shares.

### ***37. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue. The price of the Equity Shares may be highly volatile.***

The Issue Price of the Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. The price of the Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including the following:

- volatility in Indian and global securities markets;
- our results of operations and performance in the businesses we operate in;
- performance of our competitors and perception in the Indian market about investment in the sectors and businesses in which we operate;
- adverse media reports on our Company or the businesses we operate in;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant development in India's economic liberalization and de-regulation policies; and

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

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

***38. We may not receive final listing and trading approvals from the BSE and the NSE. An active market for the Equity Shares may not develop which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The Equity Shares currently have no trading market. In accordance with Indian law and practice, final listing and trading approval of our Equity Shares will not be applied for, or granted until after those Equity Shares have been issued and allotted. There could be a failure or delay in listing our Equity Shares on the BSE and NSE. Also, no assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or sustain, the trading price of the Equity Shares could fall and could trade at prices that may be lower than their Issue Price.

***39. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

We may be subject to a daily circuit breaker imposed by the stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges may not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

***40. Applicability of certain labour laws may adversely affect our profitability***

India has stringent labour legislations that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Our employees may form unions in the future. If the labour laws become applicable to our workers or if our employees unionize, it may become difficult for us to maintain flexible labour policies, discharge employees or downsize, and our profitability may be adversely affected. With respect to our employees located at customer premises overseas, we may be exposed to risks arising from contract labour legislations in such jurisdictions. Further, we cannot assure you that there will be no adverse change in the relevant labour legislations in the respective jurisdictions.

***41. Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, results of operations and financial condition.***

Terrorist attacks and other acts of violence or war, including those involving India, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.



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**PROMINENT NOTES:**

1. Public Issue of [●] Equity Shares at an Issue Price of ₹ [●] for cash, aggregating up to ₹ 5500.00 Lacs. The Issue will constitute [●]% of the post-Issue Equity Share capital of the Company.
2. As of December 31<sup>st</sup>, 2011, the Net Worth of the Company was ₹ 1843.93 Lacs as per the Restated Financial Statements. For more information, please refer to the section "*Financial Statements*" beginning on page 147 of this RHP.
3. As of December 31<sup>st</sup>, 2011, the Net Asset Value per Equity Share was ₹ 23.09 as per the Restated Financial Statements. For more information, please refer the section "*Financial Statements*" beginning on page 147 of this RHP.
4. The average cost of acquisition of the Equity Shares held by our Promoters, Dr. V.K. Sukumaran and Dr. Saritha Sukumaran is ₹ 8.84 and ₹ 8.78 per Equity Share respectively.
5. For related party transactions and the cumulative value of such transactions, for further details please refer to "*Annexure XVII*" of the Auditors Report on page 171 of this RHP.
6. Other than as stated in the section "*Capital Structure - Notes to Capital Structure*" beginning on page 55 of this RHP, the Company has not issued any Equity Shares for consideration other than cash.
7. For details of transactions in the securities of the Company by our Promoters, our Promoter Group and our Directors in the last six months, please refer to the section "*Capital Structure – Notes to the Capital Structure*" beginning on page 55 of this RHP.
8. For information on changes in the Company's name and changes in objects clause of the Memorandum of Association, please refer to the section "*History and Certain Corporate Matters*" beginning on page 125 of this RHP.
9. Except as disclosed in the sections "*Our Promoters and Promoters Group*", "*Our Management*" and "*Business Overview*" beginning on pages 141, 128 and 99 of this RHP, respectively, none of our Promoters, our Directors nor our key management personnel have any interest in the 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 or trustee and to the extent of the benefits arising out of such shareholding.
10. The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to QIBs. The QIB Portion includes the Anchor Investor Portions. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. For further details, please refer the section "*Issue Structure*" beginning on page 215 of this RHP.





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11. For any clarification or information relating to the Issue, investors may contact the BRLM or the Company, who will be obliged to provide such clarification or information to the investors at large.
  12. Investors may contact the BRLM, who has submitted the due diligence certificate to SEBI, for any complaint pertaining to the Issue. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder.
  13. Investors should refer to the section "*Basis of Issue Price*" beginning on page 76 of this RHP.
  14. Trading in Equity Shares for all investors shall be in dematerialized form only.
  15. Neither a member of our Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of this RHP.

## SECTION III - INTRODUCTION

### SUMMARY OF OUR INDUSTRY OVERVIEW

*Unless otherwise indicated, the information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the BRLM or their respective legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information. For further details in relation to our industry, refer the section "Industry Overview" beginning on page 87 of this RHP. Also for risks pertaining to our industry please refer the section "Risk Factors" beginning on page 13 of this RHP.*

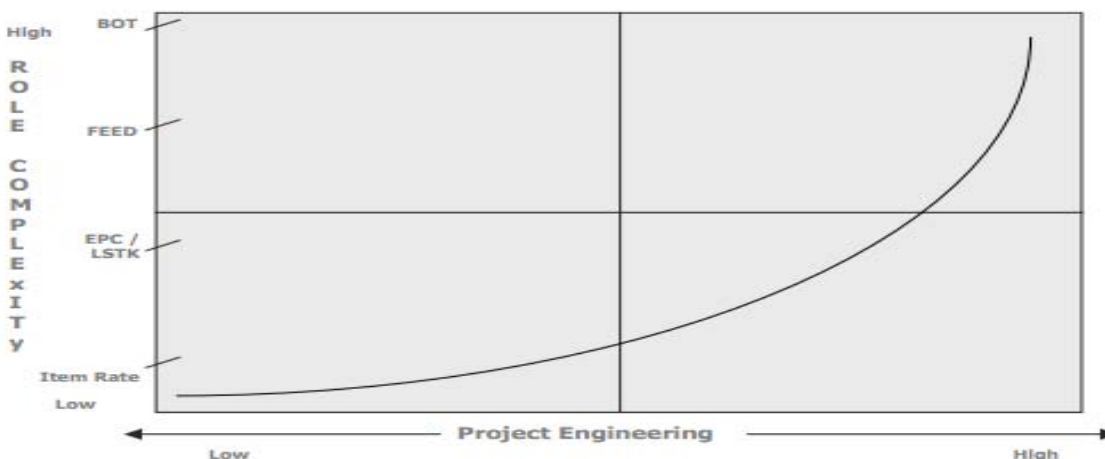
#### **"EPC" – ENGINEERING PROCUREMENT AND CONSTRUCTION**

**EPC** stands for **Engineering, Procurement and Construction**. It is a common form of contracting arrangement within the construction industry. Under an EPC contract, the contractor will design the installation, procure the necessary materials and construct it, either through own labour or by subcontracting part of the work. When the contractor carries the project risk for schedule as well as budget in return for a fixed price, it is referred to as "Lump Sum Turn Key" Contract or LSTK, depending on the agreed scope of work. When scope is restricted to engineering and procurement only, this is referred to as an **EP** or **E and P (E+P)** contract. This is often done in situations where the construction risk is too great for the contractor or when the Owner has a preference for doing the construction himself.

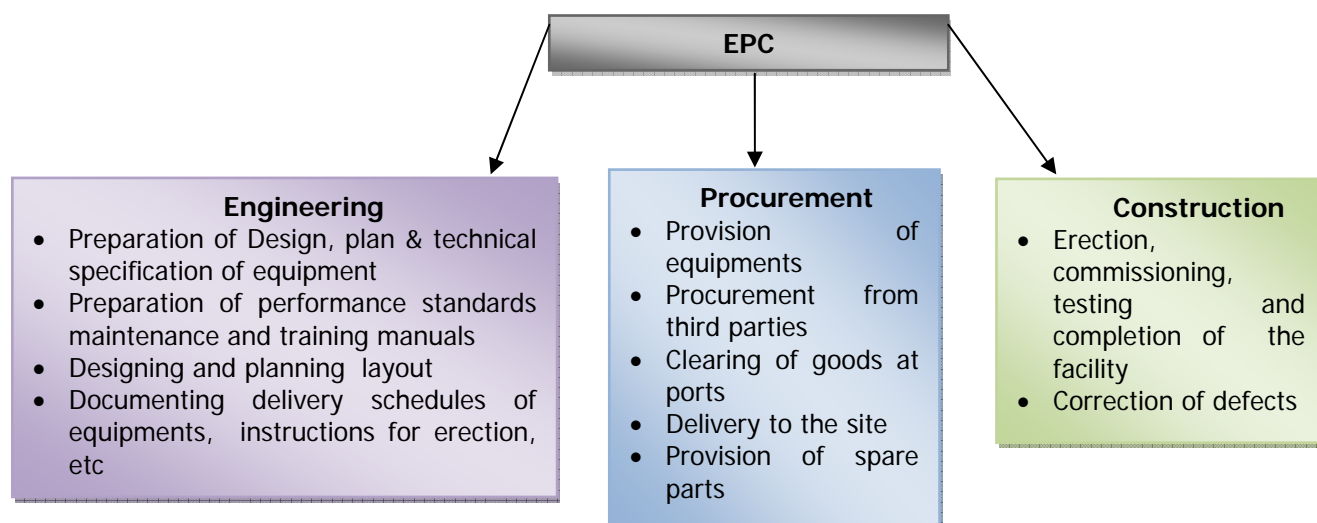
As and when the scope of work increases to include project conceptualization, designing and other pre-construction engineering consultancy it is called a "FEED" OR "Front End Engineering and Design" Contract.

And a contract where the contractor must do the complete activity of building and operating by itself prior to simply transferring / selling the completed product to a third party, is called "BOT" or "Build Operate and Transfer" Contract.

Hence, EPC Contracting is a lower complexity mandate than a "FEED" or "BOT" Contract as is shown below:



The following illustration details the breakup of activities involved in the EPC Contracting business:



## EPC CONTRACTING - INDUSTRY GROWTH AND PROSPECTS

Engineering Procurement construction activity is integral to the overall infrastructure and industrial development and involves engineering construction services for setting up of pipelines, storage terminal and processing facilities, urban infrastructure, structural erection of equipment, townships, highways, roads, bridges, railroads etc. A significant part of global engineering construction activity is concentrated in the oil and gas industry, power sector and the metals and mining sector.

The market prospects for EPC Activities looks promising and the industry is expected to grow over the next 10 years at a rate which is linked to the growth expected in the core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals and overall Infrastructure Development. India is in the midst of a substantial overhaul in infrastructure, with large investments required to maintain its targeted GDP growth of 9% and above. The strong resurgence seen in investment demand has driven India's industrial growth which rose to 11.6% for April-June, 2010-11 against 3.9% during the same period in previous year. This has facilitated a robust increase in order book for the EPC sector. The setting up of green field projects and brown field expansions in power, steel, cement sectors provide opportunities for larger size contracts. Other sectors like coal mining, sugar, cogeneration and paper are also expanding their existing facilities and setting up new plants. Capacity creation in these sectors will be driving growth of the EPC industry in the coming years.

During the period between January 2010 and February 2011, a total of around 830 turnkey contracts were awarded with an aggregate value of approximately ₹ 2.83 trillion. A brief summary of various EPC Contracts recently awarded is as follows:

Sectors wise Orders	Contracts	Amount (₹ in Crores)
Thermal based power(including Coal, Lignite and Gas)	97	120138
Hydropower	16	10791
Wind power	33	7862
Power distribution	101	15972

Sectors wise Orders	Contracts	Amount (₹ in Crores)
Gas pipeline	21	3166
Petroleum Oil and Gas	63	18151
Roadways	93	46406
Railways	35	8146
Shipping Infrastructure	13	4312
Airways(Aviation infrastructure)	9	5728
Water and Sewerage pipeline and Distribution)	61	8698
Real Estate	52	5893
Other Sectors	236	27388
<b>Total</b>	<b>830</b>	<b>282651</b>

**Source:** *Economic Research India Pvt. Ltd. (Project Monitor) – 2011*

## SUMMARY OF OUR BUSINESS

*Investors should note that this is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire RHP, including the information in "Risk Factors" and our "Restated Financial Information" and related notes on pages 13 and 147, respectively, before deciding to invest in our Equity Shares.*

### OVERVIEW

We are an ISO 9001:2008, OHSAS 18001:2007 & ISO 14001:2004 certified Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of undertaking EPC Contracts of CS/SS/Alloy Steel Turnkey Piping, Civil Land Development, Industrial / Commercial Infra Projects, Structural Fabrication and Erection of Equipments, Fire Fighting Projects and Commissioning of Chemical Plants for various industries including but not limited to Chemicals, Oil and Gas (on-shore and offshore), Refinery, Petrochemicals, Dyestuff, Pharma & Bulk Drugs, Metallurgy, Power and Textiles.

Our key expertise w.r.t our Fabrication & Erection of Key Industry Equipments/Plants includes but is not limited to Reaction Vessels, Auto Claves, Vacuum Tray Driers, Storage Tanks, Chilling Plants, Hydro-generators, Fire Fighting Units, Heat Exchangers/Condensers, Rotary Vacuum Tray Driers, Centrifuges, WHR boilers, Crystallizers, Scrubbers, Distillation Units, and Flakers etc.

We have more than a decade of experience in this field having successfully completed projects in diversified sectors for various companies as displayed below:

Sector	Clients
<b>Oil and Refineries</b>	Chennai Petroleum Corporation Ltd, Deepak Fertilizers and Petrochemicals Corp. Ltd, Indian Farmers Fertilizers Co. op. Ltd., Lubrizol India Ltd., ONGC, Rashtriya Chemical and Fertilizers Ltd., Reliance Petroleum Ltd., National Fertilizers Ltd.
<b>Textiles</b>	Reliance Industries Ltd, Mandhana Industries Ltd., Indorama Synthetics Ltd.
<b>Petro-Chemicals</b>	Gharda Chemicals Ltd., Herdillia Chemicals Ltd., Monsanto Chemicals Ltd., Sabero Organic Gujarat Ltd., Rohm & Hass (I) Ltd., I G Petrochemical Ltd., Reliance Petrochemicals Ltd., Albright & Wilson Chemicals Ltd., GFL
<b>Pharmaceuticals, Food and Beverages</b>	Hikal Ltd., Atul Ltd., Hindustan Latex Ltd., Rexam HTW Beverage Can (I) Pvt. Ltd., Hindustan Tin Works Ltd.
<b>Power</b>	Fuji Technical Services Ltd., Wartsila NSD India Ltd., Thermax Instrumentation Ltd., Gujarat Fluorochemicals Ltd., Thermax Engineering Construction Co. Ltd, BLA Power Ltd., M. E. Energy Pvt. Ltd.
<b>Steel</b>	Sona Alloys Ltd.
<b>Air Conditioning &amp; Refrigeration</b>	Luwa Ltd./Reliance Industries Ltd
<b>Glass, Port and other Industries</b>	Float Glass India Ltd., JNPT, Kvaerner Powergas (I) Ltd., Punj Lloyd Ltd., Dura Build Ltd., Hi-tech Carbon – Birla Ltd./Aditya Birla Nuvo Ltd.

*Note: None of the above-mentioned clients/contracts are sub-contracted jobs from third parties. Wherever, the job is a sub-contract, we have written the name of the party which has finally contracted the job to us as "Client" and hence, that entity is the direct client for us.*



For further details regarding specific scope of work w.r.t above mentioned sectors and clients, please refer to Paragraph titled "*Details of Projects executed by the company*" under section titled "*Business Overview*" on page 111 of this RHP.

Our operations are managed from our owned registered and corporate office situated at CBD Belapur, Navi Mumbai.

Our revenues have grown at a CAGR of 106.57% between fiscal 2007 and fiscal 2011, increasing from ₹ 330.93 Lacs in fiscal 2007 to ₹ 6025.43. Lacs in fiscal 2011 and our restated profit after tax have grown at a CAGR of 150.00% between fiscal 2007 and fiscal 2011, increasing from ₹ 8.09 Lacs in fiscal 2007 to ₹ 315.97 Lacs in fiscal 2011. Our EBITDA margins have grown at the CAGR of 127.49% from 8.32% in 2007 to 12.24% in 2011. For further details regarding year-on-year revenues of our company, please refer to Risk Factor No. 14 on page 18 of this Red Herring Prospectus.

We propose to enhance our capital equipments base in order to increase on our operational and financial efficiencies w.r.t project executions and also improve our pre-qualification status. We also propose to expand our operating activities by opening Design Studio/Office and Training Centers at various locations across India. For further details with respect to the same please refer the section titled "*Objects of the Issue*" beginning on page 64 of this RHP.

As on December 31st, 2011 we are employing 405 people (on site-and off site), of which 34 employees are on our payroll and the remaining 371 are through contract labor arrangements or sub-contract agreements with external local contractors.

## **OUR STRENGTHS**

We believe that following are our principal competitive strengths:

### ***Qualified and Experienced Management Team:***

Our Company is managed by a team of professionals led by our Chairman & Managing Director – Dr. V.K. Sukumaran. Our Executive Directors and Key Managerial Team have requisite qualifications and significant industry experience and this has been instrumental in the consistent growth of our Company's financial and operational performance. For further details regarding our executive directors and key managerial team refer the section "*Our Management*" beginning on page 128 of this RHP.

### ***Multi Locational and Multi Sectoral Client Base:***

Our customer base includes a diverse set of industries including Chemicals, Pharmaceuticals, Petrochemicals, Refineries, Power, Dairy, Oil & Gas Explorations, Synthetic Fiber, Sugar, Paper, etc. Also, we have experience of having executed projects in various locations including but not limited to Maharashtra, Gujarat, West Bengal, Karnataka, Punjab, Madhya Pradesh, and Tamil Nadu. We believe that having strong relations with various clients in diversified sectors and locations, reduces our dependence on certain clients or certain sectors or certain geographical locations and reduces sector / geographical / client specific risk.

### ***Pre-qualification credentials***

Pre-qualification is a basic requirement in our industry. It is necessary that bidder should have requisite qualification in terms of technical expertise, adequate capital, infrastructure, experienced manpower, value of projects executed in the past etc. Our track record of over thirteen (13) years with over 40 completed projects enables us to meet customer's prequalification requirements either independently or in association with joint-venture partners.

### ***Project Execution Capabilities and Cost competitiveness***

Our Company has been in the EPC business for the last thirteen (13) years and has developed expertise in its line of operations which are characterized by our ability to minimize overheads, cost control and prevent overruns on project schedules along with strong skills in construction and contract management. We believe our strong in-house EPC and Project Management team and good relations with local sub-contractors helps us control the entire process. We control costs by eliminating unnecessary product features, procuring equipment and materials in cost efficient manner, optimizing logistics and maximizing labour efficiency. This has contributed towards securing multiple orders received from customers like Thermax India Ltd, Punj Lloyd Ltd, Deepak Fertilizers & Petrochemicals Ltd, Reliance Industries Ltd, Shriram EPC and many others. We have a track record in designing, manufacturing, procuring, constructing, commissioning, troubleshooting and servicing various systems and equipments.

### ***Robust Existing Order Book***

Our order book represents the un-executed Contract Value position of our assigned projects/work orders, which, as on December 31st, 2011 is as follows:

<b>Sr. No.</b>	<b>Client</b>	<b>Brief Description of Work Order</b>	<b>Total Un-executed Contract Value (₹ in Lacs)</b>	<b>Expected Completion Date</b>
1.	Thermax Engineering Construction Co. Ltd.	Work Order includes labour charges for Unloading, Physical Verification, Preparation of Materials Receipt Report, Stacking/Storing, In-plant Transportation of all erection materials and erection and providing assistance during Commissioning of 1 x 95 TPH, 87 kg/cm, 515 Deg. C., TG Boiler and charges towards extra claim settlement at M/s Dr. D. Y. Patil SSK Ltd., Kolhapur (Maharashtra).	41.31	May 30th, 2012
2.	PACL India Limited	This work order covers the Earth work for Development of Agricultures land including clearances & Excavation Dressing of Agriculture land at earmarked site. (New Delhi)	4500.00	December 31 <sup>st</sup> , 2012
3.	BLA Power Pvt. Ltd.	Work Order for engineering, procurement, manufacturing, supply, testing, packing, forwarding, transit insurance, transport, unloading at sight, storing and handling at sight, fabrication, erection, testing and commissioning of large diameter (LD) piping and non IBR piping including Butterfly Valves and Non-IBR Valves at Village Niwari, Gadarwara (M.P).	298.94	September 30 <sup>th</sup> , 2012
4.	Deepak Fertilizers and Petrochemicals Corp. Ltd	Work order includes (i) Piping and Erection of Valves; (ii) Transporting the steel from the clients store, fabricating and erecting structural steel at all levels as per drawing including tools, tackles, cutting, welding, consumables, assembly, bolts, permanent bolts, preparation of fabrication drawings (if felt necessary by the Contractor for all types of structures in buildings, pipe racks,	109.00	August 31 <sup>st</sup> , 2012



		platforms and towers; (iii) Same as (ii) but fabrication to be carried out outside DFPC in the contractors premises (iv) All activities and scope same as (ii) but for insert plates (v) All activities and scope same as (ii) but for hand railing consisting of top rail, middle rail, vertical and toe gurd; (vi) All activities and scope same as (ii) but for MS Gratings; (vii) Supplying, providing and fixing corrugated polypropylene reinforced cement sheet for Roofing and cladding including the self tapping screws, all necessary jigs and fixtures, necessary scaffolding. (K-1 Taloja)		
5.	Lanco Infratech Limited	Work Order for Civil work for Anuppur Thermal Power Project Phase I	75.24	March 31 <sup>st</sup> , 2012
6.	Acclaim Industries Limited	Work Order includes procurement of EPC Contract related project material including steel, valves, pipe fittings and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works	322.54	July 26 <sup>th</sup> , 2012
7.	Archon Engicon Pvt. Limited	Work Order includes widening and strengthening of Godda – Sunderpahari-Dharampur More Road, Jharkand and also shall include fooding, lodging and transportation of our staff.	1000.00	June 30 <sup>th</sup> , 2012
8.	Kadevi Industries Limited	Work Order includes tree cutting and clearance over a stretch of 1506.60 km for the construction of Transmission line in the State of Uttar Pradesh according to all technical requirements as required by ICI-C&C, Manipuri JV.	1406.00	August 23 <sup>rd</sup> , 2012
9.	Reliance Gas Transportation Infrastructure Limited	Work order includes Mechanical and Piping Works and Installation of Fire Fighting System for hook-up facility for BGL's Hyderabad CGD. The contract shall include the following – (i) Fabrication of Piping (ii) Erection of Piping (iii) Testing, Dewatering and Drying of Piping (iv) Installation of Valves (v) Installation of Equipment (vi) Radiography (vii) Ultrasonic Test (viii) Painting (ix) Pipe Supports (x) Modification/Extra Works	72.29	May 30 <sup>th</sup> , 2012
10.	Amruta Enterprises	Work Order includes procurement of EPC Contract related project material including steel, underground pipe coating materials and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	800.00	September 15 <sup>th</sup> , 2012
11.	J. P. Engineering	Work Order includes procurement of EPC Contract related project material including steel, nuts and bolts, piping materials and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	1200.00	August 20 <sup>th</sup> , 2012
<b>Total</b>			<b>9825.32</b>	

*Note: None of the above-mentioned clients/contracts are sub-contracted jobs from third parties. Wherever, the job is a sub-contract, we have written the name of the party which has finally contracted the job to us as "Client" and hence, that entity is the direct client for us."*

As shown above, our order book includes large projects and clients from diverse sectors and geographies and the same shall be instrumental in helping us achieve our revenue targets and continuing our growth rates.

***Strong Operational Performance and Low Debt Burden:***

The EBITDA margin and the Net Profit margin of the Company stood at 12.24% & 5.24% respectively during FY 2011. Also the Company has generated a RONW of 24.66% in FY 2011. This indicates ability of the Company to generate attractive returns on funds invested. Secondly, our debt to equity for the F.Y. 2011 ended stood at 1.03 which is low as compared to industry peers. We believe our strong operating performance coupled with low debt, will help us provide adequate returns and hence help our consistent growth even during slower economic or business cycles.

**OUR STRATEGY**

Our Strategic objective is to continue to improve on and consolidate our position as a professionally managed Engineering Construction Company in India. We intend to achieve this by implementing the following strategies.

***Further enhance our engineering and design capabilities***

We currently have design capabilities in the Mechanical projects, Piping projects, Boilers, Land Development, industrial/Commercial Infra Projects, etc which enables us to provide turnkey and Item Rate construction services in this sector. Further, we intend to create design capabilities in sectors such as the Building Construction, Transportation and Water management so as to provide Turnkey and Item Rate solutions in these sectors also. Further, we intend to continuously strengthen our execution capabilities by adding to our existing pool of skilled and unskilled labors, attracting new graduates, and facilitating continuous learning with in-house and external training opportunities to our staff and our local sub-contractors. We hence intend to open five new Design Studio/Office & Training Centers across India. For further details regarding the same refer the section titled "*Objects of the Issue*" beginning on page 64 of this RHP.

***Continue to geographically expand our operations***

We seek to expand and enhance our presence in our existing business segments by identifying markets where we can provide cost effective, technically advanced solutions to our clients thereby distinguishing ourselves from our competitors. This strategy is also an additional rationale behind opening Design Studio/Office & Training Centers in five major cities in India.

***Increase our Pool of Owned Capital Equipments and improve on our Pre-Qualification capabilities***

We undertake Mechanical Construction & Industrial Infra Contracts for Turnkey Piping, Structural Work, Erection of Equipments, Civil Jobs etc. For some projects we lease certain key equipment that we do not own; or we sub contract a portion of the job to a local contractor having the necessary abilities and bandwidth with respect to equipments. We intend to increase our range of owned capital equipments including construction equipments, vehicles, and other important machineries, tools and tackles. We believe that this will enhance our capability to pre-qualify for and execute projects with higher operational and financial efficiency. For further details of the capital equipments proposed to be acquired in line with this strategy, refer to the section titled "*Objects of the Issue*" beginning on page 64 of this RHP.

### ***Focus on performance and project execution***

We intend to continue our focus in enhancing project execution capabilities so as to derive twin benefits of client satisfaction and improvements in operating margins. We will constantly endeavor to leverage our operating skills through our latest equipment and project management tools to increase productivity and maximize asset utilization in our capital intensive projects. We further intend to continue to optimize operations by minimizing operational / overhead costs and increasing productivity thereby maximizing our operating margins.

### ***Continue to improve on our internal systems and procedures***

Our company has seen substantial growth in operations in the last few years. With the growing size, comes the requirement of improving on internal systems and procedures including but not limited to better financial control, operational co-ordination, corporate governance requirements, improved risk management and data management processes and higher focus on applicable health, safety and environmental legislations and other such requirements. We believe that our ability to improve and maintain these internal systems and procedures shall be very important if we are to maintain our growth and long term sustainability.

### ***Develop and maintain strong relationship with our clients and suppliers***

Our services are significantly dependent on winning construction projects undertaken by Large and Medium public & private sector agencies & companies. Our business is also dependent on developing & maintaining strategic alliances with other contractors with whom we want to enter in to project specific joint venture or sub-contracting relationships. We will continue to develop and maintain these relationships and alliances. We intend to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our business and are likely to enhance our opportunities.



## SUMMARY OF OUR FINANCIAL INFORMATION

### Summary Statement of Balance Sheet, As Restated

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31 <sup>st</sup> March				
		2011	2010	2009	2008	2007
<b>A. Fixed Assets</b>						
Gross Block	1102.79	1082.65	76.65	64.94	60.85	50.87
Less: Depreciation	238.78	137.96	33.94	27.41	22.79	23.07
<b>Net Block (A)</b>	<b>864.01</b>	<b>944.68</b>	<b>42.71</b>	<b>37.53</b>	<b>38.06</b>	<b>27.79</b>
<b>B. Investments</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>C. Current Assets, Loans &amp; Advances</b>						
Inventories	162.49	341.44	45.13	23.30	92.68	74.12
Receivables	6556.22	1632.63	2492.90	399.33	209.71	68.14
Cash & Bank Balances	80.39	81.25	10.07	20.91	5.81	6.66
Loans & Advances	344.81	240.26	203.72	26.59	54.33	9.82
Other Current Assets	0.79	0.79	2.45	2.45	1.95	2.17
<b>Total C</b>	<b>7144.69</b>	<b>2296.36</b>	<b>2754.27</b>	<b>472.58</b>	<b>364.49</b>	<b>160.91</b>
<b>Total Assets D ( A + B + C )</b>	<b>8008.71</b>	<b>3241.04</b>	<b>2796.97</b>	<b>510.11</b>	<b>402.55</b>	<b>188.70</b>
<b>E. Borrowed Funds</b>						
Secured Loans	1829.15	936.44	494.39	47.45	59.17	39.63
Unsecured Loans	246.22	379.63	21.60	67.79	91.55	33.11
<b>Total E</b>	<b>2075.38</b>	<b>1316.07</b>	<b>515.99</b>	<b>115.24</b>	<b>150.72</b>	<b>72.73</b>
<b>F. Current Liabilities &amp; Provisions</b>						
Current Liabilities	3687.08	483.57	1860.42	328.19	205.18	75.96
Provisions	369.25	120.94	104.38	1.16	0.70	2.23
<b>Total F</b>	<b>4056.33</b>	<b>604.51</b>	<b>1964.80</b>	<b>329.34</b>	<b>205.88</b>	<b>78.18</b>
<b>G. Deferred Tax Liability</b>	<b>33.07</b>	<b>39.12</b>	<b>0.81</b>	<b>0.59</b>	<b>0.39</b>	<b>1.24</b>
<b>Total H ( F + G )</b>	<b>4089.40</b>	<b>643.63</b>	<b>1965.61</b>	<b>329.94</b>	<b>206.27</b>	<b>79.42</b>
<b>I. Total Liabilities &amp; Provisions ( E + H )</b>	<b>6164.78</b>	<b>1959.69</b>	<b>2481.60</b>	<b>445.18</b>	<b>356.99</b>	<b>152.16</b>
<b>Net Worth J [ D - I ]</b>	<b>1843.93</b>	<b>1281.35</b>	<b>315.37</b>	<b>64.93</b>	<b>45.56</b>	<b>36.54</b>
<b>Represented by Shareholders' Fund:</b>						



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Share Capital	800.00	800.00	55.00	5.00	5.00	5.00
Reserves & surplus	1043.93	481.35	260.37	59.93	40.56	31.54
<b>Net Worth</b>	<b>1843.93</b>	<b>1281.35</b>	<b>315.37</b>	<b>64.93</b>	<b>45.56</b>	<b>36.54</b>

*Note: For details regarding increase in Gross Block, increase in inventories and increase in unsecured loans between the financial year 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011, please refer to the Chapter titled "Management's discussion and Analysis of the Financial Condition and Results of Operation of the Company" on page 177 of this Red Herring Prospectus.*



## Summary Statement of Profits and Losses, As Restated

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>INCOME</b>						
Sales	745.70	898.13	2136.04	484.85	321.43	148.72
Contract Revenue	9,004.63	5070.29	887.30	539.26	211.63	182.14
Other income	4.81	57.01	0.41	54.70	1.80	0.07
<b>Total Income</b>	<b>9755.13</b>	<b>6025.43</b>	<b>3023.75</b>	<b>1078.81</b>	<b>534.86</b>	<b>330.93</b>
<b>EXPENDITURE</b>						
Cost of Goods Purchased	655.90	858.23	1524.00	305.17	236.32	53.78
Labour and Staff Cost	7792.13	4044.78	869.07	612.79	231.99	202.39
Other Direct Expenditure	62.16	160.87	219.97	65.24	13.81	22.77
Administrative Expenditure	61.82	224.21	28.10	32.49	19.24	24.45
Interest & Finance charges	214.30	160.73	50.42	28.18	15.42	10.56
Depreciation	100.81	104.40	6.53	4.61	5.01	3.95
IPO related Expense	21.47					
<b>Total Expenditure</b>	<b>8908.60</b>	<b>5553.22</b>	<b>2698.09</b>	<b>1048.48</b>	<b>521.79</b>	<b>317.91</b>
<b>Profit before tax</b>	<b>846.54</b>	<b>472.20</b>	<b>325.66</b>	<b>30.34</b>	<b>13.07</b>	<b>13.02</b>
<b>Provision for Taxation</b>	<b>283.93</b>	<b>156.23</b>	<b>125.22</b>	<b>10.96</b>	<b>4.05</b>	<b>4.93</b>
Current Years Income Tax	290.00	110.00	125.00	9.60	4.21	4.63
Previous Years Income Tax	0.00	7.92	0.00	0.00	0.00	0.00
Fringe Benefit Tax	0.00	0.00	0.00	1.16	0.70	0.68
Deferred tax	(6.04)	38.31	0.22	0.20	(0.85)	(0.38)
<b>Net Profit after tax but before extra-ordinary items</b>	<b>562.58</b>	<b>315.97</b>	<b>200.44</b>	<b>19.37</b>	<b>9.02</b>	<b>8.09</b>
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit after tax and extraordinary items</b>	<b>562.58</b>	<b>315.97</b>	<b>200.44</b>	<b>19.37</b>	<b>9.02</b>	<b>8.09</b>

**Statement of Cash Flows, As Restated**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>A. Cash Flows from operating activities</b>						
Net Profit before tax	846.54	472.20	325.66	30.34	13.07	13.02
Adjustments for:						
Depreciation	100.81	104.40	6.53	4.61	5.01	3.95
Loss / (profit) on sale of fixed assets	0.00	0.22	0.00	0.00	0.89	0.00
Interest income	0.00	0.00	0.00	0.00	0.00	0.00
Interest expense	214.30	160.73	50.42	28.18	15.42	10.56
IPO related expense	<b>21.47</b>	0.00	0.00	0.00	0.00	0.00
<b>Operating cash generated before working capital changes and taxes</b>	<b>1,183.12</b>	<b>737.55</b>	<b>382.62</b>	<b>63.13</b>	<b>34.39</b>	<b>27.54</b>
(Increase) / Decrease in Inventory	178.95	(296.31)	(21.83)	69.38	(18.56)	(38.92)
(Increase) / Decrease in Trade Receivable	(4923.59)	860.28	(2093.57)	(189.62)	(141.57)	9.58
(Increase) / Decrease in Loans & Advances	(104.55)	(36.54)	(177.14)	27.74	(44.51)	6.83
(Increase) / Decrease in Other Current Assets	0.00	1.66	0.00	0.00	0.26	2.21
Increase / (Decrease) in Current Liabilities	3,203.51	(1376.85)	1532.23	123.01	129.23	(4.59)
Increase / (Decrease) in Provisions	1.76	8.44	0.00	0.00	0.00	0.00
<b>Operating cash generated before taxes</b>	<b>(460.80)</b>	<b>(101.77)</b>	<b>(377.68)</b>	<b>93.64</b>	<b>(40.77)</b>	<b>2.65</b>
Direct Tax paid	43.45	(109.81)	(21.78)	(10.79)	(6.47)	(6.54)
<b>Net cash generated from operating activities (A)</b>	<b>(504.25)</b>	<b>(211.57)</b>	<b>(399.46)</b>	<b>(82.85)</b>	<b>(47.25)</b>	<b>(3.90)</b>
<b>B. Cash Flows from investing activities</b>						
Purchase of fixed assets	(20.14)	(1006.59)	(11.71)	(4.09)	(17.37)	(0.34)
Sale of Fixed assets	0.00	0.00	0.00	0.00	1.20	0.00
<b>Net Cash generated from investing activities (B)</b>	<b>(20.14)</b>	<b>(1006.59)</b>	<b>(11.71)</b>	<b>(4.09)</b>	<b>(16.17)</b>	<b>(0.34)</b>
<b>C. Cash flow from financing activities</b>						



Proceeds from issue of share capital	0.00	525.00	50.00	0.00	0.00	0.00
Proceeds from Share Premium	0.00	125.00	0.00	0.00	0.00	0.00
Increase / (decrease) in Secured Loans	892.72	442.04	446.94	(11.72)	19.54	20.45
Increase / (decrease) in Unsecured Loans	(133.41)	358.03	(46.19)	(23.77)	58.45	(4.71)
Interest paid	(214.30)	(160.73)	(50.42)	(28.18)	(15.42)	(10.56)
IPO related expense	(21.47)	0.00	0.00	0.00	0.00	0.00
<b>Net cash from financing activities [C]</b>	<b>523.54</b>	<b>1289.35</b>	<b>400.32</b>	<b>(63.66)</b>	<b>62.57</b>	<b>5.18</b>
<b>Net increase / decrease in cash and cash equivalents (A + B + C)</b>	<b>(0.86)</b>	<b>71.18</b>	<b>(10.85)</b>	<b>15.10</b>	<b>(0.85)</b>	<b>0.94</b>
Opening balance of cash and cash equivalents	81.25	10.07	20.91	5.81	6.66	5.72
Closing balance of cash and cash equivalents	80.39	81.25	10.07	20.91	5.81	6.66



## BRIEF DETAILS OF THE ISSUE

### ISSUE STRUCTURE

No. of Equity Shares to be Issued	[●] Equity Shares
<i>Of which:</i>	
<b>- QIB Portion*</b>	At least 50% of the Issue i.e., At least [●] Equity Shares
<i>- Of which:</i>	
- Available for Mutual Funds only (5% of QIB Portion and excluding the Anchor Investor Portion)	[●] Equity Shares
- Balance of QIB Portion (available for QIB's including Mutual Funds)	[●] Equity Shares
<b>- Non-Institutional Portion</b>	Upto 15% of the Issue i.e., Upto [●] Equity Shares
<b>- Retail Portion</b>	Upto 35% of the Issue i.e., Upto [●] Equity Shares

*Subject to allocating at least 50% of the Issue to QIB's, allocation to all categories, except for the Anchor Investor Protection, if any, shall be made on a proportionate basis.*

*\* Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, refer the section "Issue Procedure" on page 220 of this RHP.*

### Pre and Post Issue Equity Shares

Equity Shares outstanding prior to the Issue	80,00,000
Equity Shares outstanding after the Issue	[●]

### Use of Proceeds

Refer the section "Objects of the Issue" on page 64 of this RHP for information about the use of the Issue proceeds.

*The present issue has been authorized pursuant to a resolution of our Board dated May 16<sup>th</sup>, 2011 and by special resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of our shareholders held on May 20<sup>th</sup>, 2011.*

*Our Company has no outstanding convertible instruments as on the date of this RHP.*

For further details regarding the issue structure refer the Section "Issue Structure" beginning on page 215 of this RHP.



## GENERAL INFORMATION

### Registered Office of the Company

**VKS Projects Ltd**

507, "B" Wing, Sai Sangam, Sector 15,  
CBD Belapur (E), Navi Mumbai – 400614, Maharashtra, India.

**Tel:** 91-22-41267000; **Fax:** 91-22-41267030

**Email:** complianceofficer@vksprojects.com, Website: www.vksprojects.com

Registration Number: 113596

Corporate Identification Number: U74210MH1998PLC113596

### Address of the Registrar of Companies

Our Company is registered at the Registrar of Companies, Maharashtra, located at the following address:

**Registrar of Companies, Maharashtra**

100, Everest, Marine Drive,

Mumbai – 400002

Phone: 022-22846955,

Fax: 022-22811977

Email: roc.mumbai@mca.gov.in

### Company Secretary & Compliance Officer

Our Company Secretary and Compliance Officer is **Ms. Supriya A. Tatkar**. Her contact details are as follows:

**VKS Projects Ltd**

507, "B" Wing, Sai Sangam, Sector 15,  
CBD Belapur (E), Navi Mumbai – 400614,  
Maharashtra, India.

**Tel:** 91-22-41267000;

**Fax:** 91-22-41267030

**Email:** complianceofficer@vksprojects.com

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

### Name of Designated Stock Exchange

BSE Limited.

P. J. Towers, Dalal Street

Fort, Mumbai 400 001.

### Issue Programme

Issue Opens on: June 29, 2012

Issue Closes on: July 04, 2012



## **Board of Directors**

The Company's Board of Directors comprises the following:

<b>Name</b>	<b>Designation</b>	<b>DIN</b>
<b>Dr. V. K. Sukumaran</b> S/o Mr. Valiyaveddu Krishnankutty	Managing Director	01097429
<b>Dr. Saritha Sukumaran</b> W/o Mr. V.K. Sukumaran	Whole Time Director	01097600
<b>Mr. Jaywant Bolaikar</b> S/o Mr. Jaysingh Bolaikar	Independent Director	03312656
<b>Mr. Roy Daniel</b> S/o Geevarghese Daniel	Independent Director	03227659
<b>Ms. Mohua Ghosh</b> D/o Mr. Ranendranath Ghosh	Independent Director	05265720

For further details of our Directors, refer the section "*Our Management*" beginning on page 128 of this RHP.

## **Book Running Lead Manager**

### **Aryaman Financial Services Ltd**

60, Khatau Building, Gr. Floor,  
Alkesh Dinesh Modi Marg,  
Opp. P.J.Tower (BSE Bldg.), Fort,  
Mumbai – 400 001, India  
Tel. No.: +91-22-22618264  
Fax No.: +91-22-22630434  
Email: info@afsl.co.in  
Website: www.afsl.co.in  
Contact Person: Mr. Gaurav Khandelwal / Ms. Nehar Sakaria  
SEBI Registration No: INM000011344

## **Registrar to the Issue**

### **Bigshare Services Private Limited.**

E-2/3 Ansa Industrial Estate,  
Saki Vihar Road,  
Saki Naka, Andheri (E),  
Mumbai – 400072  
Tel. No.: 91-22-4043 0200  
Fax No.: 91-22-2847 5207  
Web: www.bigshareonline.com  
Email: ipo@bigshareonline.com  
Contact Person: Mr. N V K Mohan  
SEBI Registration No: INR000001385



### **Legal Advisor to the Issue**

#### **M/s Kanga & Company (Advocates & Solicitors)**

Readymoney Mansion, 43,  
Veer Nariman Road, Mumbai-400 001,  
Tel. No.: 91-22-66230000, 66332288  
Fax No.: 91-22-66339656, 66339657  
Email: vks.ipo@kangacompany.com  
Contact Person: Mr. Chetan Thakkar

### **Statutory Auditors of the Company**

#### **Borkar & Muzumdar**

Chartered Accountants  
21/168, Anand Nagar Om C.H.S,  
Anand Nagar Lane, Off Nehru Road,  
Vakola, Santacruz (East)  
Mumbai-400055  
Maharashtra, India.  
Tel No.: 022-66899999  
Fax No.: 022-26691233  
Email: contact@bnmca.com  
Website: www.borkar&muzumdar.com

### **Bankers to the Company**

#### **State Bank of India**

Gresham House, Ground Floor,  
Sir P M Road,  
Fort, Mumbai-400 001  
Tel No: (022) 22624558  
Fax No. (0265) 22630823  
Email:sbi60113@sbi.co.in  
Contact Person: Girish Sangalgikar  
Website: www.sbi.co.in

### **Syndicate Members**

#### **Aryaman Financial Services Ltd**

60, Khatau Building, Gr. Floor,  
Alkesh Dinesh Modi Marg,  
Opp. P.J.Tower (BSE Bldg.), Fort,  
Mumbai – 400 001, India  
Tel. No.: +91-22-22618264  
Fax No.: +91-22-22630434  
Email: info@afsl.co.in  
Website: www.afsl.co.in  
Contact Person: Ms. Anju Kanuga / Ms. Nehar  
Sakaria  
SEBI Registration No: INM000011344

#### **KGR Securities Pvt. Ltd.**

1030-31,Ijmima Complex, Raheja Metroplex,  
Behind Goregaon Sports Club,  
Link Road, Malad West,  
Mumbai – 400 064, India  
Tel. No.: +91-22-42930930  
Fax No.: +91-22-42930911  
Email: kgr.securities@gmail.com / rajashree.m@kgrsecurities.com  
Website: www.kgrsecurities.com  
Contact Person: Mr. Ramakant Parasrampurua  
SEBI Registration No: INB010992436



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

#### **Axis Bank Limited**

Universal Insurance Building,  
Sir P.M. Road, Fort,  
Mumbai – 400 001.  
Tel No.: +91 – 22 – 6610 7353 / 7265  
Fax No.: +91 – 22 – 2283 5758 / 6610 7322  
Email: rajesh.khandelwal@axisbank.com  
Website: www.axisbank.com  
Contact Person: Rajesh Khandelwal / Nachiket  
Kalwit  
SEBI Registration No.: INBI00000017

#### **HDFC Bank Limited**

FIG – OPS Department,  
Lodha I, Think Techno Campus,  
O-3 Level, Next to Kanjurmarg Railway Station,  
Kanjurmarg (East), Mumbai – 400 042.  
Tel No.: +91 – 22 – 3075 2928  
Fax No.: +91 – 22 – 2579 9801  
Email: deepak.rane@hdfcbank.com  
Website: www.hdfcbank.com  
Contact Person: Mr. Deepak Rane  
SEBI Registration No.: INBI00000063

### **Refund Banker to the Issue**

#### **Axis Bank Limited**

Universal Insurance Building,  
Sir P.M. Road, Fort,  
Mumbai – 400 001.  
Tel No.: +91 – 22 – 6610 7353 / 7265  
Fax No.: +91 – 22 – 2283 5758 / 6610 7322  
Email: rajesh.khandelwal@axisbank.com  
Website: www.axisbank.com  
Contact Person: Rajesh Khandelwal / Nachiket Kalwit  
SEBI Registration No.: INBI00000017

### **Self Certified Syndicate Banks**

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations, and a list of which is available on <http://www.sebi.gov.in/pmd/scsb.html> or at such other website as may be prescribed by SEBI from time to time.

### **Brokers to the Issue**

All registered members of BSE & NSE are Brokers to this Issue.

### **IPO grading**

The Company has appointed CRISIL Limited for grading of this IPO and they have assigned a "CRISIL IPO Grade 1" [Grade One] vide letter dated May 9<sup>th</sup>, 2012, which indicates that the fundamentals of our proposed Initial Public Offer (IPO) of VKS Projects Limited (VKS) are poor relative to other listed equity securities in India. CRISIL assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CRISIL's IPO grading is an opinion on the relative assessment of the fundamentals of the issuer. The rationale furnished by the IPO Grading Agencies for its respective grading has been included in the section titled "Annexure I - IPO Grading Rationales of CRISIL Limited" annexed to this Red Herring Prospectus.

Further, the rationale released by CRISIL Limited, for their grading is annexed to this Red Herring Prospectus and is available for inspection at our Registered Office from 10:00 am to 4:00 p.m. on Working Days from the date of this Red Herring Prospectus with RoC until the Bid/Issue Closing Date.

### **Credit Rating**

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

### **Trustees**

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

### **Monitoring Agency**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below ₹ 500.00 Crore. Since the Issue size is only of ₹ 55 Crore, the Company has not appointed any monitoring agency for this issue.

However, as per Clause 49 of the Listing Agreement to be entered into with stock exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of the Company, would be monitoring the utilization of the proceeds of the issue.

### **Project Appraisal**

The objects of the issue and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

### **Expert Opinion**

Except for the disclosures pertaining to Litigations, Legal Matters, Government and Statutory Approvals, Auditors Reports and other Financial Data, which are disclosed and referred to in various sections of this Red Herring Prospectus, our Company has not obtained any expert opinion for this Public Issue.

### **Statement of Responsibility of the Book Running Lead Manager**

<b>Sr. No.</b>	<b>Activity</b>	<b>Responsibility and Co-ordination</b>
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	AFSL
2.	Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalization of Prospectus and ROC filing.	AFSL
3.	Primary Co-ordination with SEBI, ROC and Stock Exchanges for all activities pertaining to the issue	AFSL
4.	Drafting and approval of all statutory advertisement	AFSL
5.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 4 above including corporate advertisement, brochure etc.	AFSL
6.	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency and Bankers to the Issue	AFSL
7.	Institutional Marketing strategy <ul style="list-style-type: none"> <li>• Preparation of Road show presentation</li> <li>• Finalize the list and division of investors for one to one meetings, in consultation with the Company, and</li> </ul>	AFSL



Sr. No.	Activity	Responsibility and Co-ordination
	<ul style="list-style-type: none"> <li>Finalizing the International road show schedule and investor meeting schedules</li> </ul>	
8.	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalize Media and PR strategy</li> <li>Finalizing centers for holding conferences for press and brokers</li> <li>Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material</li> </ul>	AFSL
9.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.	AFSL
10.	Finalization of Pricing, in consultation with the Company	AFSL
11.	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 finalization 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, SCSBs and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	AFSL
12.	In case of under-subscription in an Issue, invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued.	AFSL

*Note: "AFSL" denotes Aryaman Financial Services Limited*

### **Book Building Process**

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

The principal parties involved in the Book Building Process are:

- 1) The Company;
- 2) Book Running Lead Manager;
- 3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM's;
- 4) Escrow Collection Banks; and
- 5) Registrar to the Issue; and
- 6) Self certified syndicate banks.

The securities are being offered to the public through the 100% Book Building Process in accordance with the SEBI Regulations wherein: (i) at least 50% of the Issue to the public shall be available for allocation on a proportionate basis to QIBs, of which 5% (excluding anchor investor portion) shall be available for allocation to mutual funds only on proportionate basis and the remaining QIB portion shall be available for allocation to the QIB bidders including mutual funds subject to valid bids being received at or above the Issue Price (ii) up to 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, and (iii) up to 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders subject to valid Bids being received at or above the Issue Price in accordance with this RHP.

Further, Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.

**QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay 100% Margin Amount upon submission of their Bid cum Application form during the Bid/ Issue period as per the provisions of the SEBI (ICDR) Regulations. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For details refer the chapter titled "Terms of the Issue" and "Issue Procedure" on pages 211 and 220 in this RHP respectively.**

The Company shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Aryaman Financial Services Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

In addition, QIBs are required to pay the QIB Margin Amount, representing at least 100% of the Bid Amount, upon submission of their Bids. Allocation to QIBs will be on a proportionate basis. For details, please refer the chapter titled '*Issue Structure*' beginning on page 215 of this RHP.

All Bidders have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than transfer of funds to the respective Escrow Accounts. For details, please refer the section "*Issue Procedure*" beginning on page 220 of this RHP. Also note that, Non Retail Investors Bidders and QIB Bidders shall have to submit their Bids under the "ASBA Process" only.

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

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

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 25 to ₹ 30 per share, Issue size of 3000 equity shares and receipt of six 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 website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)). The illustrative table as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

No. of equity shares bid for	Bid Price (₹)	Cumulative equity shares bid	Subscription
500	30	500	16.67%
750	29	1250	41.66%
1000	28	2250	75.00%
750	27	3000	100.00%
2750	26	5750	191.66%
2500	25	8250	275.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. ₹ 27 in the above example. The Issuer in consultation with the BRLMs will finalize the issue price at or below such cut off price i.e. at or below ₹ 27. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective categories.

### **Steps to be taken by the Bidders for bidding:**

- Check eligibility for making a Bid. Please refer to "*Issue Procedure – Who can bid*" on page 224 of this RHP respectively;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form, including the ASBA Form is duly completed as per the instructions given in the RHP and in the Bid cum Application Form; and
- Provide PAN card details on the Bid cum Application Form / ASBA Form without which the documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not provide the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- The Bidder should ensure the correctness of his or her Demographic Details (as defined in '*Issue Procedure-Bidder's Depository Account Details and Bank Account Details*' on page 240 of this RHP) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant so as to ensure receipt of allotment advice/refund orders with correct details at his/her present address.
- Bids by QIBs (including Anchor Investors) will only have to be submitted to the BRLM and / or its affiliates or to the Syndicate Member(s), other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs; and
- Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs or to the Syndicate Member(s) or to the sub Syndicate Members. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission of their bid to ensure that the ASBA Bid cum Application Form is not rejected.

For further details, please refer the chapter titled '*Issue Procedure*' beginning on page 220 of this RHP.

### **Withdrawal of the Issue**

Our 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 of Equity Shares, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements would have appeared and our Company shall also promptly inform the Stock Exchange.

**If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh DRHP with the SEBI.**

In terms of the SEBI-Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

### **Bid/Issue Programme**

BID/ISSUE OPENS ON: June 29, 2012

BID/ISSUE CLOSES ON: July 04, 2012

*Our Company may, in consultation with the BRLM, allocate up to 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid Opening Date. Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.*

Bids and any revision in Bids shall be accepted only between **10.00 a.m.** and **3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date (excluding ASBA Bidders), Bids shall be accepted only between **10.00 a.m. to 1.00 p.m.** (Indian Standard Time) and uploaded till

- (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and where the Bid Amount is in excess of ₹ 200,000 and
- (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹ 200,000.

**It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.**

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not be uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Company, the BRLM and the members of the Syndicate shall not be responsible for this. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 120 % of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20 % of the floor of the Price Band advertised at least one day before the Bid/Issue opening date.

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



the change on the websites of the BRLM and at the terminals of the Syndicate. The Price Band will be decided by our Company in consultation with the BRLM.

### **Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. Pursuant to the terms of the Underwriting Agreement, if entered into, the BRLM's shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter including through its syndicates / sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Company has not yet appointed or discussed with any underwriters nor have any underwriter indicated their intention to underwrite any of the Equity Shares offered in the Issue (This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

<b>Name and Address of the Underwriter</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (₹ In Lacs)</b>
[•]	[•]	[•]
[•]	[•]	[•]

## CAPITAL STRUCTURE

The share capital of the Company as at the date of this RHP, before and after the Issue, is set forth below.

(₹ in Lacs, except share data)

Sr. No.	Particulars	Aggregate Nominal value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorized Share Capital</b>		
	2,00,00,000 Equity Shares of face value of ₹ 10/- each	2000.00	
<b>B</b>	<b>Issued, Subscribed &amp; Paid-up Share Capital before the Issue</b>		
	80,00,000 Equity Shares	800.00	
<b>C</b>	<b>Present Issue in terms of this RHP</b>		
	<i>Fresh Issue of [•] Equity Shares</i>	[•]	[•]
	<i>Of which</i>		
	<b>QIB Portion**</b>		
	At least 50% of the Issue, i.e. [•] Equity Shares	[•]	[•]
	<b>Non-Institutional Portion</b>		
	Upto 15% of the Issue, i.e. [•] Equity Shares	[•]	[•]
	<b>Retail Portion</b>		
	Upto 35% of the Issue, i.e. [•] Equity Shares	[•]	[•]
<b>D</b>	<b>Equity Share Capital after the Issue</b>		
	[•] Equity Shares	[•]	[•]
<b>E</b>	<b>Share Premium Account</b>		
	Before the issue	125.00	
	After the Issue#	[•]	[•]

# The Share Premium Account shall be determined after the Book Building Process

\*\* Our Company may, in consultation with the BRLM, allocate up to 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. For further details, please refer to the section titled "Issue Procedure" beginning on page 220 of this RHP.

Our Company has no outstanding convertible instruments as on the date of this RHP.

### Changes in Authorized Share Capital

Sr. No.	Date and Type of Shareholders Meeting approving the change	Nature of Change	Increase (No. of shares)	Cumulative No. of Equity Shares	Face Value (₹)	Cumulative Authorized Share Capital (₹)
1	On Incorporation	-	-	50,000	10	5,00,000
2	EGM held on May 28 <sup>th</sup> , 2009	Increase	5,00,000	5,50,000	10	55,00,000
3	EGM held on November 29 <sup>th</sup> , 2010	Increase	64,50,000	70,00,000	10	7,00,00,000

4	EGM held on March 19 <sup>th</sup> , 2011	Increase	70,00,000	1,40,00,000	10	14,00,00,000
5	EGM held on March 30, 2012	Increase	1,40,00,000	2,00,00,000	10	20,00,00,000

### Notes to Capital Structure:

#### 1. Share Capital History of our Company:

##### a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. Our Company has not made any allotment of preference shares. The following is the Equity share capital build-up of our Company:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Nature of Consideration	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
17/02/1998	100	10	10	Subscription to MOA	Cash	100	1,000	-
30/03/2000	20,000	10	10	Further Allotment	Cash	20,100	2,01,000	-
19/01/2001	29,900	10	10	Further Allotment	Cash	50,000	5,00,000	-
09/06/2009	5,00,000	10	10	Further Allotment	Cash	5,50,000	55,00,000	-
23/12/2010	22,00,000	10	-	Bonus Issue in the ratio of 4 bonus shares for every 1 share held	Bonus	27,50,000	2,75,00,000	-
04/01/2011	40,00,000	10	10	Further Allotment	Cash	67,50,000	6,75,00,000	-
31/03/2011	12,50,000	10	20	Further Allotment	Cash	80,00,000	8,00,00,000	1,25,00,000

##### b) Shares allotted for consideration other than cash

The following shares were allotted for consideration other than cash:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Nature of Consideration
23/12/2010	22,00,000	10	-	Bonus Issue	Bonus Issue

\* Bonus Equity shares have been issued to all our Shareholders on December 23<sup>rd</sup>, 2010 out of the reserves and surplus of the Company in the ratio of 4:1 (4 equity share for every one share held by the shareholder.)



No bonus shares have been issued out of Revaluation reserves.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

### c) *History & Share Capital Build-up of our Promoter*

Our Promoters have been allotted Equity Shares and have entered into Purchase/Sale Transactions of the Company's Equity shares from time to time. The following is the Equity share capital build-up of our Promoters:

#### 1. Dr. V.K. Sukumaran

Date of Allotment / Transfer	Allotment / Transfer	Consideration (Cash, Bonus, Kind, etc.)	No. of Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
17/02/1998	Subscription to MOA	Cash	70	10	10	0.00%	[•]
30/03/2000	Allotment	Cash	12,000	10	10	0.15%	[•]
19/01/2001	Allotment	Cash	15,030	10	10	0.19%	[•]
09/06/2009	Allotment	Cash	3,02,900	10	10	3.79%	[•]
13/09/2010	Transfer	Cash	(64)	10	10	0.00%	[•]
23/12/2010	Allotment	Bonus	13,19,744	10	-	16.50%	[•]
04/01/2011	Allotment	Cash	24,00,000	10	10	30.00%	[•]
31/03/2011	Allotment	Cash	7,60,000	10	20	9.50%	[•]
<b>Total</b>			<b>48,09,680</b>			<b>60.12%</b>	<b>[•]</b>

#### 2. Dr. Saritha Sukumaran

Date of Allotment / Transfer	Allotment / Transfer	Consideration (Cash, Bonus, Kind, etc.)	No. of Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
19/01/2001	Allotment	Cash	2,900	10	10	0.04%	[•]
31/03/2005	Transfer	Cash	20,000	10	10	0.25%	[•]
09/06/2009	Allotment	Cash	1,97,100	10	10	2.46%	[•]
23/12/2010	Allotment	Bonus	8,80,000	10	-	11.00%	[•]
04/01/2011	Allotment	Cash	16,00,000	10	10	20.00%	[•]
31/03/2011	Allotment	Cash	4,90,000	10	20	6.13%	[•]
<b>Total</b>			<b>31,90,000</b>			<b>39.88%</b>	<b>[•]</b>

#### Notes:

- Except 2,40,000 Shares (representing 3% of Pre-Issue Paid up Capital) of Dr. V.K. Sukumaran, none of the shares belonging to our Promoters have been pledged as on the date of this RHP.
- All of the shares allotted above were fully paid up on the date of allotment itself.

- All the Promoter's shares shall be subject to lock-in from the date of listing of the equity shares issued through this RHP for periods as applicable under Regulation 32, 33, 36(a) and 37 of the SEBI Regulations. For details refer to Note No. 2 of the "Capital Structure" on page 57 of this RHP.

**d) Shares issued during the last one year for a price which is below the issue price:**

No shares have been issued during the last one year for price which is below the issue price.

- e) None of the persons from the promoter group & the directors of the Company & their relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of this RHP with SEBI.

**2. Promoters Contribution and Other Lock-In details:**

**a) Details of Promoters Contribution locked-in for three years**

Pursuant to the Regulation 32(1) and 36(a) of the SEBI Regulations, an aggregate 20% of the Post-Issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment of Equity Shares in this Issue. The details of the Promoters' Equity Shares locked-in for a period of three years are as follows:

Name of Promoters of Promoter's Group	Date of Allotment/ Transfer	Nature of Transaction	No. of Equity Shares	Face Value	Issue / Transfer Price	% of Post Issue Paid up Capital	Lock-in Period from the date of Public Issue Allotment
Dr. V. K. Sukumaran	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Dr. Saritha Sukumaran	[•]	[•]	[•]	[•]	[•]	[•]	[•]

*(The aforesaid table will be finalized after the issue price and the number of shares to be issued is finalized in prospectus. As on date of this RHP, 77,59,935 equity shares held by the Promoters and Promoter Group, are eligible to be considered as "Promoters Contribution" and are eligible for locked in for a period of three years from the date of allotment in this issue as per the requirements of regulation 32(1) and 36(a) of the SEBI Regulations)*

The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 (1) of the SEBI Regulations as discussed below:

Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI Regulations. Our Promoter has given their written undertaking for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of three years from the date of Allotment of Equity Shares in the proposed Issue.

In terms of undertaking dated June 19th, 2012 executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of this RHP till the date of commencement of lock in period as stated in this RHP.

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

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

**b) Details of Shares locked-in for one year:**

- Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital of the Company, constituting [●] equity shares will be locked in for a period of one (1) year from the date of allotment in this Issue.
- The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate as per Regulation 35(2) of the SEBI Regulations.
- Further, Equity Shares allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this RHP, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

### c) Lock in of equity shares allotted to Anchor Investors

Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

### 3. Pre-Issue and Post Issue Shareholding of our Promoters and Promoter's Group

Set forth is the shareholding of our Promoters and Promoter's Group before and after the proposed issue:

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	as a% of Issued Equity	No. of Equity Shares	as a% of Issued Equity
<b>A</b>	<b>Promoters</b>				
1	Dr. V. K. Sukumaran	48,09,680	60.12%	48,09,680	[●]
2	Dr. Saritha Sukumaran	31,90,000	39.87%	31,90,000	[●]
	<b>Total (A)</b>	<b>79,99,680</b>	<b>99.99%</b>	<b>79,99,680</b>	<b>[●]</b>
<b>B</b>	<b>Promoters Group</b>				
3	Mr. R. Sahadevan	255	0.01%	255	[●]
	<b>Total (B)</b>	<b>255</b>	<b>0.01%</b>	<b>255</b>	<b>[●]</b>
	<b>Total (A+B)</b>	<b>79,99,935</b>	<b>100.00%</b>		<b>[●]</b>

### 4. The top ten shareholders of our Company and their Shareholding is as set forth below:

a. The top ten Shareholders of our Company as on the date of this RHP are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Dr. V. K. Sukumaran	48,09,680	60.12%
2	Dr. Saritha Sukumaran	31,90,000	39.87%
3	Mr. R. Sahadevan	255	Negligible
4	Mr. Suresh Babu K M	25	Negligible
5	Mr. K.V. Devadathan	20	Negligible
6	Mr. P.V. Anto	15	Negligible
7	Mr. C. Bujji Raju	5	Negligible
8	-	-	-
9	-	-	-
10	-	-	-
	<b>Totals</b>	<b>80,00,000</b>	<b>100.00%</b>

b. The top ten Shareholders of our Company two (2) years prior to date of this RHP are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Dr. V. K. Sukumaran	3,30,000	60.00%
2	Dr. Saritha Sukumaran	2,20,000	40.00%



3	-	-	-
4	-	-	-
5	-	-	-
6	-	-	-
7	-	-	-
8	-	-	-
9	-	-	-
10	-	-	-
<b>Totals</b>		<b>5,50,000</b>	<b>100.00%</b>

c. The top ten Shareholders of our Company ten (10) days prior to date of this RHP are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Dr. V. K. Sukumaran	48,09,680	60.12%
2	Dr. Saritha Sukumaran	31,90,000	39.87%
3	Mr. R. Sahadevan	255	Negligible
4	Mr. Suresh Babu K M	25	Negligible
5	Mr. K.V. Devadathan	20	Negligible
6	Mr. P.V. Anto	15	Negligible
7	Mr. C. Bujji Raju	5	Negligible
8	-	-	-
9	-	-	-
10	-	-	-
<b>Totals</b>		<b>80,00,000</b>	<b>100.00</b>

d. Except Mr. C. Bujji Raju, who owns 5 equity shares as on the date of this RHP, none of our Key Managerial Personnel hold Equity Shares in our Company.

## 5. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of this RHP:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares Held in Demat Form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of Total no. of shares
(A) Shareholding of Promoter and Promoter Group							

(1) Indian							
Individuals/ Hindu Undivided Family	3	79,99,935	79,99,935	99.99%	99.99%	2,40,000	3%
Bodies Corporate		-	-	-	-	-	-
<b>Sub Total</b>	<b>3</b>	<b>79,99,935</b>	<b>79,99,935</b>	<b>99.99%</b>	<b>99.99%</b>	<b>-</b>	<b>-</b>
(2) Foreign	-	-	-	-	-	-	-
<b>Total Shareholdin g of Promoter and Promoter Group (A)</b>	<b>3</b>	<b>79,99,935</b>	<b>79,99,935</b>	<b>99.99%</b>	<b>99.99%</b>	<b>2,40,000</b>	<b>3.00%</b>
<b>(B) Public Shareholdin g</b>							
(1) Institutions	-	-	-	-	-	-	-
(2) Non- Institutions	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-
<b>Individuals</b>							
Individual shareholders holding nominal share capital upto ₹ 1 lac	4	65	25	0.01%	0.01%	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lac	-	-	-	-	-	-	-
NRI's / OCB's	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total Public Shareholdin g (B)</b>	<b>4</b>	<b>65</b>	<b>25</b>	<b>0.01%</b>	<b>0.01%</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>7</b>	<b>8000000</b>	<b>79,99,960</b>	<b>100%</b>	<b>100.00%</b>	<b>2,40,000</b>	<b>3.00%</b>
<b>(C) Shares held by Custodians and against which Depository</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



<b>receipts have been issued</b>							
<b>Total (A+B+C)</b>	<b>7</b>	<b>8000000</b>	<b>79,99,960</b>	<b>100%</b>	<b>100.00%</b>	<b>2,40,000</b>	<b>3.00%</b>

6. Neither the Company, nor its promoters, directors, nor the BRLM have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
7. None of our Directors or Key managerial personnel hold Equity Shares in the Company, except as stated in the section titled "*Our Management*" beginning on page 128 of this RHP.
8. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
9. In the case of over-subscription in all categories, at least 50% of the Issue to the Public shall be available for allotment on a proportionate basis to QIBs, of which 5% shall be available for allotment on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; upto 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
10. If the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to QIB Bidders.
11. Under subscription, if any, in any category, except for the QIB Portion, would be met with spill over from any other categories or combination of categories at the discretion of our Company in consultation with the BRLM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
12. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of this RHP the entire pre-issue share capital of the Company has been made fully paid up
13. The BRLM and its associates do not directly or indirectly hold any shares of the Company.
14. As on the date of this RHP, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.
15. As of the date of this RHP the total number of holders of the Equity Shares of our Company is 7.
16. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this RHP.



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- 17.** Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.
  - 18.** Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.
  - 19.** There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
  - 20.** Our Company has not made any public issue or rights issue since its incorporation.
  - 21.** The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise.

## OBJECTS OF THE ISSUE

We believe that the listing of our Equity Shares will provide liquidity to our existing and future shareholders, enhance our visibility and will also enable us to leverage the goodwill created from the listed status for growth opportunities. The objects of the Issue are to finance our expansion plans.

### The Objects of the Issue are as under:

1. To meet long-term working capital requirements.
2. To finance the procurement of Construction Equipment and Key Machineries.
3. To finance the setting up of Engineering Design Studio/Office and Training Centre in Chennai, Cochin, Delhi, Hyderabad and Ahmedabad
4. For General Corporate Purposes; and
5. To Meet Issue Expenses

### Fund Requirements

The fund requirements for each of the objects of the Issue are stated as follows:

Particulars	Amount (₹ In Lacs)
To meet long – term working capital requirements	1500.00
To finance the procurement of Construction Equipment and Key Machineries	2264.18
To finance the setting up of Engineering Design Studio/Office and Training Centre in Chennai, Cochin, Delhi, Hyderabad and Ahmedabad	1000.00
For General Corporate Purposes	[•]
To meet Issue expenses	[•]
<b>Total Fund Requirements</b>	<b>[•]</b>

### Means of Finance

The entire fund requirements in relation to the "Objects of the Issue" shall be financed out of Issue Proceeds. Minor shortfalls, if any, would be met by a combination of internal accruals and unsecured loans.

Particulars	Amount (₹ In Lacs)
IPO Proceeds	[•]
Internal Accruals / Unsecured Loans	[•]
<b>Total Means of Finance</b>	<b>[•]</b>

We confirm that since the entire fund requirements of the issue are proposed to be funded from the Issue Proceeds, the requirement of making firm arrangements for more than 75% of the means of finance excluding the IPO Proceeds does not arise.

The details of our fund requirements and deployment of such funds are based on internal management estimates in view of the current circumstances of our business. These requirements are subject to change taking into consideration variations in costs and other external factors which may not be within our control or as a result of changes in our financial condition, business or strategy.

Our management will have the discretion to revise our business plans from time to time and consequently our funding requirements and deployment of funds may also be change. This may result in rescheduling the proposed utilization of the proceeds and increasing or decreasing expenditure for a particular object vis-a-vis the utilization of the proceeds.

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

In case of any delay in raising the funds from the Public Issue, our Company may consider executing the expansion plans through temporary / unsecured loans and in such a situation, the IPO proceeds shall be utilized to repay such temporary / unsecured loans availed.

## DETAILS OF THE OBJECTS OF THE ISSUE

### 1. Long-term Working Capital Requirements

The business of our Company has been growing over the years. Considering the existing growth rate the working capital needs of our Company is expected at approximately ₹ 3011.00 Lacs for FY 2013 as assessed based on the workings of our Company. We intend to meet our working capital requirements to the extent of ₹ 1500.00 lacs from the Proceeds of this Issue and the balance will be met from a combination of internal accruals and Banking Limits at an appropriate time as per the requirement.

Our existing and proposed working capital gap and the funding for the same is as follows:

(₹ in lacs)

Particulars	Nine months period ended 31-12-2011 (Audited)	Estimated for F.Y. 2012-13
Debtors	6552.01	4300.00
Closing Stock	162.49	250.00
Loans & Advances	344.81	400.00
Other Current Assets	0.79	0.79
<b>Total Current Assets (a)</b>	<b>7060.10</b>	<b>4950.79</b>
<b>Total Current Liabilities &amp; Provisions (b)</b>	<b>4041.33</b>	<b>1250.00</b>
<b>Net Working Capital Gap (a-b)</b>	<b>3018.77</b>	<b>3700.79</b>
<b>Funded By:</b>		
Banks <sup>(1)</sup>	1829.15	1800.00
Internal Accruals / Unsecured Loans	1189.61	400.79
Public Issue	0.00	1500.00
<b>Total</b>	<b>3018.76</b>	<b>3700.79</b>

<sup>(1)</sup>The Company is currently having sanctioned Working Capital Limits (Fund Based) aggregating to over ₹ 1800 Lacs from State Bank of India. For further details pertaining to the terms and conditions of these limits available please refer the "Annexure VII" of the "Auditors Report" on page 163 of this RHP.

## Basis of estimation of working capital requirement

Particulars	F.Y. 2009 Average Holding Norms (No. of days)	F.Y. 2010 Average Holding Norms (No. of days)	F.Y. 2011 Average Holding Norms (No. of days)	Estimated for F.Y. 2012-13 Average Holding Norms (No. of days)
Debtors <sup>(1)</sup>	88 days	271 days	98 days	85 days
Inventory (Stock In Progress) <sup>(2)</sup>	25 days	10 days	35 days	13 days
Sundry Creditors <sup>(3)</sup>	338 days	361 days	29 days	25 days

<sup>(1)</sup> Debtors which are receivable and not outstanding for more than 6 months are considered for calculations for previous years. The credit period extended to customers for the past few years has been in the range of 80 to 100 days and hence an average estimated holding period of 85 days considered for assessing the working capital gap for F.Y 2012-13 is justified and reasonable.

<sup>(2)</sup> For the year ended March 31, 2011, there were certain purchases made in the month of March for on-site consumption, which were consumed in the first quarter of FY 2011-12, and hence, the same have been excluded from the holding norms calculations. The company makes purchases of materials for their on-site consumption and hence the inventory holding period normally does not exceed 10 to 25 days and hence an average estimated holding period of 13 days considered for assessing the working capital gap for F.Y 2012-13 is justified and reasonable.

<sup>(3)</sup> During the F.Y. 2011, the company has implemented a strategy to reduce its credit taking period and has paid off its short term liabilities by available debt and equity funding. The company's average holding period for creditors for the year ended March 2011, hence comes to 29 days. We aim at reducing this period further to 25 days in order to get material at desired rate and quality so as to improve our project executions and increase our operating margins.

## 2. Procurement of Construction Equipment and Key Machineries

We undertake Mechanical and Infrastructure Construction Contracts for Turnkey piping, Structural Work, Erection of Equipments, Civil Jobs etc. For some projects we lease certain key equipment that we do not own; or we sub contract a portion of the job to a local contractor having the necessary abilities and bandwidth with respect to equipments.

We now intent to purchase some of the key machines and equipments which are currently being used by us on rental / contract basis and certain other machines and equipments which may be required, as and when we increase our domain size w.r.t type of projects undertaken and move to newer sectors. We believe that increasing the pool of our owned capital assets including construction equipments, vehicles, and other important machineries, tools and tackles. We believe that this will enhance our capability to pre-qualify for and execute projects with higher operational and financial efficiency.

We have envisaged a capital expenditure of approximately ₹ 2264.18 Lacs for the purchase of the Construction Equipment and key Machinery. The Company entered into a MOU with M/s Sai infraprojects dated 02/04/2012, M/s S Kumar Engineering dated 02/04/2012, M/s PVA Technical Contractors dated 03/04/2012 and M/s Paras Trading Co. dated 04/04/2012 for procuring Construction Equipments, Commercial Vehicles and Machineries/Tools & Tackles, Welding Rectifiers & Machineries, and Cup Lock Scaffolding respectively.

Sr. No.	Name of Machinery & Specifications	Ref/Qtn. No	Make	Qty	Rate (₹ In Lacs)	Amount (₹ In Lacs)	Sales Tax (₹ In Lacs)	Excise (₹ In Lacs)	Total Cost (₹ In Lacs)
<b>I</b>	<b>CONSTRUCTION EQUIPMENTS</b>								
a	Doosan Make Ingersoll-Rand, Model P-600 B Single Stage, Oil Injected, Rotary Screw Compressor Delivering 16.42 cu. m/min (580 cfm).	DIID/Q/20 011/ MN-032 Dated 9'th May 2011	DOOSAN	2	10.25	20.50	0.82	2.12	23.44
b	Doosan Make Hydraulic Rock Breaker Model M 900.	DIID/Q/20 011/ MN-033 Dated 9'th May 2011	DOOSAN	2	16.00	32.00	1.28	0.00	33.28
c	TATA HITACHI ZAXIS 210 LCH HYDRAULIC EXCAVATOR	Telcon/VD /MUM /QTN/ZX2 10/10-11/270 Dated 11'th May 2011	TATA	1	44.00	44.00	1.76	4.53	50.29
d	TATA TWL 3036 Wheel Loader	Telcon/VD /MUM /QTN/ZX2 10/10-11/271 Dated 11'th May 2011	TATA	2	25.50	51.00	2.04	5.25	58.29
e	Escorts Zoomlion 40 Ton QY40V532 Truck Crane	ECEL/JTG/ 021/ 2010-11 Dated 13'th May 2011	ESCORTS	2	98.10	196.20	0.00	0.00	196.20
f	Escorts Zoomlion 70 Ton QY70V532 Truck Crane	ECEL/JTG/ 021/ 2010-11 Dated 13'th May 2011	ESCORTS/ Sai Infraprojects	1	150.75	150.75	0.00	0.00	150.75
g	Escorts Crane Model: TRX-2319 of 23 MT	0511-SS-TRX2319 Dated 11'th May 2011	ESCORTS	2	32.13	64.26	8.43	6.62	79.31
h	Escort Make Pick & Carry Crane Model: Hydra 12SB of 12 MT Capacity.	0511-SS-HY12SB Dated 11'th May 2011	ESCORTS	4	12.79	51.16	6.71	5.27	63.14

Sr. No.	Name of Machinery & Specifications	Ref/Qtn. No	Make	Qty	Rate (₹ In Lacs)	Amount (₹ In Lacs)	Sales Tax (₹ In Lacs)	Excise (₹ In Lacs)	Total Cost (₹ In Lacs)
i	Escort Make Pick & Carry Crane Model: Hydra 14SB of 14 MT Capacity.	0511-SS-HY14 Dated 11'th May 2011	ESCORTS	4	13.73	54.90	7.21	5.65	67.76
j	Escorts Crane Model F-15(DW/OR) of 14 Mt. Capacity	0511-SS-F-15(DW) Dated 11'th May 2011	ESCORTS	4	27.14	108.56	14.25	11.18	133.99
k	Escorts Make Bachoe Loader Model "DIGMAX" with 76HP Kirloskar Engine.	0511-RP-DIGMAX Dated 13'th May 2011	ESCORTS	2	21.00	42.00	5.51	4.33	51.84
l	Escorts Make Vibratory Soil Compactor. Model 2420 -12 Ton Capacity	0511-RP-2420(std) Dated 13'th May 2011	Escorts	2	23.08	46.17	6.06	4.76	56.98
m	Greaves Concrete Pump - Model - GPC 950S	340/RR/11-12	Greaves Cotton Ltd.	2	27.50	55.00	6.88	7.93	69.81
n	Chain, Pulley, Block								
	20 Tons x 15 mtrs		Abdeali Kathawala	20	0.68	13.51	1.69	0.00	15.20
	10 Tons x 15 mtrs		Abdeali Kathawala	60	0.28	16.63	2.08	0.00	18.71
	5 Tons x 15 mtrs		Abdeali Kathawala	100	0.14	13.97	1.75	0.00	15.72
	<b>TOTAL</b>					<b>960.60</b>	<b>66.46</b>	<b>57.64</b>	<b>1084.70</b>
<b>II</b>	<b>COMMERCIAL VEHICLES</b>	<b>Dated 6th May 2011</b>							
a	MAHENDRA MAKE Bolero SLE 7 Seater	GG/VKSPL /01	GLOBAL GALLARIE	8	7.09	56.69	0.00	0.00	56.69
b	MAHENDRA MAKE Bolero PICK UP BS III	GG/VKSPL /03	GLOBAL GALLARIE	8	5.46	43.65	0.00	0.00	43.65
c	TATA Make Tipper LPK 2518	BFNA/VKS PL/ 22057	BAFNA MOTORS	8	23.57	188.52	0.00	0.00	188.52
d	TATA SUMO GRANDE DICOR LX IV 2650 MM	BFNA/VKS PL/ 19614	BAFNA MOTORS	4	7.10	28.40			28.40
	<b>TOTAL</b>					<b>317.27</b>	<b>0.00</b>	<b>0.00</b>	<b>317.27</b>
<b>III</b>	<b>MACHINERIES/TOOLS &amp; TACKLES</b>								
<b>1</b>	<b>Diesel Generators</b>								

Sr. No.	Name of Machinery & Specifications	Ref/Qtn. No	Make	Qty	Rate (₹ In Lacs)	Amount (₹ In Lacs)	Sales Tax (₹ In Lacs)	Excise (₹ In Lacs)	Total Cost (₹ In Lacs)	
a	600 KVA		POWERICA LTD.	2	28.23	56.46	7.06	5.82	69.33	
b	500 KVA		POWERICA LTD.	3	23.51	70.53	8.82	7.26	86.61	
c	320 KVA		POWERICA LTD.	2	14.64	29.28	3.66	3.02	35.96	
d	125 KVA		POWERICA LTD.	9	5.56	50.04	6.26	5.15	61.45	
e	62.5 KVA		POWERICA LTD.	3	3.95	11.85	1.48	1.22	14.55	
f	30 KVA		POWERICA LTD.	5	3.13	15.65	1.96	1.61	19.22	
	<b>TOTAL</b>					<b>233.81</b>	<b>29.23</b>	<b>24.08</b>	<b>287.12</b>	
<b>2</b>	<b>Cup Lock Scaffolding</b>	<b>SIZ E / AR EA</b>	<b>Dated 14'th may 2011</b>							
a	Vertical	2.5 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.01	2.12	0.27	0.00	2.39
b	Vertical Tube	2 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.01	1.70	0.21	0.00	1.91
c	Horizontal Tube.	1.2 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.01	1.79	0.22	0.00	2.01
d	Horizontal Tube.	1.5 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.01	1.86	0.23	0.00	2.09
e	Horizontal Tube.	2 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.01	1.49	0.19	0.00	1.68
f	Horizontal Tube.	1 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.004	0.74	0.09	0.00	0.84
g	Adjustable U Head	32 X 350 mm (Solid)	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.002	0.40	0.05	0.00	0.45
h	Adjustable Base Plate	32 X 350 mm (Solid)	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.002	0.40	0.05	0.00	0.45
i	Universal Jack	38 X 600 mm	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.002	0.42	0.05	0.00	0.47
j	Universal Jack	38 x 900 mm	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.003	0.50	0.06	0.00	0.57



Sr. No.	Name of Machinery & Specifications	Ref/Qtn. No	Make	Qty	Rate (₹ In Lacs)	Amount (₹ In Lacs)	Sales Tax (₹ In Lacs)	Excise (₹ In Lacs)	Total Cost (₹ In Lacs)	
k	Acro Spans	2 X 2.5 Mtr.	SPM\CW\1 410	SHIV RAJ INDSTRS.	50	0.025	1.23	0.15	0.00	1.38
l	Tele Props	2 X 2 Mtr	SPM\CW\1 410	SHIV RAJ INDSTRS.	50	0.011	0.54	0.07	0.00	0.61
m	U Head Jacks	70 X 100 mm	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.003	0.50	0.06	0.00	0.57
n	Spigot	38m m od 300 mm	SPM\CW\1 410	SHIV RAJ INDSTRS.	200	0.001	0.27	0.03	0.00	0.30
<b>TOTAL</b>						<b>13.97</b>	<b>1.75</b>	<b>0.00</b>	<b>15.71</b>	
<b>3</b>	<b>Welding Rectifiers</b>	<b>Dated 12'th May 2011</b>								
a	MEMCO Make Model MCW 600 Amps -100 % Electrolytic Copper Wound.	51210	MEMCO	10	1.50	15.00	1.88	1.55	18.42	
b	MEMCO Make MTW A/6 400 Amps Thyro Single Operator Fully 6 S.C.R)	1368	MEMCO	280	0.67	187.60	23.45	19.32	230.37	
<b>TOTAL</b>						<b>202.60</b>	<b>25.33</b>	<b>20.87</b>	<b>248.79</b>	
<b>4</b>	<b>Machineries</b>	<b>Dated 15'th April 2011</b>								
a	AG-7 Grinding Machine P57/27 -KPT	IS/15- 04/2011	IND. SERVICES	700	0.06	43.40	5.43	0.00	48.83	
b	AG-7 Grinding Machine AG 186- R/WOLF	IS/15- 04/2011	IND. SERVICES	750	0.06	45.00	5.63	0.00	50.63	
c	AG-7 Grinding Machine GWS 200- 180- BOSCH	IS/15- 04/2011	IND. SERVICES	700	0.06	43.40	5.43	0.00	48.83	
d	GQ4 4" St. Grinder HD1290 KPT	IS/15- 04/2011	IND. SERVICES	750	0.05	39.75	4.97	0.00	44.72	
e	GQ4 4" St. Grinder GQ4 R/ WOLF	IS/15- 04/2011	IND. SERVICES	750	0.06	46.88	5.86	0.00	52.73	
f	Pipe cutting M/C KL355-KPT	IS/15- 04/2011	IND. SERVICES	50	0.07	3.45	0.43	0.00	3.88	
g	85mm Core Cutting Magnetic Steel KDS 85E	IS/15- 04/2011	IND. SERVICES	7	0.65	4.55	0.57	0.00	5.12	

Sr. No.	Name of Machinery & Specifications	Ref/Qtn. No	Make	Qty	Rate (₹ In Lacs)	Amount (₹ In Lacs)	Sales Tax (₹ In Lacs)	Excise (₹ In Lacs)	Total Cost (₹ In Lacs)
h	Gas Cutting Set S/S Regulator, Flash Back Arrestor	IS/15-04/2011	IND. SERVICES	50	0.03	1.40	0.18	0.00	1.58
i	Pug Cutting 'Metro' With 2 Rail	IS/15-04/2011	IND. SERVICES	50	0.09	4.25	0.53	0.00	4.78
j	AG 4" Grinder KPT	IS/15-04/2011	IND. SERVICES	800	0.02	14.40	1.80	0.00	16.20
k	AG 4" Grinder R/WOLF	IS/15-04/2011	IND. SERVICES	800	0.02	14.40	1.80	0.00	16.20
l	AG 4" Grinder -BOSCH	IS/15-04/2011	IND. SERVICES	800	0.02	15.20	1.90	0.00	17.10
	<b>TOTAL</b>					<b>276.08</b>	<b>34.51</b>	<b>0.00</b>	<b>310.58</b>
	<b>GRAND TOTAL</b>					<b>2004.33</b>	<b>157.27</b>	<b>102.59</b>	<b>2264.18</b>

### Schedule of Implementation

The procurement for the above mentioned machines and equipments will commence in July 2012 and the delivery of the same is proposed to be completed within 6 months i.e. by January 2013.

### 3. Setting up of Design studio/Office and training centers across India

We currently have design capabilities in the Mechanical projects, Piping projects, Boilers, Land Development, industrial/Commercial Infra Projects, etc which enables us to provide turnkey and Item Rate construction services in this sector. Further, we intend to create design capabilities in sectors such as the Building Construction, Transportation and Water management so as to provide Turnkey and Item Rate solutions in these sectors also.

We also intend to continuously strengthen our execution capabilities by adding to our existing pool of skilled and unskilled labors, attracting new graduates, and facilitating continuous learning with in-house and external training opportunities to our staff and our local sub-contractors.

We hence propose to set-up a Design Studio/Office and Training center for Employees & Technicians in 5 major cities in India, namely - Chennai, Cochin, Delhi, Hyderabad and Ahmedabad.

Also, we seek to expand and enhance our presence in our existing business segments by identifying markets where we can provide cost effective, technically advanced solutions to our clients thereby distinguishing ourselves from our competitors and hence these offices would also work as local branches and further assist in business development.

The costs as estimated by our management for setting up these units are as follows:

Sr. No.	Particulars	Average Cost (₹ in Lacs)	Unit	Total Cost (₹ In Lacs)	Cost Estimates based on
1	Approximately 2000 Sq ft to 3000 Sq Ft offices in Chennai, Cochin, Hyderabad, Delhi and Ahmedabad	120.00	5	600.00	Management Estimates For detail

					working refer to table 3.1.1
2	Software for Engineering Design connected with our business of EPC in all Centre's	25.00	5	125.00	Quotation dated 30/06/2011 from M/s. Bentley Systems India Pvt. Ltd.
3	Office Interiors, Equipments , Furniture's and Fixtures	45.00	5	225.00	Quotation dated 26/06/2011 from M/s. Monarch Interiors
4	Other Supporting and Miscellaneous Expenses	10.00	5	50.00	Management Estimates For detail working refer to table 3.1.2
<b>TOTAL</b>				<b>1000.00</b>	

3.1.1 Details of cost estimation working for setting up of Offices in Chennai, Cochin, Hyderabad, Delhi and Ahmedabad.

Sr. No.	Place	Area (sq. ft.)	*Rate per Sq. Ft.	Total Cost (₹ In Lacs)
1	Chennai	2200	5000	110.00
2	Cochin	2500	4800	120.00
3	Hyderabad	3000	4000	120.00
4	Delhi	2500	5000	125.00
5	Ahmedabad	2500	5000	125.00
<b>TOTAL</b>				<b>600.00</b>

3.1.2 Details of cost estimation working for Other Supporting and Miscellaneous Expenses.- **Video Equipments, Projectors & Misc. Expenses (₹10 Lacs at Each centre \*5 centers)**

Sr. No.	Particulars	Nos.	Rate per item	Total Cost (in ₹)
1	Design Drawing Unit (Plotter With Accessories)	1	1,49,000	1,49,000
2	CC TV Camera with wiring (4 Camera set)	1	1,42,000	1,42,000
3	4*16 EPBX with 15 connections, Phone, Cable, Network etc.	1	1,20,000	1,20,000
4	Projector Unit with White Board	1	1,20,000	1,20,000
5	HP Laser Jet P4515X laser Printer	1	1,14,000	1,14,000
6	Biometric Attendance Machine	1	98,000	98,000
7	Tea/Coffe Vending Machine	1	15,000	15,000
8	Refrigerator	1	15,000	15,000
9	Printing and Stationery		60,000	60,000
10	Other Misc. Expenses like Transportation to staff, initial and incidental expenses		1,50,000	1,50,000
<b>TOTAL</b>				<b>9,83,000</b>
<b>Rounded off(Per center)</b>				<b>10,00,00</b>
<b>Total for 5 center(10,00,00*5)</b>				<b>50,00,000</b>

## Schedule of Implementation

Activity	Expected Commencement	Expected Completion
Office Space	July 2012	October 2012
Furniture & fixture's	October 2012	December 2012

### 4. For General Corporate Purposes

We operate in an industry that is technologically innovative, and requires significant investments for growth. We propose to continue to pursue our strategy of growth organically and inorganically. The excess funds will be utilized for the general corporate purposes of our Company which includes, but is not restricted to, up gradation of our activities, strategic acquisitions and repayment of debts.

### 5. Issue Expenses

The issue expenses include, among others, issue management fees, underwriting and selling commission, distribution expenses, legal fees, printing and stationery expenses, advertising and issue marketing expenses, listing fees to the stock exchanges, registrar and depository fees. All expenses with respect to the Issue will be met out of the Proceeds of the Issue.

The total estimated expenses are ₹ [●] representing [●]% of the Issue size.

Activity	Expenses* (₹ In Lacs)	Percentage of Issue Expenses*	Percentage of the Issue Size*
Lead management, underwriting and selling commission	[●]	[●]	[●]
Printing and Stationery expenses	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Others (IPO grading, registrar's fees, legal fee, listing fees etc.)	[●]	[●]	[●]
<b>Total estimation issue expenses</b>	[●]	[●]	[●]

*\*will be incorporated after finalization of Issue price*

### Year wise break up of proceeds to be used

All funds raised through this issue, are proposed to be utilized in the FY 2012-13 itself.

### DEPLOYMENT OF FUNDS

M/s. Borkar & Muzumdar, Chartered Accountants have vide certificate dated May 11<sup>th</sup>, 2012, confirmed that as on April 30<sup>th</sup>, 2012, following funds were deployed for the proposed Objects of the Issue:

Sr. No.	Particulars	Amount (₹ in Lacs)
1	Issue Expenses	55.69
<b>Total</b>		<b>55.69</b>

### SOURCES OF FINANCING FOR THE FUNDS DEPLOYED

M/s. Borkar & Muzumdar, Chartered Accountants have vide certificate dated May 11<sup>th</sup>, 2012, further confirmed that the funds deployed for the proposed Objects of the Issue on April 30<sup>th</sup>, 2012, have been funded from the following sources:



Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Internal Accruals	55.69
	<b>Total</b>	<b>55.69</b>

### **INTERIM USE OF FUNDS**

We, in accordance with the policies established by our Board, will have flexibility in deploying the Proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the projects. Pending utilization for the purposes described above, we may temporarily invest the funds from the Issue in interest bearing liquid instruments including Deposits with banks, ICD's and investments in mutual funds and other financial products, other fixed and variable return instruments, and listed debt or equity instruments.

### **APPRAISAL**

The Fund requirements and Means of finance presented above are not appraised by Bank or Financial Institution and are based purely on Company management estimates.

### **MONITORING OF UTILIZATION OF FUNDS**

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this RHP and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.



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## BASIC TERMS OF THE ISSUE

### Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of the DRHP, the RHP, the Prospectus, Bid-cum-Application Form, ASBA Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Terms of Payment

Applications should be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The entire price of the Equity Shares of ₹ [●] per share (₹ 10 face value + ₹ [●] premium) is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

### Ranking of Equity Shares

The Equity Shares being offered through the Issue shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association our Company and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees, in receipt of Allotment of Equity Shares under the Issue, will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by our Company after the date of Allotment.

### Face Value and Issue Price per Share

The Equity Shares having a face value of ₹ 10 each are being offered at a price of ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times of the Face Value.

### Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Regulations the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

### Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriters within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

## BASIS OF ISSUE PRICE

Investors should review the entire RHP, including the sections "Risk Factors", "Industry Overview", "Business Overview" and "Financial Statements" beginning on pages 13, 87, 99 and 147, respectively, of this RHP to get a more informed view before making an investment decisions.

### Qualitative Factors

For qualitative factors pertaining to the pricing of this issue please refer to "Business Overview-Our Strengths" on page 100 of this RHP.

### Quantitative factors

#### 1. Earnings Per Share

##### Basic Earnings per Share

Financial years	EPS (₹)	Weights
2008/2009	38.74	1
2009/2010	44.01	2
2010/2011	15.02	3
<b>Weighted Average EPS</b>	<b>28.64</b>	

*Note: The Basic Earnings per Share for the nine months period ended December 31<sup>st</sup>, 2011 is ₹ 7.03 .*

*\*Source: Auditors Report*

**Adjusted Earnings per Share after considering the retrospective effect of Bonus Shares in previous years.**

Financial years	EPS (₹)	Weights
2008/2009	7.75	1
2009/2010	8.80	2
2010/2011	8.52	3
<b>Weighted Average EPS</b>	<b>8.49</b>	

*Note: The Adjusted Earnings per Share for the nine months period ended December 31<sup>st</sup>, 2011 is ₹ 7.03*

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

Particulars	P/E ratios
P/E based on EPS for the year ended March 31, 2011 at the lower end of the price band	[●]
P/E based on EPS for the year ended March 31, 2011 at the upper end of the price band	[●]
P/E based on Weighted Average EPS at the lower end of the price band	[●]
P/E based on Weighted Average EPS at the upper end of the price band	[●]
<b>Industry P/E</b>	
Highest – Atlanta Ltd.	25.10
Lowest – Technofab Engineering Ltd.	4.00
<b>Average</b>	<b>14.60</b>

*\*Source: Capital Market, Jun 11 – Jun 24, 2012 (Category "Engineering ± Turnkey Services")*

### 3. Return on Net Worth in the last three years

Particulars	RONW (%)	Weights
Year ended March 31 <sup>st</sup> , 2009	29.83	1
Year ended March 31 <sup>st</sup> , 2010	63.56	2
Year ended March 31 <sup>st</sup> , 2011	24.66	3
<b>Weighted Average RONW</b>	<b>40.21</b>	

Note: The Return of Net Worth for the nine months period ended December 31<sup>st</sup>, 2011 is 30.44%

Minimum Return on Post-Issue Net worth to maintain pre-issue EPS at March 31, 2011 is [•]

### 4. Net asset value (₹)

Financial year	Net worth (₹ in Lacs)	No. of shares	NAV (₹)
2008/2009	64.93	50000	129.86
2009/2010	315.37	550000	57.34
2010/2011	1281.35	8000000	16.02
Nine months period ended December 31 <sup>st</sup> , 2011	1847.89	8000000	23.09

\* Source: Auditors Report

### 5. Net Asset Value (NAV) per share and comparison thereof with after issue NAV along with Issue Price

Sr. No.	Particulars	Amount (In ₹)
1.	As on December 31 <sup>st</sup> , 2011	23.09
2.	After Issue	[•]
3.	Issue Price	[•]

\*Source: Auditor's Report

### 6. Comparison of Accounting Ratios with Peer Group Companies

Particulars	Face Value (₹)	EPS (₹)	P/E Ratio	RONW (%)	NAV (₹)
Ashoka Buildcon Limited	10	19.80	10.50	15.70	130.30
Petron Engineering Construction Ltd.	10	42.40	4.40	28.90	201.50
Technofab Engineering Limited	10	32.60	4.00	27.20	165.00
Shriram EPC Limited	10	5.80	9.90	11.50	114.50
McNally Bharat Engineering Company Limited	10	17.10	5.10	19.50	101.80
Reliance Indl. Infra	10	15.60	23.80	10.10	130.60
L&T	2	72.10	16.30	19.70	411.30
Hindustan Dorr Oliver Limited	2	3.00	10.40	20.60	37.20
<b>VKS Projects Limited**</b>	10	15.02	-	25.00	16.02

\*Source: Capital Market, Jun 11 – Jun 24, 2012 (Category "Engineering ± Turnkey Services")

\*\*Based on restated financial statements for the year ended March 31, 2011

Note: All the financial ratios taken from Capital Market are on consolidated basis and since we do not have any subsidiaries, our financials can be deemed to be on consolidated basis.



7. The Company in consultation with the Book Running Lead Manager believes that the issue price of ₹ [●]/- per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.
8. The Face Value of the Equity Shares is ₹ 10/- per share and the Issue Price is [●] times of the face value i.e. ₹ [●]/- per share.



## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
VKS Projects Ltd.  
507, Sai Sangam, Sector-15,  
CBD Belapur,  
Navi Mumbai-, 400614

Dear Sirs,

### Initial Public Offer of Equity Shares

#### Tax benefits

We refer to the proposed Initial Public Offer of VKS Projects (the "Company") and give below the current position of tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961, Wealth-tax Act, 1957 and the Gift Tax Act, 1958 for inclusion in the Offer document for the proposed initial public issue.

The current position of tax benefits available to the Company and to its shareholders is provided for general information purposes only. In view of the individual nature of tax benefits, each investor is advised to consult its own tax consultant with respect to the specific tax implications arising out of its participation in the issue. The current position is given based on the income tax provisions applicable for the financial year 2011-12.

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 (the "Act"). All the provisions set out below are subject to conditions specified in the respective sections for the applicable period.

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

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

The contents of the enclosed 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 views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company 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. We are not liable to any other person in respect of this statement.*

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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## **SPECIAL TAX BENEFITS TO THE COMPANY**

Nil

## **GENERAL TAX BENEFITS TO THE COMPANY (Under the Income-Tax Act)**

### **I.**

1. In accordance with section 10(34), dividend income (referred to in section 115-O) will be exempt from tax.
2. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
3. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
5. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
6. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I.T. Act.
7. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
  - 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
  - 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education

Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

9. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
10. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal installments for each of the succeeding previous years subject to conditions specified in that section.
11. In accordance with section 35, the company is eligible for –
  - Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.
  - As per section 35(2AA) a deduction of 200% shall be allowed as a deduction of the sum paid by the company, to a National Laboratory or a University or an Indian Institute of Technology or a specified person as specified in this section with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.
12. In accordance with section 80-IA, the company can claim, subject to fulfillment of certain conditions, deduction of an amount equal to hundred percent of the profits and gains derived from the business of, development of Infrastructure facilities including construction of roads, bridges, rail systems, highways, irrigation projects, ports etc, for Ten consecutive assessment years out of Twenty years beginning from the year in which the company develops such facility.
13. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after 1<sup>st</sup> April 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.

## **II Section 115O**

- Tax on distributed profits of domestic companies.
- Any amount declared, distributed or paid by company by way of dividend shall be charged to additional income tax at the rate of 15% plus applicable surcharge and education cess.

## **III Tax Rates**

- The tax rate is 30%
- The surcharge on Income Tax is 5% if the taxable income exceeds ₹ 1,00,00,000/-, Education Cess is 3%

## **SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

Nil

## GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

### I. Under the Income-Tax Act

#### A. Resident

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax.
2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
4. As per the provision of section 71, if there is a loss under the head "Capital Gain", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against any long term capital gain. But Long Term Capital Loss cannot be set-off against short term capital gain.
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of :
  - a. 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
  - b. 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess" ) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹ 50 lakhs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax

provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred.

The cost of the specified equity shares will not be eligible for deduction under section 80C.

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.
- Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

## **B. Non-Residents**

- a. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- c. In accordance with section 48, capital gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of

capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.

- d. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and additional surcharge called as "Education Cess").
- e. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
- f. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹ 50 lakhs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

- g. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred.

The cost of the specified equity shares will not be eligible for deduction under section 80C.

- h. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.
  - Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

### **C. Non-Resident Indians**

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, according to which:

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset of the company shall be taxable at the rate of 20% (plus applicable surcharge and "Education Cess"). In case of income by way of long term capital gains in respect of a specified asset, shall be chargeable at 10% plus applicable surcharge and "Education Cess")
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long - term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer in any specified asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income Tax Act.
4. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
5. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they were beneficial than the domestic law wherever India has entered into Double Taxation Avoidance/Agreement (DTAA) with the relevant country.

### **D. Foreign institutional investors (FIIs)**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).



2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharges and "Education Cess") on long-term capital gains in respect of securities (other than units referred to in section 115AB) listed in a recognised stock exchange in India in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), and any rules made there under
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

#### **E. Mutual Funds**

In accordance with section 10(23D), any income of:

- i. a Mutual fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- ii. such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

#### **II. Under the Wealth Tax and Gift Tax Acts**

1. "Asset" as defined under-section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, these are not liable to wealth-tax.
2. Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift-tax.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its share holders in the offer document which the company intends to submit to the Securities and Exchange Board of India, Mumbai.

**For and on behalf of**  
**BORKAR & MUZUMDAR**  
**Chartered Accountants**  
**(Firm Reg. No: 101569W)**

**Devang Vaghani**  
**(M. No. 109386)**  
**Partner**

**Place: Mumbai**  
**Date: July 19, 2011**

## SECTION IV: ABOUT THE ISSUER COMPANY

### INDUSTRY OVERVIEW

*The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.*

#### INDIAN ECONOMY: AN OVERVIEW

India, the world's largest democracy with an estimated population of 1.17 billion, had an estimated GDP on a purchasing power parity basis of US\$4.05 trillion in 2010, according to the United States Central Intelligence Agency (CIA) Factbook. This made the Indian economy the fourth largest in the world after the United States, China and Japan.

*(Source: CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html> as on February 11, 2011)*

#### Growth in Real GDP of India

The Indian economy is one of the fastest growing economies in the world, with a real GDP growth rate of 5.7% for calendar year 2009 and a projected 9.7% growth rate for calendar year 2010

*(Source: International Monetary Fund, World Economic Outlook, October 2010 Update).*

During the first quarter of Fiscal 2011, India's GDP grew by 8.8%, compared with a growth rate of 6.0% during the first quarter of Fiscal 2010.

*(Source: Ministry of Statistics and Programme Implementation, Press Note Q1 2010-2011)*

India has managed an average growth rate in excess of 7.00% per year since 1997. The Indian economy exhibited robust acceleration in the pace of recovery in the fourth quarter of Fiscal 2010 led by strong growth in industrial activities. At 8.60%, GDP growth in the fourth quarter of Fiscal 2010 showed a significant recovery in relation to the 5.80% growth recorded during the second half of Fiscal 2009 and approached the average 8.80% growth achieved during 2003-2008. The Professional Forecasters' Survey conducted by the Reserve Bank in June 2010 places overall (median) GDP growth rate for 2010-11 at 8.40%, higher than 8.20% reported in the previous round of the survey. The following table shows India's economic growth in comparison to other developing countries, as well as the International Monetary Fund's projections for economic growth through calendar year 2011:

Growth/Real GDP*	2002-2009 (Average)	2007	2008	2009	2010 P	2011 P	2015 P
Advanced Economies	1.50	2.70	0.20	(3.20)	2.70	2.20	2.40
China	10.80	14.20	9.60	9.10	10.50	9.60	9.50
India	7.60	9.90	6.40	5.70	9.70	8.40	8.10
Russia	5.00	8.50	5.20	(7.90)	4.00	4.30	4.00
Mexico	1.60	3.30	1.50	(6.50)	5.00	3.90	3.80
Brazil	3.50	6.10	5.10	(0.20)	4.50	4.10	4.10

\* Annual Percentage change in GDP at constant prices

*Source: International Monetary Fund, World Economic Outlook, October 2010 Update*

## Industrial Growth by Sectors in Indian Economy

Industry-sector GDP, which includes gross value added (GVA) of the construction sector apart from mining, manufacturing, and electricity, has shown quarterly growth rates comparable to growth rates based on the index of industrial production (IIP). IIP data for Q2 and Q3 of the current financial year indicate that moderation has set in across all the broad sectors covered under it. Manufacturing growth rate declined to 5.1 per cent in Q3 of the current financial year. This is a moderate performance compared to the peak growth of 16.8 per cent achieved during Q4 (January-March) of the last financial year. Within the manufacturing sector, the capital goods segment has been the main driver of growth though it has shown extreme volatility as it registered a growth of 3.5 percent in Q1 of 2009-10 and surged up to 45.7 per cent during Q4 of the last financial year and continued to be in double digit till Q2 and moderated further to 3.8 per cent during Q3 of the current financial year.

Period	(per cent)							
	Mining	Manu- facturing	Electri- city	Basic goods	Capital goods	Inter- mediate goods	Consu- mer goods	General
Q1 2008-09	4.0	6.1	2.0	3.3	9.2	3.0	8.7	5.6
Q2 2008-09	3.8	5.6	3.2	4.9	15.2	-1.3	7.0	5.2
Q3 2008-09	2.0	1.3	2.9	2.5	5.7	-5.9	4.8	1.5
Q4 2008-09	0.9	0.8	3.0	0.4	4.0	-3.0	3.2	1.0
Q1 2009-10	6.8	3.6	5.8	6.3	3.5	7.0	-0.3	4.0
Q2 2009-10	9.0	8.7	7.4	5.9	6.7	11.6	9.7	8.6
Q3 2009-10	10.3	14.4	3.8	6.1	22.7	19.4	10.6	13.3
Q4 2009-10	12.9	16.8	7.1	10.3	45.7	17.0	5.2	15.8
Q1 2010-11	10.2	12.6	5.6	6.8	31.9	10.5	9.2	11.9
Q2 2010-11	7.0	9.9	2.1	4.7	18.4	10.8	7.0	9.1
Q3 2010-11	5.8	5.1	6.5	6.8	3.8	6.5	3.7	5.3

Source : Central Statistics Office (CSO).

Industry Group	Weight	2008-09	2009-10	April- Dec. (2009-10)	April- Dec. (2010-11)
Manufacturing	793.6	3.3	11	8.9	9.1
<b>Industrial Groups with Growth Rates above 10 per cent during April-December 2010-11</b>					
Transport Equipment	39.8	2.4	26.9	18.5	24.5
Other Manufacturing Industries	25.6	3.5	9.2	6.4	22.1
Metal Products	28.1	0.5	11.5	0.2	21.9
Machinery & Equipment	95.7	9	20.6	15.7	12.7
Food Products	90.8	-9.7	-1.5	-6.9	12.4
Leather Products	11.4	-6.9	2.5	1.1	11.4
Rubber, Plastic & Petroleum	57.3	-1.5	15.4	14.5	11
Jute Textiles	5.9	-10	-24.4	-14.1	10.8
Cotton Textiles	55.2	-1.9	5.5	4.1	10.2
<b>Industrial Groups with Growth Rates below 10 per cent during April-December 2010-11</b>					
Basic Metals	74.5	4	6.5	4.6	8.4
Paper Products	26.5	1.9	3.9	2.1	8
Non-metallic Mineral Products	44	1.3	9.5	8.1	6.5
Textile Products	25.4	5.8	8.4	10.6	3.7
Basic Chemicals & Chemical Products	140	5.5	8.8	11.3	2
<b>Industrial Groups with negative Growth Rates during April-December 2010-11</b>					
Wool, Silk & Man-made Textiles	22.6	0	8.1	11.8	-0.6
Beverages & Tobacco Products	23.8	16.2	-0.2	-1	-3.1
Wood Products	27	-9.6	9.7	8.6	-13.8

Source : Central Statistics Office (CSO).

Source: <http://indiabudget.nic.in>

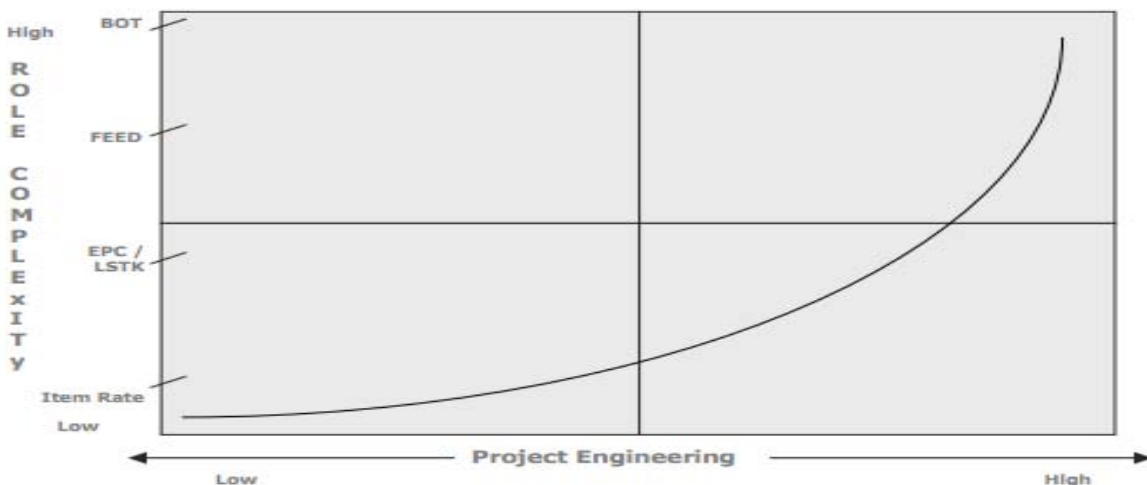
## “EPC” – ENGINEERING, PROCUREMENT AND CONSTRUCTION

**EPC** stands for **Engineering, Procurement and Construction**. It is a common form of contracting arrangement within the construction industry. Under an EPC contract, the contractor will design the installation, procure the necessary materials and construct it, either through own labour or by subcontracting part of the work. When the contractor carries the project risk for schedule as well as budget in return for a fixed price, it is referred to as “Lump Sum Turn Key” Contract or LSTK, depending on the agreed scope of work. When scope is restricted to engineering and procurement only, this is referred to as an **EP** or **E and P (E+P)** contract. This is often done in situations where the construction risk is too great for the contractor or when the Owner has a preference for doing the construction himself.

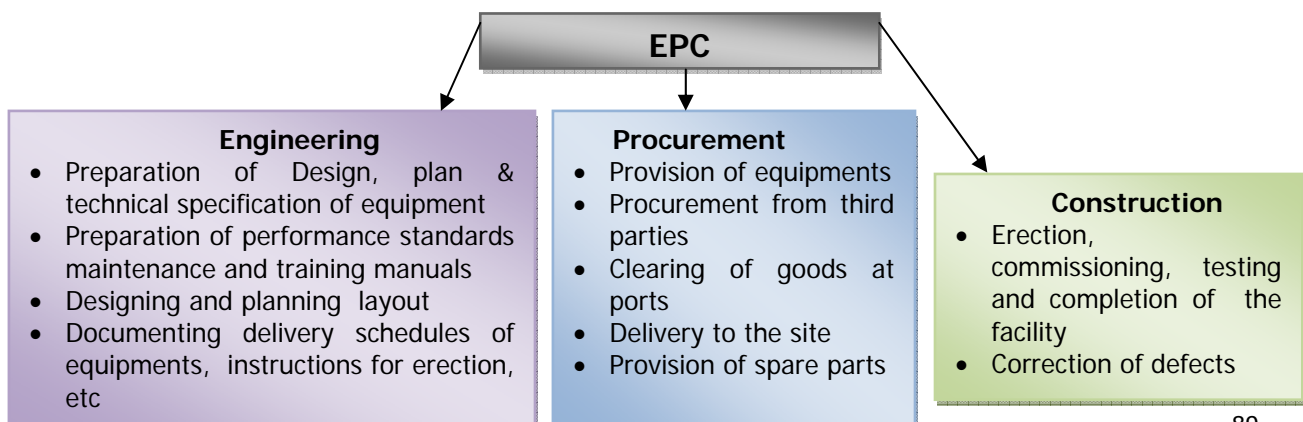
As and when the scope of work increases to include project conceptualization , designing and other pre-construction engineering consultancy it is called a “FEED” OR “Front End Engineering and Design” Contract.

And a contract where the contractor must do the complete activity of building and operating by itself prior to simply transferring / selling the completed product to a third party, is called “BOT” or “Build operate and Transfer” Contract.

Hence, EPC Contracting is a lower complexity mandate than a “FEED” or “BOT” Contract as is shown below:



The following illustration details the breakup of activities involved in the EPC Contracting business:



## EPC CONTRACTING – INDUSTRY GROWTH AND PROSPECTS OF EPC CONTRACTING BUSINESS

Engineering Procurement construction activity is integral to the overall infrastructure and industrial development and involves engineering construction services for setting up of pipelines, storage terminal and processing facilities, urban infrastructure, structural erection of equipment, townships, highways, roads, bridges, railroads etc. A significant part of global engineering construction activity is concentrated in the oil and gas industry, power sector and the metals and mining sector.

The market prospects for EPC Activities looks promising and the industry is expected to grow over the next 10 years at a rate which is linked to the growth expected in the core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals and overall Infrastructure Development. India is in the midst of a substantial overhaul in infrastructure, with large investments required to maintain its targeted GDP growth of 9% and above. The strong resurgence seen in investment demand has driven India's industrial growth which rose to 11.6% for April-June, 2010-11 against 3.9% during the same period in previous year. This has facilitated a robust increase in order book for the EPC sector. The setting up of green field projects and brown field expansions in power, steel, cement sectors provide opportunities for larger size contracts. Other sectors like coal mining, sugar, cogeneration and paper are also expanding their existing facilities and setting up new plants. Capacity creation in these sectors will be driving growth of the EPC industry in the coming years.

During the period between January 2010 and February 2011, a total of around 830 turnkey contracts were awarded with an aggregate value of approximately ₹ 2.83 trillion. A brief summary of various EPC Contracts recently awarded is as follows:

Sectors wise Orders	Contracts	Amount (₹ in Crores)
Thermal based power(including Coal, Lignite and Gas)	97	120138
Hydropower	16	10791
Wind power	33	7862
Power distribution	101	15972
Gas pipeline	21	3166
Petroleum Oil and Gas	63	18151
Roadways	93	46406
Railways	35	8146
Shipping Infrastructure	13	4312
Airways(Aviation infrastructure)	9	5728
Water and Sewerage pipeline and Distribution)	61	8698
Real Estate	52	5893
Other Sectors	236	27388
<b>Total</b>	<b>830</b>	<b>282651</b>

Source: Economic Research India Pvt. Ltd. (Project Monitor) – 2011

### Overview of Growth in overall Infrastructure Development in India

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus with respect to government policies and investment decisions during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having received greater importance. The influence of the construction industry spans across several sub- sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways, roads, ports, railways, airports,



power systems, townships, offices, houses and urban/rural infrastructure, including water supply, sewerage, drainage, irrigation and agriculture systems, tele-communication systems, etc. Thus, it becomes the basic input for socio-economic development.

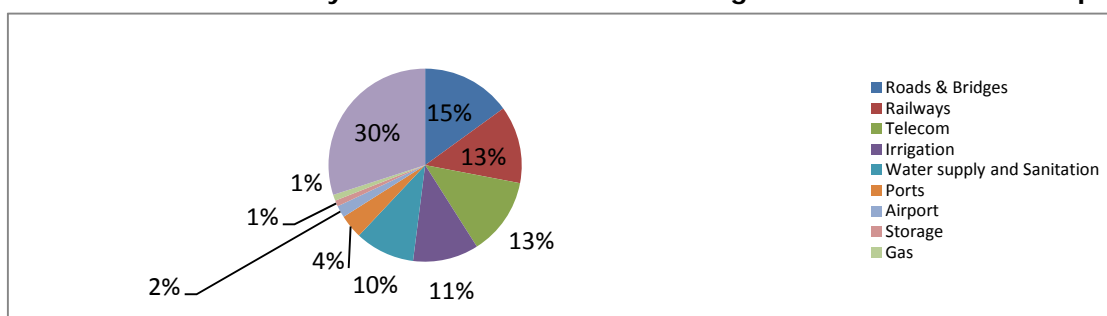
(Source: Vol. III, Eleventh Five Year Plan 2007-12).

The contribution of construction to the GDP at factor cost in 2006–07 was ₹ 196,555 crores, registering an increase of 10.7% from the previous year. The share of construction in GDP has increased from 6.1% in 2002–03 to 6.9% in 2006–07. The increase in the share of construction sector in GDP has primarily been on the account of increased government spending on physical infrastructure in the last few years, with programmes such as National Highway Development Programme (NHDP) and PMGSY/Bharat Nirman Programme receiving a major fillip of late. The construction industry is experiencing a great upsurge in the quantum of the work load, and has grown at the rate of over 10% annually during the last five years. (Source: Vol. III, Eleventh Five Year Plan 2007-12).

We believe India will require a sustained momentum in infrastructure investment in order to maintain its current pace of growth. The 11th Five Year Plan envisages an infrastructure investment of ₹ 20,561 billion (at FY 2007 prices), equaling US\$ 514 billion, to be shared between the Centre, states and private sector in the ratio of 37.2%, 32.6% and 30.1%. Set forth below is the estimated level of investment in the infrastructure sector over XI plan:

Sector	Xth Plan (Anticipated Exp.)	2007-08	2008-09	2009-10	2010-11	2011-12	Total XI Plan
Electricity	2918	820	1016	1264	1579	1986	6665
Roads and Bridges	1448	518	548	592	684	800	3142
Telecommunications	1034	314	381	486	616	787	2584
Railways (incl. MRTS)	1197	342	410	495	604	767	2618
Irrigation (incl. Watershed)	1,115	275	359	472	623	804	2,533
Water Supply & Sanitation	648	193	228	273	333	411	1,437
Ports	141	124	148	174	200	234	880
Others	213	117	126	137	152	170	702
<b>Total</b>	<b>8714</b>	<b>2703</b>	<b>3216</b>	<b>3893</b>	<b>4791</b>	<b>5959</b>	<b>20561</b>
<b>Total (US\$ billion) @ ₹ 40/\$</b>	<b>217.86</b>	<b>67.57</b>	<b>80.39</b>	<b>97.32</b>	<b>119.78</b>	<b>148.98</b>	<b>514.04</b>

#### Estimated Investments in Key Infrastructure Sectors During Eleventh Five Year Plan period



Source: Committee on Infrastructure, Gol.

### **Overview of growth in Indian Oil and Gas Sector**

The oil and gas industry has been instrumental in fuelling the rapid growth of the Indian economy. India has total reserves (proved & indicated) of 1,201 million metric tonnes (MMT) of crude oil and 1,437 billion cubic meters (BCM) of natural gas as on April 1<sup>st</sup>, 2010, according to the basic statistics released by the Ministry of Petroleum and Natural Gas. The country exported 50.974 MMT of petroleum products during 2009-10.

In the eighth round of the New Exploration Licensing Policy (NELP-VIII), 1.62 sq km area will be covered comprising 70 blocks. Out of 70 blocks, 36 have been awarded under NELP-VIII, according to the Economic Survey 2009-10.

Moreover, the government is planning its first ever offer of shale gas exploration in 2012.

### **Production**

By the end of the Eleventh Plan, the refinery capacity is expected to reach 240.96 million metric tonnes per annum (MMTPA).

According to the provisional data released by the Ministry of Petroleum & Natural Gas, the refining capacity of the oil refineries in the country has undergone nearly a three-fold increase from 62 MMTPA in April, 1998 to 184 MMTPA in April 2010.

According to the provisional data released by the Ministry of Petroleum & Natural Gas, dated November 26<sup>th</sup>, 2010:

- During April-October 2010, crude oil production reached 21.542 MMT, as compared to 19.457 MMT in the corresponding period in 2009
- During April-October 2010, 93.58 MMT of crude oil was refined, as compared to 92.25 MMT in April-October 2009
- During April-October 2010, the actual natural gas production was 31.0 BCM, as compared to 25.4 BCM in the corresponding period in 2009

(Source: <http://www.ibef.org/industry/oilandgas.aspx>)

### **Major EPC Contracts:**

Petroleum oil and gas and gas pipe line has in the 12 month period February to January (2010-11), elicited 84 contracts for ₹ 212 Billion, of which 11 were overseas contracts that included a ₹ 12.9 Billion order won by Punj Lloyd for EPC and Commissioning of 294 KM of an onshore gas pipeline in Thailand. Domestic contracts included a ₹ 14 billion order secured by Essar Projects India Ltd. For Lump sum turnkey Package A for the main refinery units of IOC's 15 million TPA refinery in Paradip, Orissa.

Source: *Economic Research India Pvt. Ltd. (Project Monitor) – 2011*

### **Overview of Growth In The Indian Petrochemical Sector**

The Chemical and Petrochemical sector in India presently 14% of the domestic industrial activity. It should also be noted that investments in this sector are highly capital intensive with long gestation periods. The growth of Petrochemicals and chemicals is projected at 12.6% and 8% respectively in 11<sup>th</sup> Five year Plan. According to the United nations Industrial Development Organisation (UNIDO), in terms of

value added at constant 2000 prices, the Indian chemical industry was the 6<sup>th</sup> largest in the world and 3<sup>rd</sup> largest in Asia in the year 2008. As per the latest available estimates of UNIDO, the size of Indian Chemical Industry in the year 2005 was US\$54.92 million.

The Indian petrochemicals industry witnessed rapid growth in the last decade. Its petrochemicals production capacity has doubled from 2000 to 2010. India's rapidly growing economy has resulted in the growth of end-use sectors such as automobiles, textiles and fibers. The increased consumption by these end use sectors has boosted the petrochemicals demand in the country. To meet this growing demand, several new petrochemical projects are being planned in India. It is expected that India's petrochemical capacity will increase by more than 50% in 2015. Government policies are also encouraging petrochemicals producers to set up new plants in sector specific Special Economic Zones (SEZs). This growth in capacity is lead by major petrochemicals producers such as Reliance Industries Limited and Indian Oil Corporation Limited.

*Source: Dept. of Chemicals and Petrochemicals - Annual Report 2010-11.*

#### **Major Projects as EPC Contracts in Petrochemical Sector:**

<b>EPC Contractor</b>	<b>Projects Awarded by</b>	<b>Amount (in ₹)</b>
IVRCL	Brahmaputra Cracker and Polymer Ltd.	76.50 Cr.
IVRCL	Chennai Petroleum Corporation Ltd.	20.00 Cr.
Punj Lloyd	Indian Oil Corporation Ltd	1123.00 Cr.
Punj Lloyd	Indian Oil Corporation Ltd	169.00 Cr.
Gujarat State Petronet Ltd	Petroleum & Natural Gas Regulatory Board	12500.00 Cr.

**Source:** *Economic Research India Pvt. Ltd. (Project Monitor) 2010*

#### **Overview of Growth In The Indian Pipes Industry**

The Indian pipe industry with presence across all categories of pipes viz., Steel pipes, Cement pipes & PVC pipes is among the top three manufacturing hubs after Japan and Europe. India is also becoming a major export hub to countries like the US, Europe and the Middle East. About 50-60 per cent of the order book for key players' pertained to export orders. Pipes are essential for transporting fluids like oil, water, etc and gases across the country.

#### **Major Projects as EPC Contracts in Piping Sector:**

<b>EPC Contractor</b>	<b>Project Awarded by</b>	<b>Amount (in ₹)</b>
Punj Lloyd Ltd.	Abu Dhabi Gas Development Company Ltd.	2056 Cr.
L&T	Public Works Authority , Qatar	850 Cr.
IVRCL	Ranchi Water Supply Project from Drinking Water and Sanitation Department , Jharkhand	235 Cr.
IVRCL	Hogenakkal Water Supply and Fluorosis mitigation Project (Package- II), Tamil Nadu Water Supply and Drainage Board.	315 Cr.
IVRCL	Sardar Sarovar Narmada Nigam Ltd. Surendranagar,	96.48 Cr.
IVRCL	Urban Improvement Trust, Bikaner	39.71 Cr.
L&T	Jabalpur Municipal Corporation	375 Cr.
L& T	Haryana State Industrial and Infrastructure Development Corporation Limited.	165 Cr.

**(Source:** *Economic Research India Pvt. Ltd. (Project Monitor)-2010*



## Overview of Growth in the Indian Power Sector

The power sector in India has historically been characterized by energy shortages. According to the CEA monthly Power Sector report, demand for electricity in India exceeded supply by 10.8% for April – February, 2009-10 and peak deficit for the same period was 12.6%. It is anticipated that by the year 2012, India's peak demand would be 152,746 MW with energy requirement of 969 billion units. The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. The GoI has set an ambitious target of providing "Power for All" by 2012. According to Eleventh Plan, a capacity expansion of 78,700 MW has been planned, of which 75.85% (59,693 MW) is proposed to be generated from thermal power. A capacity addition of about 100,000 MW from conventional power projects is required during the Twelfth Plan to meet the pan-India demand projections of 17th Electric Power Survey by CEA.

Capacity under construction for benefits during the Eleventh Plan

(in MW)

Sector	Thermal		Hydro		Nuclear		Total		Total
	UC	C	UC	C	UC	C	UC	C	
Central	15095	4605	2612	1110	2720	660	20427	6375	26802
State	10290.2	9061.2	563	2451	0	0	10853.2	11512.2	22365.4
Private	15666	6519.5	3491	0	0	0	19157	6519.5	25676.5
Additional Project	-	135	-	-	-	-	-	-	-
<b>All India</b>	<b>41051.2</b>	<b>20320.7</b>	<b>6666</b>	<b>3561</b>	<b>2720</b>	<b>660</b>	<b>50437.2</b>	<b>24541.7</b>	<b>74978.9</b>

(Source: [http://www.cea.nic.in/thermal/project\\_monitoring/Summary.pdf](http://www.cea.nic.in/thermal/project_monitoring/Summary.pdf))

UC: Under Construction; C: Commissioned

As per CEA estimates, power generation capacity in the electricity industry is expected to rise by 24,882 MW in 2010-11. If achieved, this will be the highest capacity addition witnessed in any year. Of the expected capacity, nearly 85% (21,097 MW) is expected to come from the thermal power segment which will take the thermal power capacity in India to 121,574 MW.

Currently, India pursues all available fuel options and forms of energy both conventional and non-conventional, as well as new and emerging technologies and energy sources. As per the Integrated Energy Policy, in order to deliver a growth rate of 8% through 2031-32 and to meet the lifeline energy needs of all citizens, India needs, at the very least, to increase its primary energy supply to nearly 800,000 MW by 2031-32. It is anticipated that coal will remain India's most important energy source until at least 2031-32. Therefore, power sector is expected to remain a key market for material handling and ash handling sectors over the next two decades. Further the opening up of coal mining in private sector and setting up of coal washeries will provide an excellent opportunity to the material handling industry.

According to CMIE estimates, over 0.15 million MW of power generating capacities are scheduled to be added in the country by March 2013. With a host of power generation capacities being set up in the country, the demand for services and products of the companies involved in setting up power plants is expected to be high in the coming years. There is expected to be a significant demand for power plant related machinery and equipment. In 2010-11, boiler production is expected to rise by 22%. The output of turbines is also expected to rise by 33.3% during the year. Growth for power equipment will primarily be driven by increasing demand from power generation companies and will be aided by capacity additions by equipment manufacturers. Setting up a power plant involves awarding contracts for the works for various packages of the power plant. These contracts are critical to the timely commissioning of the power project and are a critical factor in achieving the Five year Plan targets set by the GoI. The major components in setting up a power generation plant are the BTG set and the Balance of Plant package. These contracts may be individually awarded by the generating company or may be sub contracted by means of engaging an EPC contractor.

## **EPC Contracts in Power Sector:**

### **Power**

Thermal power, including gas, coal and lignite based projects, witnessed the award of 97 contracts involving around ₹ 1.20 trillion of work. Most of these assignments were for coal and lignite based projects.

Overseas contracts included engineering and procurement contract for a SWFGD (seawater flue gas desulphurization) system for a power plant in Vietnam secured by Alstom Projects India Ltd.

The domestic contracts included a ₹ 113-billion contract for supply of 10 sets of 600-mw supercritical units for the coal-based power stations secured by Dongfang Electric Corporation from Abhijeet Group of Companies; a ₹ 100 billion contract for supply of gas turbines, steam turbines and generators for a power project in Andhra Pradesh secured by GE India; a ₹ 63 billion order by BHEL for design, engineering, manufacture, supply, erection, and commissioning of two units of 800 mw each at Yeramarus, Karnataka; and a ₹ 37-billion contract secured again by BHEL for setting up Unit III at Bellary TPS in Karnataka on turnkey basis.

### **Green energy**

In all 49 contracts in Hydel and wind-based power worth for ₹ 187 billion were awarded between February and January 2010-11.

The hydel projects included a ₹ 50-billion order secured by GVK Power & Infrastructure Ltd for developing a 690-mw hydropower project in Jammu & Kashmir; and a ₹ 10-billion overseas contract won by BHEL for the electromechanical equipment package for a hydropower project in Bhutan.

In wind energy, there were as many as 11 overseas contracts out of the 33 announced during the period. Suzlon Energy secured 18 orders which included a ₹ 58-billion contract for turbines, generators etc. for wind-based power projects in Maharashtra.

### **Power T&D**

Power transmission and distribution witnessed 101 contracts for around ₹ 160 billion. Overseas contracts included a ₹ 9-billion order secured by KEC International Ltd., for execution, including rehabilitation of 21 substations, in Kazakhstan; and a ₹ 8.1-billion work awarded to Larsen & Toubro Ltd., for construction of 3x132Kv substations in UAE. Domestic orders included a ₹ 16-billion order secured by Power Grid Corporation of India Ltd for setting up 1,000 km of transmission lines and 10 substations in Jharkhand.

*(Source: Economic Research India Pvt. Ltd. (Project Monitor)-2010)*

## **Overview of Growth in the Indian Steel Industry**

According to the Ministry of Steel, India is currently the fifth largest producer of crude steel in the world and is expected to become the second largest producer by 2015-16. India is net importer of steel and with the government emphasis on development of infrastructure, steel demand is going to increase substantially in the coming years. As per Annual Report 2009-10 of the Ministry of Steel, domestic consumption was at 40.997 MT during April-December 2009-10 (provisional) and increased by 7.8% indicating further strengthening of demand as compared to the corresponding period in financial year 2009. In order to boost the development and expansion of the industry, the National Steel Policy was formulated in 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The National Steel Policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and

creation of road, railway and port infrastructure. The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 MT by 2019-20. According to the Ministry of Steel, these estimates will be largely exceeded and it has been assessed that, on a most likely scenario basis, the crude steel production capacity in the country by the year 2011-12 will be nearly 124 MT.

As per Annual Report 2009-10 of Ministry of Steel, the present per capita consumption in the country is only around 47 kg (2008) against the world average of 190 kg and that of 400 kg in the developed economies. In response to favorable government policies and considering the huge domestic potential, several domestic and foreign firms have shown a great deal of interest for setting up steel capacities in the country. 222 MoU's have been signed with various states for planned capacity of around 276 MT as given in the table below:

State	No. of MoU Signed	Capacity (in MT per annum)
Orissa	49	75.66
Jharkhand	65	104.23
Chhattisgarh	74	56.61
West Bengal	12	21.00
Other States	22	18.20
<b>TOTAL</b>	<b>222</b>	<b>275.70</b>

(Source: Annual Report 2009-10, Ministry of Steel)

Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under automatic route. The liberalization of industrial policy has given a definite impetus for the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new steel plants have also come up.

As India is one of the lowest cost producers of steel in the world, it is an attractive destination for investment opportunities across the value chain. For the Eleventh Five Year Plan (2007-12), the Planning Commission has approved total outlay of ₹ 4,56,070 million. The rejuvenated steel market in the country has already witnessed announcements of mega expansion plans of leading domestic producers in the form of greenfield and/or brownfield projects in different parts of the country. As per CMIE estimates, the steel companies will add 10.3 MT of capacity in 2010-11, which will push up their total capacity by 15%. Thirteen steel projects worth approximately ₹ 909,550 million were announced during January 1<sup>st</sup>, 2010 to February 15<sup>th</sup>, 2010. Among these are Posco's ₹ 323,000 million steel project in Karnataka and ₹ 100,000 million project in West Bengal adding 7.5 MT per annum steel production capacity through these projects. The other large project has been announced by Surya Vijaynagar Steel for setting up a 5 MT per annum steel plant at a cost of ₹ 200,000 million. SAIL has also announced a capital expenditure plan to expand its hot metal capacity to 20 MT per annum by 2012 as against its current capacity of around 13 MT per annum.

#### Major Projects likely to be commissioned by 2015

EPC Contractor	Project	Capacity (Million Tpa)	State
Bhushan Steel	Integrated Steel (Meramandi) [Phase II]	3	Orissa
Bramhani Industries	Integrated Steel (Cuddapah) [Phase I]	2.5	Andhra Pradesh
Burnpur Cement	Steel (Patratu)	2.5	Jharkhand
Electrosteel Integrated	Integrated Steel (Bokora)	2.3	Jharkhand
Ispat Industries	Integrated Steel (Dolvi) [Expansion]	2	Maharashtra
Jindal Steel & Power	Integrated Steel (Kerjenga)	6	Orissa
JSW Steel	Steel (Torangallu)- Expansion	3.2	Karnataka
SAIL	Integrated Steel (Bhilai) [Expansion]	3.5	Chhattisgarh

SAIL	Bokora Steel Plant- Expansion	3	Jharkhand
TATA Steel	Integrated Steel (Jamshedpur) [Phase II]	3.2	Jharkhand

(Source: Economic Research India Pvt. Ltd. (Project Monitor)-2010)

### **Overview of Growth in the Cement Sector**

According to Cement Manufacturers' Association, India is the second largest cement producer in the world with a total capacity of 219 MT at the end of financial year 2009. With the Government of India giving boost to various infrastructure projects, housing facilities and road networks, the cement consumption in India is expected to continue growing in the coming years.

Domestic demand plays a major role in the growth of cement industry in India. Cement demand growth exhibits a strong correlation with the overall GDP growth, indicating its dependency on capital formation and GDP growth. In fact the domestic demand of cement has surpassed the economic growth rate of India. Over the last several years, cement demand in India has always grown at more than 7%. The primary factor driving the demand for cement is the quantum of construction activity taking place in the economy. Continuing demand for cement from the construction sector translates into higher per capita consumption. Moreover, as India is one of the fastest growing economies, it is also one of the most attractive markets for cement manufacturing companies. Although the growth of cement consumption had slowed down in last few years, there has been reversal in the trend in the last fiscal year with the sector witnessing growth of 12.3% for first half of financial year 2010 against 5.5% for the same period in financial year 2009

(Source: Mid-Year Review 2009-10, Ministry of Finance).

During April-October 2008-09, the production of cement in India was 101.04 MT comparing to 95.05 MT during the same period in the previous year. Due to the economic slump beginning 2008, a situation of oversupply was seen in the sector. But trends have shown demand picking up in the first quarter of fiscal 2010. As per CMIE estimates, cement production capacity is expected to increase by 13.7 per cent to 317 MT in 2010-11. The industry will add 38.4 MT of fresh capacity during the year, after adding 26.3 MT in 2008-09 and 52.3 MT in 2009-10.

### **Other Sectors that can provide additional demand for EPC Contracting**

The following sectors are expected to provide additional thrust:

#### **Roads**

Roadways saw 93 contracts awarded for ₹ 464 billion. This included a ₹ 31-billion contract won by IVRCL Infrastructures & Projects Ltd for four/six laning of NH-17 section between Maharashtra-Goa border; and a ₹ 30-billion order placed with Reliance Infrastructure Ltd. FOR SIX LANING OF 180-KM Delhi-Agra road passing through Haryana and Uttar Pradesh.

#### **Railways**

Railways awarded 35 contracts for ₹ 81 billion which included ₹ 14.7-billion order secured by Alstom Transport for supply of 42 train sets for Chennai Metro Rail.

#### **Water & sewerage**

Water and sewerage pipeline and distribution saw the award of 61 contracts for ₹ 87 billion of which seven were overseas assignments that included a ₹ 11-billion contract secured by Jaihind Projects Ltd for a water transmission system in Saudi Arabia. Domestic contracts included a ₹ 5.3 billion contract awarded

to L&T Ltd for supply and laying mild steel pipelines, ductile iron (DI) pipeline and high-density polyethylene pipelines in Tamil Nadu.

### **Real estate**

Real estate saw the award of 52 contracts for ₹ 59 billion, which included a ₹ 4.92-billion assignment given to Nagarjuna Construction Company Ltd for construction of housing units in Visakhapatnam, Andhra Pradesh.

Engineering behemoth Larsen & Toubro led the EPC contractors with 73 contracts secured over February-January 2010-11. IVRCL Infrastructures & Projects Ltd won 53 contracts. The Top 10 contracting firms accounted for 37 per cent of total assignments granted during February-January.

*(Source: Economic Research India Pvt. Ltd. (Project Monitor)-2010)*

## BUSINESS OVERVIEW

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Red Herring Prospectus, including the information contained in the section entitled "Risk Factors," beginning on page 13 of this Red Herring Prospectus.*

*In this section, a reference to the "Company" means 'VKS Projects Limited'. Unless the context otherwise requires, references to "we", "us", or "our" refers to 'VKSPL'.*

### OVERVIEW

We are an ISO 9001:2008, OHSAS 18001:2007 & ISO 14001:2004 certified Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of undertaking EPC Contracts of CS/SS/Alloy Steel Turnkey Piping, Civil Land Development, Industrial / Commercial Infra Projects, Structural Fabrication and Erection of Equipments, Fire Fighting Projects and Commissioning of Chemical Plants for various industries including but not limited to Chemicals, Oil and Gas (on-shore and offshore), Refinery, Petrochemicals, Dyestuff, Pharma & Bulk Drugs, Metallurgy, Power and Textiles.

Our key expertise w.r.t our Fabrication & Erection of Key Industry Equipments/Plants includes but is not limited to Reaction Vessels, Auto Claves, Vacuum Tray Driers, Storage Tanks, Chilling Plants, Hydro-generators, Fire Fighting Units, Heat Exchangers/Condensers, Rotary Vacuum Tray Driers, Centrifuges, WHR boilers, Crystallizers, Scrubbers, Distillation Units, and Flakers etc.

We have more than a decade of experience in this field having successfully completed projects in diversified sectors for various companies as displayed below:

Sector	Clients
<b>Oil and Refineries</b>	Chennai Petroleum Corporation Ltd, Deepak Fertilizers and Petrochemicals Corp. Ltd, Indian Farmers Fertilizers Co. op. Ltd., Lubrizol India Ltd., ONGC, Rashtriya Chemical and Fertilizers Ltd., Reliance Petroleum Ltd., National Fertilizers Ltd.
<b>Textiles</b>	Reliance Industries Ltd, Mandhana Industries Ltd., Indorama Synthetics Ltd.
<b>Petro-Chemicals</b>	Gharda Chemicals Ltd., Herdillia Chemicals Ltd., Monsanto Chemicals Ltd., Sabero Organic Gujarat Ltd., Rohm & Hass (I) Ltd., I G Petrochemical Ltd., Reliance Petrochemicals Ltd., Albright & Wilson Chemicals Ltd., GFL
<b>Pharmaceuticals, Food and Beverages</b>	Hikal Ltd., Atul Ltd., Hindustan Latex Ltd., Rexam HTW Beverage Can (I) Pvt. Ltd., Hindustan Tin Works Ltd.
<b>Power</b>	Fuji Technical Services Ltd., Wartsila NSD India Ltd., Thermax Instrumentation Ltd., Gujarat Flurochemicals Ltd., Thermax Engineering Construction Co. Ltd, BLA Power Ltd., M. E. Engineering Pvt. Ltd.
<b>Steel</b>	Sona Alloys Ltd.
<b>Air Conditioning &amp; Refrigeration</b>	Luwa Ltd./Reliance Industries Ltd
<b>Glass, Port and other Industries</b>	Float Glass India Ltd., JNPT, Kvaerner Powergas (I) Ltd., Punj Lloyd Ltd., Dura Build Ltd., Hi-tech Carbon – Birla Ltd./Aditya Birla Nuvo Ltd.

*Note: None of the above-mentioned clients/contracts are sub-contracted jobs from third parties. Wherever, the job is a sub-contract, we have written the name of the party which has finally contracted the job to us as "Client" and hence, that entity is the direct client for us.*

For further details regarding specific scope of work w.r.t above mentioned sectors and clients, please refer to Paragraph titled "*Details of Projects executed by the company*" under section titled "*Business Overview*" beginning on page 111 of this RHP.

Our operations are managed from our owned registered and corporate office situated at CBD Belapur, Navi Mumbai.

Our revenues have grown at a CAGR of 106.57% between fiscal 2007 and fiscal 2011, increasing from ₹ 330.93 Lacs in fiscal 2007 to ₹ 6025.43. Lacs in fiscal 2011 and our restated profit after tax have grown at a CAGR of 150.00% between fiscal 2007 and fiscal 2011, increasing from ₹ 8.09 Lacs in fiscal 2007 to ₹ 315.97 Lacs in fiscal 2011. Our EBITDA margins have grown at the CAGR of 127.49% from 8.32% in 2007 to 12.24% in 2011. For further details regarding year-on-year revenues of our company, please refer to Risk Factor No. 14 on page 18 of this Red Herring Prospectus.

We propose to enhance our capital equipments base in order to increase on our operational and financial efficiencies w.r.t project executions and also improve our pre-qualification status. We also propose to expand our operating activities by opening Design Studio/Office and Training Centers at various locations across India. For further details with respect to the same please refer the section titled "*Objects of the Issue*" beginning on page 64 of this RHP.

As on December 31st, 2011 we are employing 405 people (on site-and off site), of which 34 employees are on our payroll and the remaining 371 are through contract labor arrangements or sub-contract agreements with external local contractors.

## **OUR STRENGTHS**

We believe that following are our principal competitive strengths:

### ***Qualified and Experienced Management Team:***

Our Company is managed by a team of professionals led by our Chairman & Managing Director – Dr. V.K. Sukumaran. Our Executive Directors and Key Managerial Team have requisite qualifications and significant industry experience and this has been instrumental in the consistent growth of our Company's financial and operational performance. For further details regarding our executive directors and key managerial team refer the section "*Our Management*" beginning on page 128 of this RHP.

### ***Multi Locational and Multi Sectoral Client Base:***

Our customer base includes a diverse set of industries including Chemicals, Pharmaceuticals, Petrochemicals, Refineries, Power, Dairy, Oil & Gas Explorations, Synthetic Fiber, Sugar, Paper, etc. Also, we have experience of having executed projects in various locations including but not limited to Maharashtra, Gujarat, West Bengal, Karnataka, Punjab, Madhya Pradesh, and Tamil Nadu. We believe that having strong relations with various clients in diversified sectors and locations, reduces our dependence on certain clients or certain sectors or certain geographical locations and reduces sector / geographical / client specific risk.

### ***Pre-qualification credentials***

Pre-qualification is a basic requirement in our industry. It is necessary that bidder should have requisite qualification in terms of technical expertise, adequate capital, infrastructure, experienced manpower, value of projects executed in the past etc. Our track record of over thirteen (13) years with over 40



completed projects enables us to meet customer's prequalification requirements either independently or in association with joint-venture partners.

### ***Project Execution Capabilities and Cost competitiveness***

Our Company has been in the EPC business for the last fourteen (14) years and has developed expertise in its line of operations which are characterized by our ability to minimize overheads, cost control and prevent overruns on project schedules along with strong skills in construction and contract management. We believe our strong in-house EPC and Project Management team and good relations with local sub-contractors helps us control the entire process. We control costs by eliminating unnecessary product features, procuring equipment and materials in cost efficient manner, optimizing logistics and maximizing labour efficiency. This has contributed towards securing multiple orders received from customers like Thermax India Ltd, Punj Lloyd Ltd, Deepak Fertilizers & Petrochemicals Ltd, Reliance Industries Ltd, Shriram EPC and amongst others. We have a track record in designing, manufacturing, procuring, constructing, commissioning, troubleshooting and servicing various systems and equipments.

### ***Robust Existing Order Book***

Our order book represents the un-executed Contract Value position of our assigned projects/work orders, which, as on December 31st, 2011 is as follows:

<b>Sr. No.</b>	<b>Client</b>	<b>Brief Description of Work Order</b>	<b>Total Un-executed Contract Value (₹ in Lacs)</b>	<b>Expected Completion Date</b>
1.	Thermax Engineering Construction Co. Ltd.	Work order includes labour charges for Unloading, Physical Verification, Preparation of Materials Receipt Report, Stacking/Storing, In-plant Transportation of all erection materials and erection and providing assistance during Commissioning of 1 x 95 TPH, 87 kg/cm, 515 Deg. C., TG Boiler and charges towards extra claim settlement at M/s Dr. D. Y. Patil SSk Ltd., Kolhapur (Maharashtra).	41.31	May 30th, 2012
2.	PACL India Limited	This work order covers the Earth work for Development of Agricultures land including clearances & Excavation Dressing of Agriculture land at earmarked site. (New Delhi)	4500.00	December 31 <sup>st</sup> , 2012
3.	BLA Power Pvt. Ltd.	Work Order for engineering, procurement, manufacturing, supply, testing, packing, forwarding, transit insurance, transport, unloading at sight, storing and handling at sight, fabrication, erection, testing and commissioning of large diameter (LD) piping and non-IBR piping including Butterfly Valves and Non-IBR Valves at Village Niwari, Gadarwara (M.P).	298.94	September 30 <sup>th</sup> , 2012
4.	Deepak Fertilizers and Petrochemicals Corp. Ltd	Work order includes (i) Piping and Erection of Valves; (ii) Transporting the steel from the clients store, fabricating and erecting structural steel at all levels as per drawing including tools, tackles, cutting, welding, consumables, assembly, bolts, permanent bolts, preparation of fabrication drawings (if felt necessary by the Contractor for all types of	109.00	August 31 <sup>st</sup> , 2012



		structures in buildings, pipe racks, platforms and towers; (iii) Same as (ii) but fabrication to be carried out outside DFPCL in the contractors premises (iv) All activities and scope same as (ii) but for insert plates (v) All activities and scope same as (ii) but for hand railing consisting of top rail, middle rail, vertical and toe guard; (vi) All activities and scope same as (ii) but for MS Gratings; (vii) Supplying, providing and fixing corrugated polypropylene reinforced cement sheet for Roofing and cladding including the self tapping screws, all necessary jigs and fixtures, necessary scaffolding. (K-1 Taloja)		
5.	Lanco Infratech Limited	Work Order for Civil work for Anuppur Thermal Power Project Phase I	75.24	March 31 <sup>st</sup> , 2012
6.	Acclaim Industries Limited	Work Order includes procurement of EPC Contract related project material including steel, valves, pipe fittings and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	322.54	July 26 <sup>th</sup> , 2012
7.	Archon Engicon Pvt. Limited	Work Order includes widening and strengthening of Godda – Sunderpahari-Dharampur More Road, Jharkand and also shall include fooding, lodging and transportation of our staff.	1000.00	June 30 <sup>th</sup> , 2012
8.	Kadevi Industries Limited	Work Order includes tree cutting and clearance over a stretch of 1506.60 km for the construction of Transmission line in the State of Uttar Pradesh according to all technical requirements as required by ICI-C&C, Manipuri JV.	1406.00	August 23 <sup>rd</sup> , 2012
9.	Reliance Gas Transportation Infrastructure Limited	Work order includes Mechanical and Piping Works and Installation of Fire Fighting System for hook-up facility for BGL's Hyderabad CGD. The contract shall include the following – (i) Fabrication of Piping (ii) Erection of Piping (iii) Testing, Dewatering and Drying of Piping (iv) Installation of Valves (v) Installation of Equipment (vi) Radiography (vii) Ultrasonic Test (viii) Painting (ix) Pipe Supports (x) Modification/Extra Works	72.29	May 30 <sup>th</sup> , 2012
10.	Amruta Enterprises	Work Order includes procurement of EPC Contract related project material including steel, underground pipe coating materials and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	800.00	September 15 <sup>th</sup> , 2012
11.	J. P. Engineering	Work Order includes procurement of EPC Contract related project material including steel, nuts and bolts, piping materials and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	1200.00	August 20 <sup>th</sup> , 2012
<b>Total</b>			<b>9825.32</b>	

*Note: None of the above-mentioned clients/contracts are sub-contracted jobs from third parties. Wherever, the job is a sub-contract, we have written the name of the party which has finally contracted the job to us as "Client" and hence, that entity is the direct client for us."*

As shown above, our order book includes large projects and clients from diverse sectors and geographies and the same shall be instrumental in helping us achieve our revenue targets and continuing our growth rates.

***Strong Operational Performance and Low Debt Burden:***

The EBITDA margin and the Net Profit margin of the Company stood at 12.24% & 5.24% respectively during FY 2011. Also the Company has generated a RONW of 24.66% in FY 2011. This indicates ability of the Company to generate attractive returns on funds invested. Secondly, our debt to equity for the F.Y. 2011 ended stood at 1.03 which is low as compared to industry peers. We believe our strong operating performance coupled with low debt, will help us provide adequate returns and hence help our consistent growth even during slower economic or business cycles.

**OUR STRATEGY**

Our Strategic objective is to continue to improve on and consolidate our position as a professionally managed Engineering Construction Company in India. We intend to achieve this by implementing the following strategies.

***Further enhance our engineering and design capabilities***

We currently have design capabilities in the Mechanical projects, Piping projects, Boilers, Land Development, industrial/Commercial Infra Projects, etc which enables us to provide turnkey and Item Rate construction services in this sector. Further, we intend to create design capabilities in sectors such as the Building Construction, Transportation and Water management so as to provide Turnkey and Item Rate solutions in these sectors also. Further, we intend to continuously strengthen our execution capabilities by adding to our existing pool of skilled and unskilled labors, attracting new graduates, and facilitating continuous learning with in-house and external training opportunities to our staff and our local sub-contractors. We hence intend to open five new Design Studio/Office & Training Centers across India. For further details regarding the same refer the section titled "*Objects of the Issue*" beginning on page 64 of this RHP.

***Continue to geographically expand our operations***

We seek to expand and enhance our presence in our existing business segments by identifying markets where we can provide cost effective, technically advanced solutions to our clients thereby distinguishing ourselves from our competitors. This strategy is also an additional rationale behind opening Design Studio/Office & Training Centers in five major cities in India.

***Increase our Pool of Owned Capital Equipments and improve on our Pre-Qualification capabilities***

We undertake Mechanical Construction & Industrial infra Contracts for Turnkey piping, Structural Work, Erection of Equipments, Civil Jobs etc. For some projects we lease certain key equipment that we do not own; or we sub contract a portion of the job to a local contractor having the necessary abilities and bandwidth with respect to equipments. We intend to increase our range of owned capital equipments including construction equipments, vehicles, and other important machineries, tools and tackles. We believe that this will enhance our capability to pre-qualify for and execute projects with higher operational and financial efficiency. For further details of the capital equipments proposed to be acquired in line with this strategy, refer to the chapter titled "*Objects of the Issue*" beginning on page 64 of this RHP.

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### ***Focus on performance and project execution***

We intend to continue our focus in enhancing project execution capabilities so as to derive twin benefits of client satisfaction and improvements in operating margins. We will constantly endeavor to leverage our operating skills through our latest equipment and project management tools to increase productivity and maximize asset utilization in our capital intensive projects. We further intend to continue to optimize operations by minimizing operational / overhead costs and increasing productivity thereby maximizing our operating margins.

### ***Continue to improve on our internal systems and procedures***

Our company has seen substantial growth in operations in the last few years. With the growing size, comes the requirement of improving on internal systems and procedures including but not limited to better financial control, operational co-ordination, corporate governance requirements, improved risk management and data management processes and higher focus on applicable health, safety and environmental legislations and other such requirements. We believe that our ability to improve and maintain these internal systems and procedures shall be very important if we are to maintain our growth and long term sustainability.

### ***Develop and maintain strong relationship with our clients and suppliers***

Our services are significantly dependent on winning construction projects undertaken by Large and Medium public & private sector agencies & companies. Our business is also dependent on developing & maintaining strategic alliances with other contractors with whom we want to enter in to project specific joint venture or sub-contracting relationships. We will continue to develop and maintain these relationships and alliances. We intend to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our business and are likely to enhance our opportunities.

## **DETAILS OF OUR BUSINESS OPERATIONS**

### **Location**

#### **Head office /Administrative office:**

Our head office/ Administrative office is located at 507, "B" Wing, Sai Sangam, Sector 15, CBD Belapur (E), Navi Mumbai – 400614, Maharashtra.

### **Operational Structure**

The EPC industry operates mainly on the basis of contractual agreements. Our contracts expose us to significant construction and cash flow risks. To mitigate these risks, we have developed risk controls that include selective bidding on projects, efficient project management and disciplined cash flow management.

Our management system consists of two parts. The first is a centralized planning and project management team located at our headquarters in Mumbai and the second team is headed by a project manager located at each of our project sites. The Business Development and Project Management team is headed by the Managing Director, Dr. V.K. Sukumaran who is assisted by a team of professionals who have over 20 years experience in the construction industry. This team identifies potential projects to bid for, prepares or reviews relevant documents, ensures compliance with regulatory requirements, identifies the equipment and raw material requirements of the relevant projects and identify risks related to the projects.

On the project management front this team reviews progress reports prepared by the relevant project manager, coordinates the execution of the project in accordance with its terms, maintains operational control and ensures compliance with occupational health and safety standards. The relevant project manager reports to the Executive Director of the Company on the progress of the project.

### **Types of Contracts**

There are different types of construction contracts that we enter into, depending upon the nature of the project, client needs and industry standards. The types of contracts related to our current and proposed business are described below:

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

Item rate contracts are contracts for which a construction company has to quote the price for each item presented in a BOQ furnished by it. In item rate contracts, the client supplies all the information such as design and drawings. The construction company is responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at the construction company's quoted rates for each respective item.

#### **Engineering Procurement Construction/Lump-Sum Turnkey Contracts:**

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

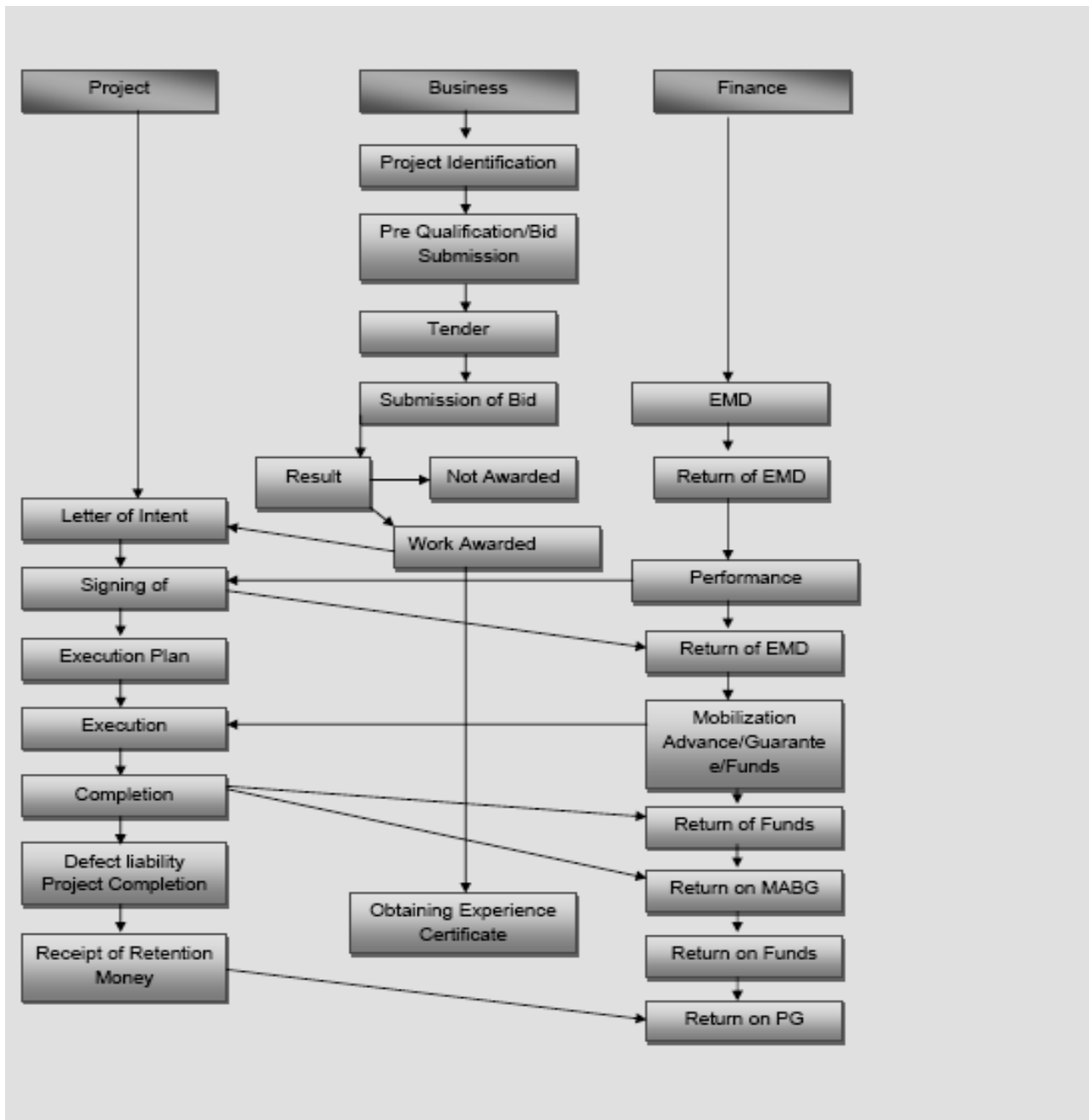
#### **Build, Operate and Transfer (BOT):**

Under this type of contract, the Client grants to a contractor a concession to finance, build, operate and maintain a facility for a concession period. During the life of the concession, the operator collects user fees and applies these to cover the costs of construction, debt-servicing and operations. At the end of the concession period, the facility is transferred back to the Client. BOT is the most commonly used approach in relation to new highway projects in India, and is also used in the energy and port sectors.

Most of our current and past projects have been Item Rate Contracts and Lump-sum Turnkey Contract. We have not yet executed any BOT Order.

However, we intend to increase our presence in BOT Contracts for which we propose to acquire additional capital equipments, improve our design capabilities and increase our working capital fund availability. The growth of these types of projects in our businesses will help improve our operating margins and goodwill in the market.

## Project Lifecycle



A typical project cycle extends over a pre defined specified period and can be divided into two distinct phases. The first phase begins with the identification of the opportunity and ends with the entering/securing of the construction contract.

The second phase begins with the execution of the construction contract and ends with the end of the defect liability period following the completion of the project.

## **Phase I**

- Expression of interest published in a newspaper or in any other media or sent directly to the contractor by the client
- Response from the contractor in the form of a request for qualification or pre-qualification (RFQ)
- Invitation from the client to the contractor to submit a request for proposal (RFP)
- Submission of a RFP
- Circulation of a tender document by the client
- Site visit by the contractor with an opportunity to the contractor to seek responses to any pre-bid questions
- Completion of all related post-qualification technical documents and the submission of a financial bid by the contractor
- Submission of the tender along with an earnest money deposit (EMD)
- Award of the contract, issue of a letter of intent (LOI) and refund of the EMD
- Payment of a mobilization advance by the client and following the receipt of which the contractor commences preparations for execution of the project.
- Execution of the construction contract together with the submission of a performance guarantee and financial guarantee in respect of the mobilization advance from the contractor

## **Phase II**

### **Execution of the project**

- Preparation by the contractor of a detailed project execution plan.
- Preparation by the contractor of detailed resource and expenditure plans
- Mobilization by the contractor of resources
- Procurement by the contractor of equipment and raw materials required for the project.
- Execution by the contractor in accordance with the terms of the construction contract and the execution plan.
- Raising of periodic invoices by the contractor in accordance with the terms of the construction contract.

### **Completion of the project**

- Implementation by the contractor of all project completion activities.
- Receipt by the contractor of the final payment due to it subject to any retention amounts in respect of the defect liability period or the provision of a bank guarantee in respect of such retention amounts.
- Provision of a completion certificate by the client, if requested.
- Provision of a hand over certificate by the contractor, if requested.

### **Defect Liability Period**

Our construction contracts often stipulate a defect liability period of between six (6) months and twelve (12) months from the date of hand over certificate. The contractor is responsible for rectifying any defects that may arise during this defect liability period as a consequence of the construction services provided by the contractor. At the end of this defect liability period, the sum of money (as adjusted for any defects) retained by the client, if any, is transferred to the contractor without interest.

## **Plant and Machinery**

Our Company needs to deploy a range of construction machinery at various sites. The machinery deployed at any particular site may be Company owned, hired or arranged by sub contractors.

A list of the key construction machinery owned by our Company is given below:

<b>Sr. No.</b>	<b>Details of Machineries</b>	<b>Quantity (in No.'s)</b>
1	Welding Rectifiers (600 Amps)	321
2	Welding Cable (Copper)	19984
3	Welding Cable (Alu)	22000
4	Welding Rectifiers (400 Amps)	272
5	85 MM Core Cutter with stand (magnetic)	23
6	Pug Cutting Machine with 2 nos rail	40
7	Scaffolding Pipe 1 1/2" cs	9996
8	Scaffolding Clamp (Rotating Type)	18350
9	Scaffolding Clamp (Fix Type)	19238
10	10LB forger Gam	2
11	AG-4 Grinder	286
12	GQ-4 Grinder	240
13	AG-5 Grinder	156
14	Electric Winch 10 Ton With Accessories	3
15	4 Sleave wire rope pully 30 ton	4
16	Snatch Pully 5 ton big size	24
17	Snatch Pully 5 ton small size	24
18	3 ton x6 mtr Chainpully block	342
19	2 ton x 6mtr Chainpully block	282
20	Wire rope 16 mm	7500
21	Wire rope 7/8"	6000
22	Tube Expanding Machine(Hydrolic)	16
23	Hydrotesting Pump (Motorised)	67
24	Pipe Cutting Machine 14"	85
25	Rolling Machine 3 KW UP TO 3 MTR Width	14
26	AG-7 Grinder	587
27	AG-7 Cutting	1236
28	2 Ton x12 mtr Chainpully Block	2
29	3 ton x12 mtr Chainpully Block	2
30	1 Ton x 12 mtr Chainpully Block	2
31	75mm Index Hammering ring spanner	2
32	Wire Rope 12mm dia	2
33	Wire Rope 14mm dia	2
34	Wire Rope 16mm dia	2
35	Wire Rope 20mm dia	2





36	Wire Rope 28mm dia	2
37	Bottle Screw 1-1/" dia	6
38	Pulley Block 2.5T SWL	6
39	Pulley Block 5T SWL	4
40	Triple sheave 10T SWL	2
41	Wire Rope Clamp	60
42	Polyester Flat Belt Sling 50mm	4
43	Polyester Flat Belt Sling 75mm	6
44	Polyester Flat Belt Sling 125mm	6
45	D Shackle 9.5T SWL	6
46	D Shackle 3.25T SWL	6
47	D Shackle 4.75T SWL	6
48	P.P Rope (3 STR)	14.5
49	Wire Rope 20mm dia 3mtr long 5T SWL	4
50	Wire Rope 20mm dia 1.5mtr long 5T SWL	4
51	Wire Rope 26mm dia 3mtr long 8T SWL	4
52	Wire Rope 26mm dia 6mtr long 8T SWL	4
53	Hand Winch 5T capacity with handles	1
54	Wire Ropes	250
55	Polyester Flat Belt - 25mm width, 1T, 1mtr long	4
56	Polyester Flat Belt - 50mm width, 2T, 2mtr long	4
57	Polyester Flat Belt - 75mm width, 3T, 5mtr long	4
58	Polyester Flat Belt - 125mm width, 5T, 5mtr long	8
59	Polyester Flat Belt - 250mm width, 10T, 5mtr long	4
60	10 ton x 6 mtr Chainpully Block	112
61	Hammer Drilling Machine	1
62	Plasma Cutting Machine	1
63	Multiple & Single Sleeve Pully Block	100
64	Hydraulic Jack up to 100 MT	25
65	Max Pullar	5
66	Cutting Sets	155
67	Argon Set with High Frequency Unit	100
68	Hacksaw Cutting Machine	1
69	Buffing Machine	12
70	Office and Store Container	12
71	Welder Tool Kit	500
72	Fitter / Fabricator Tool Kit	500
73	Lifting Tool	Lot For 100 Gang
74	Holiday tester	1
75	Welder Tool Kit	500
76	Holiday tester	1

Our Company proposes to purchase various machines and equipments from the Issue Proceeds. For details of the same please refer the section titled *“Objects of the Issue”* beginning on page 64 of this RHP.

### **Infrastructure Facilities**

The details of the currently available infrastructure, utilities and other facilities are as follows:

#### **i. Head office**

The Company owned its head office admeasuring 975 Sq. Ft. Built up Premises at 507, “B” Wing, Sai Sangam, Sector 15, CBD Belapur (E), Navi Mumbai – 400614, Maharashtra.

#### **ii. Raw Materials**

Fabrication and erection form a significant portion of work which is carried out at the various sites. The fabrication requires raw materials like steel, pipes and fittings along with a range of consumables like electrodes, gases etc. Buildings and civil works requires cement, steel and other construction materials. Our Company procures all the aforesaid raw materials from approved vendors and suppliers and in accordance with contract requirements. We have no specific agreement / understanding with any suppliers for raw materials and place orders as per the requirement. Purchase of major raw materials is centralized while consumables are purchased at site.

#### **iii. Power, Fuel, Water and Other Utilities**

Power, Fuel and other utilities are provided by the Company or client, at the Site of the Project.

#### **iv. Manpower**

As on December 31st, 2011 the Company had employed 405 personnel, details of whom are as under:

<b>Category</b>	<b>Company</b>	<b>Sub-Contractor</b>	<b>Total</b>
Senior Management	12	-	12
Skilled Managerial Staff	10	12	22
Semi-Skilled Staff	12	34	46
Skilled Labor	-	130	130
Unskilled Labor	-	195	195
<b>Total</b>	<b>34</b>	<b>371</b>	<b>405</b>

Our employees are located at our offices and various project sites across the country to cater to the specific requirements of our clients based in different geographical areas. Our success depends upon our ability to recruit, train and retain high quality professionals. We have not experienced any significant industrial or employee related disputes till date.

### **Our Range of Services**

Our Company specializes in meeting specific requirements of customers and offers complete EPC solutions. The different kind of Services by the Company includes the following. The Services varies depending on its sector and work. The services provided by the company include but are not limited to the following:

- Design, Supply Fabrication & Erection of all type of EPC Jobs, includes IBR /Alloy Steel/HDPE/PP/PVC/GI/Glass Lined Piping.
- Fabrication and Erection of Storage Tanks, Chimney, SILO, etc.
- Erection and Alignment of Equipments – Static and Rotary.
- Fabrication and Erection of Heavy/Light Structural Steel.
- Pharmaceuticals – Turnkey Projects.
- AC Plant Projects.
- Fire Fighting Turnkey Projects.
- Civil Jobs like Land Development and Industrial/Commercial Infra Projects.

### **Details of Projects executed by the company**

Some of the major orders executed in various sectors are displayed below:

<b>Sector / Client</b>	<b>Brief Description of Work/Service Provided</b>	<b>Order Amount (₹ in Lacs)</b>
<b>(i) Oil &amp; Refineries</b>		
Deepak Fertilizers & Petrochemicals Corporation Ltd.	Various works including Mechanical Works for Integration Projects including but not limited to Equipment erection, unloading of all types of equipments, erection of static equipments, transportation to the location shown in equipment layout, plot plans, loading, unloading, assembly, wherever direct installation and their respective places.	400.00
Rashtriya Chemicals & Fertilizers Ltd.	Various Works including Fabrication, Erection and Dismantling of Piping and Pipe Fittings, Supports, Patch Welding and Seam Welding of various non IBR jobs.	6.00
Chennai Petroleum Corporation Ltd	Various Works including Fabrication and erection of 10 MT of Structural steel and installation of equipment and wrapping coating at the Project site	10.19
Indian Farmers Fertilizers Co. op. Ltd	Various Works including Supply, Erection and Dismantling of piping, Installation of structural and Testing of Fire Hydrant System including excavation & backfilling of (soft) soil with appropriate cathodic protection for complete pipeline.	15.45
Lubrizol India Ltd	Various Works including Mechanical-installation, fabrication, erection & piping work, Dismantling Loading, shifting & unloading of Tanks & Equipment.	9.74
ONGC	Various Works including includes Maintenance & Hydro testing of vessels, columns, fitters, tanks, pits and sumps of cooling tower during shutdown of the plant at Uran	17.30
Reliance Petroleum Ltd	Above ground sleeper piping and structural fabrication and erection work	111.32
National Fertilizers Ltd.	Various Works including ARC mechanical maintenance, fabrication and erection of Structural steel and installation of equipment at the Project site	35.17
<b>(ii) Power</b>		
Thermax Instrumentation Ltd.	Various Works including 1*4.7 MW Captive Power Plant at Sona Alloys Pvt. Ltd. including but not limited to Fabrication, Erection, and Assistance for Commissioning and Testing of Mechanical Equipment and Fabrication and Erection of DM tank and Chimney.	46.00
Thermax Engineering	Various Works including Unloading, Physical Verification,	47.00

Sector / Client	Brief Description of Work/Service Provided	Order Amount (₹ in Lacs)
Construction Co. Ltd.	Preparation of materials, Receipt Report, Storing/Stacking, In-plant Transportation of all Erection Materials and Erection and assistance during commissioning of 1*44.6 TPH, 42 bar(G), 345 Deg. C., FM boiler at M/s Deepak Fertilizers, Taloja Plant, Maharashtra.	
Fuji Technical Services Ltd.	Various Works including but not limited to Dismantling packing loading, unloading unpacking & erection of 1*6.3 MW mirrless Blackstone D.G. set along with auxiliaries, piping, cabling, ducting, chimney & electrical panels from M/s Vasvadatta cement, sedam to M/s. Hindustan heavy chemicals. Calcutta.	18.50
Wartsila NSD India Ltd.	Various Works including Supply, Erection, Testing and Commissioning of 1*18 V32LN DG Set & associated auxiliaries/ accessories and piping at Krishna Knitwear, Bhilad, Gujarat.	14.97
Gujarat Fluorochemicals Ltd.	Various Works including but not limited to Supply, Fabrication, Erection of steel chimney and Dismantling of Piping and Pipe Fittings, Supports, Patch Welding, Seam Welding of various non, Testing and IBR jobs for our 30 MW captive power plant at our Dahej site.	72.30
Thermax Engineering Construction Co. Ltd	Various Works including Unloading, Physical Verification, Preparation of materials, Receipt Report, Storing/Stacking, In-plant Transportation of all Erection Materials and Erection and assistance during commissioning of 1*95 TPH, 87 kg/cm <sup>2</sup> , 515 Deg. C., TG boiler at M/s D. Y. Patil SSK Ltd. Kolhapur, Maharashtra.	133.00
BLA Power Ltd.	Various Works including engineering, procurement, manufacturing, supply, testing, packing, forwarding, transit insurance, transport, unloading at sight, storing and handling at sight, fabrication, erection, testing and commissioning of large diameter (LD) piping and non IBR piping at Village Niwari, Gadarwara (M.P).	270.00
M. E. Energy Pvt. Ltd.	Various Works including Labour Charges for Erection and Commissioning of HRSG Boiler with all accessories in Maharashtra.	42.00
<b>(iii) Textiles</b>		
Mandhana Weaving House	Various Works including Supply, Erection, Testing and Commissioning and Fire Fighting and Protection Systems of for their shirting division at Plot No. C-2, MIDC, Tarapur, Maharashtra.	21.00
Indo Rama Synthetics (I) Ltd.	Various Works including Supply, Installation and Testing of Fire Hydrant System for approx. piping length of 3900 Mtrs including excavation & backfilling of (soft) soil with appropriate cathodic protection for complete pipeline.	96.54
Reliance Industries Ltd	Above ground sleeper piping and structural fabrication and erection work	53.76
<b>(iv) Steel</b>		
Sona Alloys Pvt. Ltd.	Various Works including Supply, Fabrication, Erection of structures, Fittings, Supports, Patch Welding, Seam Welding jobs and erection of static equipments,	50.00

Sector / Client	Brief Description of Work/Service Provided	Order Amount (₹ in Lacs)
	transportation to the location shown in equipment layout, plot plans, loading, unloading, assembly, wherever direct installation and their respective places at our Lonad project site. and it also includes Supply and Application of Coat of Primer and Synthetic Enamel paint on items likes pipes, structures etc.	
<b>(v) Air Conditioning &amp; Refrigeration</b>		
Luwa Ltd	Various Works including work related with installment & commissioning of AHUs and movement of equipment from container to unit site at Raigad. Maharashtra.	12.78
<b>(vi) Petro-Chemicals</b>		
Gharda Chemicals Ltd	Various Works including but not limited to Fabrication, Erection and Dismantling of Piping and Pipe Fittings, Supports, Patch Welding, Seam Welding of various non IBR jobs and erection of static equipments, transportation to the location shown in equipment layout, plot plans, loading, unloading, assembly, wherever direct installation and their respective places at our Panoli project site.	23.74
Herdillia Chemicals Ltd.	Various Works including Erection/Installation, Testing, Flushing, Blowing and Cleaning and Commissioning for Utility Pipe Work, installation of equipment at the Project site.	1.70
Monsanto Chemicals Ltd.	Various Works including Designing, Engineering supply, Fabrication of S.S. Tanks, piping, civil work along with connected Electrical and Instrumentation job at our Silvassa Project	44.85
Sabero Organic Gujarat Ltd.	Various Works including Erection and Fabrication piping, Structural steel and installation of equipment at the Project site at Sarigam, Gujarat	16.28
Roham & Hass (I) Ltd.	Various Works including civil, structural & miscellaneous mechanical activities for piping, equipment erection/dismantling, structural steel supply/erection and installation(hot and cold) jobs of the project	40.50
I G Petrochemical Ltd.	Various Works including but not limited to Fabrication, Erection and Dismantling of Piping and Pipe Fittings, Supports, Patch Welding, Seam Welding of various non IBR jobs and erection of static equipments, transportation to the location shown in equipment layout, plot plans, loading, unloading, assembly, wherever direct installation and their respective places at our project site.	622.09
Reliance Industries Ltd.	Various Works including Erection and Fabrication piping, Structural steel and installation of equipment at the Hazira Project site.	53.76
Albright & Wilson Chemicals Ltd.	Various Works including supply of pipes, pipe fittings, valves, structural steel, insulation and painting materials.	506.41
GFL	Various Works including but not limited to Supply, Fabrication, Erection of steel chimney and Dismantling of Piping and Pipe Fittings, Supports, Patch Welding, Seam Welding of various non, Testing and IBR jobs for our 30 MW captive power plant at our Dahej site.	32.98

Sector / Client	Brief Description of Work/Service Provided	Order Amount (₹ in Lacs)
<b>(vii) Pharmaceuticals, Food and Beverages</b>		
Hikal Ltd.	Various Works including fabrication, erection of boiler chimney (40 Mtr. height) and connected ducting in TBZ Project-Taloja plant.  Mechanical erection and modification related jobs at TBZ project site: 1. Carbon Steel-All type: 28000 inch meter 2. Stainless steel piping: 16500 inch meter 3. HDPE piping:6200 inch meter 4. Carbon Steel all piping erection: 5600 inch meter 5.Equipement erection: 160 MT 6. Structural Steel Fabrication: 220 MT	104.00
Atul Ltd.	Mechanical Works for Integration Projects including but not limited to Fabrication of piping, Equipment erection, unloading of all types of equipments, erection of static equipments, transportation to the location shown in equipment layout, plot plans, loading, unloading, assembly, wherever direct installation and their respective places.	3.00
Hindustan Latex Ltd.	Various Works including supply, fabrication & erection of structural / Mechanical/ Piping work for Bulk Drug project at Kanagala, Belgaum, Karnataka	36.19
Rexam HTW Beverage Can (I) Pvt. Ltd.	Various Works including supply, fabrication & erection of duct for conveyors and spray extraction.	9.44
Hindustan Tin Works Ltd.	Various Works including supply, fabrication & erection of structural steel of DM Water Tank and overhead of water tank.	5.20
<b>(viii) Others</b>		
Jawaharlal Nehru Port Trust	Various Works including replacement of damaged terrace and garage doors at JNP township.	46.18
Float glass (I) Ltd.	Various Works including fabrication, erection of structural steel, sheeting and other miscellaneous jobs of approx. 500 MT.	50.00
Punj Lloyd Ltd.	Various Works including fabrication and erection of 255 MT of structural plant and pipe rack job.	50.00
Durabuild Ltd.	Various Works including supply of pipes, pipe fittings, valves, structural steel, insulation and painting materials.	33.13
Kvaerner Powergas (I) Ltd.	Various Works including fabrication, erection of all types of piping equipment erection, structural steel fabrication /erection, of 40 M height chimney and connected Boiler duct fabrication and erection.	9.20
Hi-tech Carbon – Birla Ltd. (Aditya Nuvo- Birla Carbon)	Various Works including fabrication and erection of piping and piping equipment.	215.00

*Note: None of the above-mentioned clients/contracts are sub-contracted jobs from third parties. Wherever, the job is a sub-contract, we have written the name of the party which has finally contracted the job to us as "Client" and hence, that entity is the direct client for us.*

### Exports and Export Obligations

We do not have any exports or export obligations as on date of this RHP.

### Immovable Properties

We own and lease certain properties for corporate operations and project development activities. The brief details of the properties owned / leased by us for our business purposes currently are set out below:

Description	Owned / Leased	Name of Sellers / Lessee	Agreement Details	Purpose
Premises at 507, Sai Sangam, Sector-15, CBD Belapur (East), Navi Mumbai, Maharashtra.  Measuring Area: 975 Sq. ft.	Owned	Super Construction Company, Indian Partnership Act, 1932.	Registered Sale Deed No. TNN 6-2045-2003  Dated : 04-03-2003	Office Premises

### Intellectual Properties

#### *Trademarks and Logo Registrations:*

We have applied for registration of our Company's logo and trademark (TM-1) under Class 37 of the Act, at the office of Registrar of the Trademark, Mumbai, Maharashtra on 02/06/2011 and the application number is 2153710. The application is currently pending for approval. The logo applied for registration is displayed below:



#### **Quality Certification:**

Issuing Body	Date of Certification	Date of Expiry	Certificate	Description
Guardian Independent Certification (India)	May 24, 2011	May 23, 2014	ISO 9001:2008	Certificate approving that the Management System of VKSPL was audited and found to be in accordance with the requirements of ISO 9001:2008.
Guardian Independent Certification (India)	August 03, 2011	August 02, 2014	ISO 14001:2004	Certificate approving that the Management System of VKSPL was audited and found to be in accordance with the requirements of ISO 14001:2004





Guardian Independent Certification (India)	August 08, 2011	August 07, 2014	OHSAS 18001:2007	Certificate approving that the Management System of VKSPL was audited and found to be in accordance with the requirements of OHSAS 18001:2007
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### **Competition**

The EPC industry is highly fragmented with large number of players operating in an unorganized sector and a few of them in the organized sector. The EPC industry is quite competitive. The award of contracts depends on successfully bidding the tenders. The tendering involves two-tier process. Firstly, the prospective bidders have to qualify technically. Only after qualifying the technical bid, the prospective bidders can participate in financial bid. Further, the key success factor in qualifying the financial bid is cost competitiveness and our Company has been able to sustain in the competition due to its competitive financial strength and low overheads. Our competition depends on whether the project is in the civil construction sector or the infrastructure sector. It also depends on a host of other factors, such as the type of project, contract value and potential margins, the complexity and location of the project, the reputation of the client and the risks relating to revenue generation.

Due to industry's fragmented nature, there is no authentic data available to our Company on total industry size and markets share of our Company vis-a-vis the competitors. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key parameters in the client's decisions matrix in the award contracts, price is often the deciding factor in most tender awards.

## Insurance

We maintain comprehensive insurance covering our assets and operations at certain levels, which we believe to be appropriate. Our Company has the following insurance policies as on date:

Name of Insurance Company	Policy Number	Period		Location	Details	Sum Insured (Amount in ₹)	Premium (Amount in ₹)
		Begin Date	End Date				
The New India Assurance Company Limited	170400361 201000000 74	31/05/2012	29/06/2012	For the site of M/s. BLA Power Pvt. Ltd., Newari Post Gadarwara, M.P.	Workman Compensation Policy - Insurance for a Total of 40 persons - Liability Insurance for Mechanical engineers and contractors	N.A	7839
The New India Assurance Company Limited	170400361 201000000 73	30/05/2012	29/06/2012	For the site of M/s. Deepak Fertilizers and Petrochemicals Ltd., Plot No. K-1, MIDC, Taloja.	Workman Compensation Policy - Insurance for a Total of 15 persons - Liability Insurance for Mechanical engineers and contractors	N.A.	4263
The New India Assurance Company Limited	170400361 201000000 32	30/05/2012	29/06/2012	For the site of M/s. Reliance Gas Transport Infrastructure Ltd.	Workman Compensation Policy - Insurance for a Total of 15 persons - Liability Insurance for Mechanical engineers and contractors	N.A.	4899

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materializes. Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

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## **Health, Safety and Environment**

We are committed towards the accepted best practices and comply with applicable health, safety and environmental legislations and other requirements in our operations in different jurisdictions of the country. To ensure effective implementation of our practices, at every project all hazards are identified at the beginning of our work on the project, associated risks are evaluated and controls and methods instituted, implemented and monitored. We strongly encourage the adoption of occupational health and safety procedures as an integral part of our operations. We have also demonstrated our commitment to protecting the environment by minimizing pollution, waste and optimizing fuel consumption towards continual improvement of its environmental performance.

## KEY INDUSTRY REGULATIONS & POLICIES

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

### ***General***

We are EPC Contractors engaged in the business of undertaking Mechanical and Infrastructure Construction EPC Contracts. We cater to various sectors which include oil and refineries, textile, petrochemicals pharmaceutical, food and beverages, power, steel, air conditioning and refrigeration, glass, port and other industries. For further details please refer to our Chapter "*Business Overview*" on page 99 of this RHP.

### ***Foreign Ownership***

Under the Industrial Policy, FEMA, Consolidated FDI Policy dated April 1<sup>st</sup>, 2012 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry does not prescribe any cap on the foreign investments in the sectors in which the Company operates. Therefore foreign investment up to 100% is permitted in the Company under the automatic route. No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Issue. Our Company will be required to make certain filings with the RBI after the completion of the Issue.

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

### ***Labour, Environment, Intellectual Property and Tax Related Regulations***

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

1. Contract Labour (Regulation and Abolition) Act, 1970;
2. Payment of Wages Act, 1936;
3. Payment of Bonus Act, 1965;
4. Employees' State Insurance Act, 1948;
5. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
6. Payment of Gratuity Act, 1972;
7. Bombay Shops and Commercial Establishments Acts, 1948;
8. Minimum Wages Act, 1948;
9. Workmen's Compensation Act, 1923;
10. Maternity Benefit Act 1951;
11. Equal Remuneration Act 1979;
12. Central Excise Act, 1944;
13. Central Sales Tax Act, 1956;
14. Finance Act, 1994;
15. Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975;
16. Environment Protection Act, 1986;
17. Water (Prevention and Control of Pollution) Act, 1974;
18. Air (Prevention and Control of Pollution) Act, 1981; and
19. Trade Marks Act, 1999.

## ***Labour Regulations***

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

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour and to every contractor who employs or who employed on any day of the preceding 12 months, 20 or more workmen. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, a contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. A "Contractor" has been defined as "in relation to an establishment, means a person who undertakes to produce a given result for the establishment, other than a mere supply of goods or articles of manufacture to such establishment, through contract labour for any work of the establishment and includes a sub contractor".

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

### **2. Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 ("PWA") ensures that wages are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer. The PWA makes provisions regarding the date by which wages are to be paid, when it will be paid and what deductions can be made from the wages of the workers.

### **3. Payment of Bonus Act, 1965**

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

### **4. Employees State Insurance Act, 1948**

The Employees State Insurance Act, 1948 ("ESIA") aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA. Under the ESIA, every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to ₹ 15,000/- per month is entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee

State Insurance Corporation. Currently, the employee's contribution rate is 1.75% of the wages and that of employer's is 4.75% of the wages paid/payable in respect of the employee in every wage period. The ESIA states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

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

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to provide provident funds for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees' Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees' Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The employer and the employee each are required to contribute 10% of the basic wages to the Fund. The EPFA prescribes penalties for avoiding payments required to be made under the above-mentioned schemes.

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

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

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

The employee shall be paid gratuity at the rate of fifteen days wages based on the rate of wages last drawn for every completed year of service or part thereof in excess of six months. The amount of gratuity payable to an employee shall not exceed ₹ 10, 00, 000/-

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

#### **7. The Bombay Shops and Establishment Act, 1948**

Bombay Shops and Establishment Act, 1948 ("BSEA") was enacted with the objective to consolidate and amend the law relating to the regulation of conditions of work and employment in shops, commercial establishments, residential hotels, restaurant, eating houses, theaters, other places of public amusement or entertainment and other establishment. There are different legislations applicable in the states in which establishments are set up. The BSEA is only applicable in the state of Maharashtra. Every Establishment is required to register itself under the BSEA and is required to renew the same every year. Penalty for non-registration is stipulated in the BSEA. BSEA also regulates the working and employment conditions of the workers employed in shops and establishments including commercial establishments

and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. The Shops and Establishment Act is a State specific legislation and each State has framed its own rules for the Act. Every establishment in a State needs to register itself with the Shops and Establishment Act applicable for that particular State.

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

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

#### **9. Workmen’s Compensation Act, 1923**

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

#### **10. Maternity Benefit Act, 1951**

The Maternity Benefit Act, 1951 (“MBA”) provides for leave and some other benefits to women employees in case of confinement or miscarriage etc. The MBA regulated the employment of women in certain establishment for certain periods before and after childbirth and to provide for maternity and certain other benefits.

#### **11. Equal Remuneration Act, 1979**

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

### ***Tax Related Regulations***

#### **12. Central Excise Act, 1944**

Excise duty is levied on the manufacture or production of goods in India and is collected at the time of removal of the goods from the place where they are manufactured or produced. It is levied under the provisions of the Central Excise Act, 1944 and is generally paid on the transaction value of the goods at the rates mentioned in the Central Excise Tariff Act, 1985 (“Tariff Act”). The rate of excise duty depends on the classification of the goods in the Tariff Act. However, the Government has the power to declare exemptions from the whole or a part of the excise duty chargeable. In addition location based incentives have also been specified by the Government.



### **13. Central Sales Tax Act, 1956**

Sales tax is levied on the sale of movable property in goods. In India, sales tax is levied both at the federal level under the Central Sales Tax Act, 1956 as well as the state level under the respective state legislation. Goods sold within the jurisdiction of the state are charged to Value Added Tax ("VAT") in accordance with the VAT statute of that state. All the states have in force a separate VAT statute which prescribes the rates at which VAT will be levied on taxable goods sold within that state. VAT is usually payable by a 'dealer' of goods (i.e. a person who carries on the business of selling or purchasing goods within a state) on its sales turnover.

Depending on the schedule in which a good is categorized, VAT would be either exempt or levied at the rate of 1%, 4%, 12.5% or such other rate as the State Government notifies from time to time.

Central Sales Tax ("CST") is levied in accordance with the Central Sales Tax Act, 1956 on movable goods sold in the course of inter-state trade or commerce. CST is payable by a dealer (i.e. a person who carries on the business of buying, selling, supplying or distributing goods) on his sales turnover at the rate prescribed in the VAT statute of the State from where the movement of the goods originate. However, a dealer is entitled to a concessional rate of 2% CST on goods which are sold to another registered dealer who intends to further re-sell them or use them in the manufacture or processing for further sale or for certain other specified purposes, subject to the condition that purchasing dealer issue a statutory Form "C" to the selling dealer.

### **14. Finance Act, 1994**

Service tax is levied under the Finance Act, 1994, as amended, wherein tax is levied on certain identified services rendered in India by specified service providers. Currently, for the financial year 2012-13, the service tax is levied at the rate 12.36% (an education cess of 2% and a secondary and higher education cess at the rate 1%). Therefore, the effective rate is 12.36% on gross value of taxable services. With respect to upstream activities, relevant taxable services include site formation and clearance, and excavation, earth moving and demolition services, survey and exploration of mineral services and mining services.

### **15. Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Indian Constitution. The professional taxes are classified under various tax slabs in India. The State of Maharashtra has its own professional tax structure and tax will be levied on every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in state is liable to pay the profession tax at the specified rate provided that no tax shall be payable by the person who have attained sixty five years of age and handicapped person with more than 40% disability or parent of a physically disabled or mentally retarded child. The tax payable in this Act by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

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## ***Environment Related Laws***

### **16. Environment Protection Act, 1986**

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

### **17. Water (Prevention and Control of Pollution) Act, 1974**

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

### **18. Air (Prevention and Control of Pollution) Act, 1981**

Our Company is required to obtain consent under the Air (Prevention and Control of Pollution) Act, 1981 for establishing and operating industrial plant.

## ***Intellectual Property Regulation***

### **19. Trade Marks Act, 1999**

The Trade Marks Act governs the statutory protection of trademarks in India. Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trademarks is absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.



## HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated on February 17, 1998 under the Companies Act, 1956 as 'Chaitanya Contractors & Engineers Private Limited' and received its Certificate of Incorporation from the Registrar of Companies, Maharashtra. Further company changed its name from 'Chaitanya Contractors & Engineers Private Limited' to 'VKS Projects Private Limited' and received its Certificate of Name Change dated August 31, 2007 from the Registrar of Companies, Maharashtra and later on converted into Limited Company dated November 3<sup>rd</sup>, 2010 and received its Certificate of Incorporation consequent upon change of Name on Conversion to Public Company from the Registrar of Companies, Maharashtra. The Registered Office of the Company is situated at 507, 'B' Wing, Sai Sangam, Sector 15, CBD Belapur East, Navi Mumbai-400614, Maharashtra. The Corporate Identity Number of the Company is U74210MH1998PLC113596.

The initial promoters and directors of the company are Dr. V.K. Sukumaran and Mr. K. Unnikrishnan. The shares of Mr. Unnikrishnan and family were transferred to Dr. Saritha Sukumaran in 2005 and she was also subsequently inducted on our board of directors then.

We are EPC Contractors engaged in the business of undertaking Mechanical and Infrastructure Construction based EPC Contracts. We cater to various sectors which include oil and refineries, textile, petro-chemicals pharmaceutical, food and beverages, power, steel, air conditioning and refrigeration, glass, port and other industries.

Our Management Systems have been certified to be in compliance with ISO 9001:2008 by Guardian Independent Certification (I) Pvt. Ltd. Also, the quality of products engineered by us are approved and certified by large engineering and infrastructure companies such as Guardian Independent Certification (I) Pvt. Ltd. and Moody International Certification Ltd.

The company currently is a closely held company with 7 shareholders as on the date of this RHP.

Some of our competitors in the market are Sunil Hitech Engineers Ltd., Offshore Infrastructure Ltd, Onshore Construction Ltd, Nitin fire Ltd, Supreme Engineering Services Pvt. Ltd, Thermax Engineering Construction limited, Larsen & Turbo, Punj Lloyd, Deepak Fertilizer & petrochemicals Corporation, Technofab Engineering Limited, and McNally Engineering Limited.

For further details please refer to our Chapter "*Business Overview*" on page 99 of this RHP.

### **Main Objects of the Company:**

The main objects of the Company are as follows:

- *To carry on the business of Engineering Contractors, Consulting Engineering , Architect & Designing, fabrication engineering, Moulders, mechanicals engineering, electrical engineering and also to carry on the above in connection with construction of building, factory, roadway, irrigation, cannels construction , field channel construction, bridges, thermal projects , power house sector and all such allied jobs , works and contracts.*
- *To carry on business of general and government contractors and suppliers.*

### **Changes in Registered Office of the Company**

Pursuant to a resolution passed at the Board Meeting of the Company held on November 25<sup>th</sup> , 2002 we have shifted our registered office from 27, Sai Chambers, 1<sup>st</sup> Floor, Sector-11, opp. Railway station, CBD



Belapur, Navi Mumbai- 400 614, Maharashtra to the current office address of 507, 'B' Wing, Sai Sangam, Sector 15, CBD Belapur East, Navi Mumbai-400614, Maharashtra.

### Amendments to the Memorandum of Association

Dates on which some of the main clauses of the Memorandum of Association of the Company have been changed citing the details of amendment as under:

Date	Nature of Amendment
August 31 <sup>st</sup> , 2007	Company changed its Name from 'Chaitanya Contractors & Engineers Private Limited' to 'VKS Projects Private Limited'.
May 28 <sup>th</sup> , 2009	Increase in Authorized Capital from ₹ 5,00,000 to ₹ 55,00,000
November 3 <sup>rd</sup> , 2010	Conversion from 'VKS Projects Private Limited' to 'VKS Projects Limited'
November 29 <sup>th</sup> , 2010	Increase in Authorized Capital from ₹ 55,00,000 to ₹ 7,00,00,000
March 19 <sup>th</sup> , 2011	Increase in Authorized Capital from ₹ 7,00,00,000 to ₹ 14,00,00,000
March 30 <sup>th</sup> , 2012	Increase in Authorized Capital from ₹ 14,00,00,000 to ₹ 20,00,00,000

### Major events in the History of the Company:

Year	Major Event
1998	Company incorporated as a Private Limited Company
1999	Secured first contract for power sector Project from Wartsila NSD India Limited
2000	Secured first contract for port sector Project from JNPT
2001	Secured first contract for Petrochemical sector from Gharda Chemicals Limited
2002	Company shifted to CBD Belapur in our own office
2003	Secured first contract for Pharmaceutical sector from Hindustan Latex Limited
2007	Company Changed its Name from Chaitanya Contractors & Engineers Pvt. Ltd. to VKS Projects Pvt. Ltd.
2008	Received first ISO certification 9001:2000 Issue date – 23/1/2008, exp dt. – 22/01/2011
2009	Secured first contract for Steel sector from Sona Alloys Ltd.
2010	Received sanction of Working Capital Facilities from State Bank of India
2010	Company was converted to Public Limited from Private Limited
2011	Received renewal certificate of ISO certificate 9001-2008 and valid upto 23/5/2014
2011	Received ISO certification 14001:2004 Issue date - 3/8/2011, Exp date – 2/8/2014
2011	Received OHSAS certification 18001:2007 Issue date – 8/8/2011, Exp date – 7/8/2014

### Subsidiaries of the Issuer Company

We have no Subsidiary Company, as on date.

### Shareholders' Agreement

There are no Shareholders' Agreements existing as on date.

**Other Agreements**

Except the contracts/agreements mentioned below and those entered in the ordinary course of the business carried on or intended to be carried on by VKSPL, we have not entered into any other agreement/contract:

**Financial Partners**

There are no financial partnership agreements entered into by the Company.

**Strategic Partners**

There are no strategic partnership agreements entered into by the Company.



## OUR MANAGEMENT

### Board of Directors

Our Company currently has 5 directors on its Board. As per our Articles of Association we are required to have not less than 3 directors and not more than 12 directors.

The following table sets forth the details regarding our Board of Directors as on the date this RHP:

Name, Fathers Name, Address, Nationality & Age	Designation	Occupation, DIN & Qualification	Other Directorships
<b>Dr. V. K. Sukumaran</b> S/o Mr. Valiyaveddu Krishnankutty B-106, Maharani CHS, Plot 62, Sector 17, Vashi, Navi Mumbai-400703 Nationality: Indian Age: 46 Years	Managing Director	DIN: 01097429 Occupation: Business Qualification: B. Tech, M. Phil, PhD	VKS Edserve Pvt. Ltd. VKS Healthcare Pvt. Ltd.
<b>Dr. Saritha Sukumaran</b> W/o Mr. V. K. Sukumaran B-106, Maharani CHS, Plot 62, Sector 17, Vashi, Navi Mumbai-400703 Nationality: Indian Age: 41 Years	Whole Time Director	DIN: 01097600 Occupation: Salaried Executive Qualification: BAMS	VKS Edserve Pvt. Ltd. VKS Healthcare Pvt. Ltd.
<b>Mr. Jaywant Bolaikar</b> S/o Mr. Jaysingh Bolaikar B-601, Safalya Housing Society, Mahaveer Nagar, Near Sankalp Hotel, Kandivali (W), Mumbai-4000067 Maharashtra, India Nationality: Indian Age: 39 Years	Independent Director	DIN: 03312656 Occupation: Consultant Qualification: MBA-finance	NIL

<p><b>Mr. Roy Daniel</b></p> <p>S/o Mr. Geevarghese Daniel</p> <p>A-9, 3-1, Millennium Tower, Sector-09, Sanpada, Navi Mumbai- 400 705 Maharashtra, India</p> <p>Nationality: Indian</p> <p>Age: 42 Years</p>	<p>Independent Director</p>	<p>DIN: 03227659</p> <p>Occupation: Business Consultant</p> <p>Qualification: B.Sc (Maths).</p>	<p>NIL</p>
<p><b>Ms. Mohua Ranendranath Ghosh</b></p> <p>D/o Mr. Ranendranath Ghosh</p> <p>E- 401, New Brahmand Phase VI, Azad Nagar, Off Ghodbunder Road, Thane West, Mumbai 400 607, Maharashtra, India</p> <p>Nationality: Indian</p> <p>Age: 36 Years</p>	<p>Independent Director</p>	<p>DIN: 05265720</p> <p>Occupation: Marketing Consultant</p> <p>Qualification: B. Pharma, PGDBA</p>	<p>NIL</p>

### Important Notes regarding the Board of Directors

- There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management
- There are no service contracts entered into by the Directors with our Company.
- None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the RHP.
- None of the Directors of our Company are / were Directors of listed companies the shares of which have been / were suspended from being traded on BSE and / or NSE at any time during the last 5 years from the date of this Red Herring Prospectus.
- Further, none of the Directors of our Company are / were Directors of listed companies which have been / were delisted from the BSE and/or NSE and/or any other stock exchanges.
- Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.
- None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

### Brief Profile of Directors

- **Dr. VK Sukumaran- Managing Director**



Dr. V K Sukumaran, aged 46 years, is the Managing Director of our Company and is also the principal promoter of the Company. He has to his credit over 24 years of Engineering, Procurement & Construction experience. After successful completion of his B. Tech in Mechanical Engineering (Production) in 1988 and having over a decade of experience in the EPC Contracting Business, in the year 1998 he floated his own Company with a broad and clear vision of creating a design based global EPC contracting Company and has since then been actively involved in evolving the growth strategy for the Company. Having always had an inclination towards research, he pursued his Masters in Philosophy in Renewable energy and achieved a PhD. in green constructions in the year 2011 to reduce global warming through modern Technique in Industrial & Commercial Constructions like reduction of carbon emissions, usage of non commercial energy etc. He is also a life time member in National Safety Council, Institute of Engineers, & other charitable social organizations.

▪ **Dr. Saritha Sukumaran-Whole Time Director**

Dr. Saritha Sukumaran w/o of Dr. V.K. Sukumaran, aged about 41 years, is the Whole Time Director of the Company. A Bachelor in Ayurveda, Medicine and Surgery (BAMS) by qualification, she joined the EPC business of the company in 2005 and is well versed with the nitty-gritty of this sector, and spearheads the day-to-day business operations involved in running of our equipment fabrication and other administrative affairs.

▪ **Mr. Roy Daniel-Independent Director**

Mr. Roy Daniel, s/o of Mr. Geevarghese Daniel, aged about 42 years, is a Non-Executive & Independent Director of the Company. He holds a Bachelor degree in Science. He has worked at Crystal Lace India Ltd. for over 6 years in the Procurement department and is currently a freelance finance consultant.

▪ **Mr. Jaywant Bolaikar-Independent Director**

Mr. Jaywant Bolaikar, S/o Mr. Jaysingh Bolaikar, aged about 39 years, is a Non-Executive & Independent Director of the Company. He has done his Masters in Business Administration (Finance) and has worked with State Bank of India in the Management Cadre as a Credit Manager for around 18 years and is currently a free lance finance consultant.

▪ **Ms. Mohua Ranendranath Ghosh –Independent Director**

Ms. Mohua Ranendranath Ghosh, D/o Ranendranath Ghosh, aged about 36 years, is a Non-Executive & Independent Director of the Company. She holds a post Graduate Diploma in Business Administration (Marketing) and is also a Bachelor in Pharmacy. She has over 11 years of experience in the marketing Field having worked with companies such as Win Medicare India Pvt. Ltd., Mukand Engineers Ltd, Cognizant Technology Solutions Ltd., Coronet Estate Pvt. Ltd., Germen Pharmaceuticals Ltd., Lloyds Laboratories Pvt. Ltd. and is currently a free lance Marketing Consultant.

**Details of the Current Term of Directors**

Name of the Director	Date of Commencement of current term	Date of expiry of current Term
Dr. V.K. Sukumaran	04/11/2010	03/11/2013
Dr. Saritha Sukumaran	04/11/2010	03/11/2013
Mr. Roy Daniel	27/09/2011	Liable to retire by rotation
Mr. Jaywant Bolaikar	27/09/2011	Liable to retire by rotation
Ms. Mohua Ghosh	27/04/2012	Liable to retire by rotation

## **Relationship between the Directors**

Except for Dr. V.K. Sukumaran and Dr. Saritha Sukumaran who are husband and wife and are related with each other, none of the directors of the Company are related to each other.

## **Borrowing Powers of the Board**

The Articles of Association of our Company have empowered the Board of Directors of our Company, from time to time at its discretion, to receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, anybody corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of our Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by our Company (apart from temporary loans obtained from our Company's Bankers in the ordinary course of business) shall not without the consent of our Company in General Meeting exceed ₹ 100 Crores.

The Board of Directors of our Company has power to borrow up to ₹ 100 Crores as per the member's resolution passed in the EGM of our Company held on September 21<sup>st</sup>, 2010.

## **Compensation of Board of Directors**

### **Dr. V.K. Sukumaran**

Dr. V.K. Sukumaran is the Managing Director of the Company.

The compensation package payable to him as resolved in the meeting of the Remuneration Committee held on March 29<sup>th</sup>, 2011 is stated hereunder

#### ***Remuneration:***

Salary: ₹ 30,00,000 Per Annum

Perquisites: As per the provisions of Schedule XIII of the Companies Act, 1956

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Dr. V.K. Sukumaran the remuneration aforesaid shall be the minimum remuneration payable to him.

### **Dr. Saritha Sukumaran**

Dr. Saritha Sukumaran is the Whole Time Director of the Company.

The compensation package payable to him as resolved in the meeting of the Remuneration Committee held on March 29<sup>th</sup>, 2011 is stated hereunder

#### ***Remuneration:***

Salary: ₹ 15,00,000 Per Annum

Perquisites: As per the provisions of Schedule XIII of the Companies Act, 1956

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Dr. Saritha Sukumaran the remuneration aforesaid shall be the minimum remuneration payable to him.

### **Compensation package for the Independent Directors**

As decided in the board meeting held on January 4<sup>th</sup>, 2011 all of the other directors being non-executive directors, shall be paid a sitting fee of ₹ 2,000 for every board meeting as well as every meeting of respective committees attended by them.

### **Compliance with Corporate Governance**

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to Corporate Governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

1. Audit Committee
2. Shareholders/Investor Grievance Committee
3. Remuneration Committee

### **Composition of Board of Directors**

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has Five Directors out of which three are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchanges.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Nature of Directorship</b>
1	Dr. V.K.Sukumaran	Managing Director
2	Dr. Saritha Sukumaran	Whole Time Director
3	Mr. Roy Daniel	Independent Director
4	Mr. Jaywant Bolaikar	Independent Director
5	Ms. Mohua Ghosh	Independent Director

#### **1. Audit Committee**

Our Company has constituted an audit committee, as per the provisions of Section 292A of the Companies Act, 1956. The audit committee was re-constituted on May 16, 2011 and the composition of audit committee consists of two non-executive and independent directors and one executive director as is mentioned under:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1	Mr. Jaywant Bolaikar	Chairman	Independent Non Executive
2	Dr. V. K. Sukumaran	Member	Executive
3	Mr. Roy Daniel	Member	Independent Non Executive

The scope of Audit Committee shall include but shall not be restricted to the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct sufficient and credible.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval , with particular references to;
  - Matters, required to be included in the Director's Responsibility statement be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the Matter to the board.
10. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the following information:
  - The management discussion and analysis of financial condition and results of operations.

- Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.
- Management letters/letters of internal control weaknesses issued by statutory auditors.
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor.

13. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter.

**The Audit Committee enjoys following powers:**

- a. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
- b. To investigate any activity within its terms of reference,
- c. To seek information from any employee
- d. To obtain outside legal or other professional advice, and
- e. To secure attendance of outsiders with relevant expertise if considered necessary.

**The Audit Committee shall mandatorily review the following information:**

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company acts as the Secretary to the Committee.

**Meeting of Audit Committee**

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the

audit committee whichever is greater, but there shall be a minimum of two independent members present.

## 2. Shareholders/ Investor Grievance & Share Transfer Committee

Our Company has constituted a shareholders/investor grievance & Share Transfer committee and the same was approved by a meeting of the Board of Directors held on May 16, 2011 and was re-constituted on April 27, 2012.

Sr. No.	Name of the Director	Designation in committee	Nature of Directorship
1.	Mr. Jaywant Bolaikar	Chairman	Independent Non Executive
2.	Ms. Mohua Ghosh	Member	Independent Non Executive
3.	Dr. V.K. Sukumaran	Member	Executive

**This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:**

- i. Allotment and listing of our shares in future
- ii. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- iii. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- iv. Reference to statutory and regulatory authorities regarding investor grievances;
- v. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- vi. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of our Company acts as the Secretary to the Committee.

## Policy on Disclosures & Internal procedure for prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Dr. V.K. Sukumaran, Managing Director, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

## 3. Remuneration / Compensation Committee

Our Company has re-constituted a remuneration/compensation committee. The re-constitution of the remuneration/compensation committee was approved by a meeting of the Board of Directors held on April 27, 2012.

Sr. No.	Name of the Director	Designation in committee	Nature of Directorship
1.	Mr. Roy Daniel	Chairman	Independent Non Executive
2.	Ms. Mohua Ghosh	Member	Independent Non Executive

3.	Mr. Jaywant Bolaikar	Member	Independent Non Executive
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The remuneration committee has been constituted to recommend/review remuneration of Directors and key managerial personnel based on their performance and defined assessment criteria. The remuneration policy of our Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, this would determine the remuneration packages of the executive directors. It comprises of at least three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

The scope of Remuneration/Compensation Committee shall include but shall not be restricted to the following:

- i. To recommend to the Board, the remuneration packages of the Company's Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- ii. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
- iii. To implement, supervise and administer any share or stock option scheme of the Company;
- iv. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

### Shareholding of Directors

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company.

None of the directors of our Company other than those mentioned below hold any shares in our Company.

Sr. No.	Name of Directors	No. of Shares	% of Pre-Issue Share Capital
1.	Dr. V.K.Sukumaran	48,09,680	60.12%
2.	Dr. Saritha Sukumaran	31,90,000	39.87%
3.	Mr. Roy Daneil	Nil	-
4.	Mr. Jaywant Bolaikar	Nil	-
5.	Ms. Mohua Ghosh	Nil	-
	<b>TOTAL</b>	<b>79,99,680</b>	<b>99.99%</b>

### Interests of Directors

Except as stated in the 'Annexure XVI' of the Auditors Report on page 171 of this RHP, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees thereof as well as to the extent of remuneration and/or reimbursement of

expenses payable to them in accordance with the provisions of the Companies Act and in terms of the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Further, the Articles of Association provide that the directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against directors and officers in their capacity as such, if the indemnified director or officer receives judgment in his favor or is acquitted in such proceeding.

### **Interest as to Property**

We have not entered into any contract, agreements or arrangements during the preceding two years from the date of this RHP in which our directors are directly or indirectly interested and no payments have been made to them in respect of any contracts, agreements or arrangements which are proposed to be made to them.

For further details please refer the section "*Business Overview*" beginning on page 99 of this RHP.

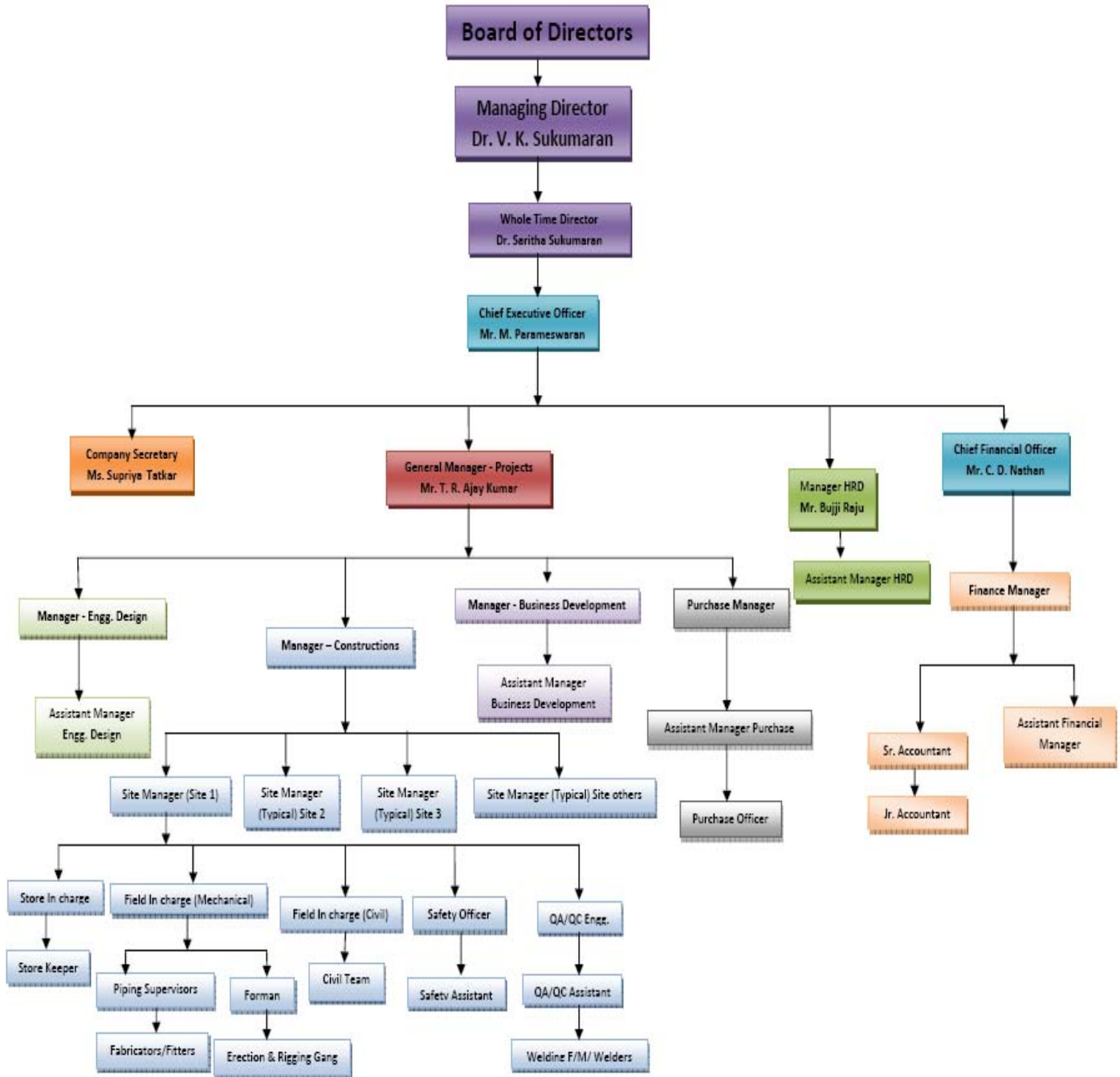
### **Changes in the Board of Directors in the last 3 years**

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

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason for Change</b>
Mr. C D Nathan	20/09/2010	30/03/2011	Resignation
Mr. Roy Daniel	13/10/2010	-	Appointment
Mr. Jaywant Bolaikar	29/03/2011	-	Appointment
Ms. Lakshmi Wasekar	13/05/2011	27/04/2012	Resignation
Ms. Mohua Ghosh	27/04/2012	-	Appointment



## Organisation Chart



### Brief details of our Key Management Personnel

#### Mr. M. Parameswaran

Mr. M. Parameswaran, s/o Late E. Govindan Nair, aged about 64 years, is the Chief Executive Officer of the Company. He holds a Bachelors degree in Commerce from Mumbai University and has completed the International Senior Manager's Program from Harvard University. He has diversified experience in the

professional filed of over 36 years having worked with organizations such as RBI and UTI in various capacities. After taking voluntary retirement from UTI AMC Pvt. Ltd. in 2003, he joined UTI Technology Services Ltd. as CEO and retired in May 2009. He has been the president of Smart Card Forum of India for over 2 years and has been awarded the Maharashtra Ratna in 2004 by Maharashtra Kalaniketan. He has joined the Company on May 01, 2011 and shall be in-charge of the overall operating activities and growth management of the Company.

#### **Mr. C.D. Nathan**

Mr. C.D. Nathan, S/o Late Mr. Devraj Nathan, aged about 56 years, is the Chief Financial Officer of the Company. He holds a Bachelors degree in Commerce from Mumbai University. He has over 34 years of experience in the financial profession and has worked in the Finance Department of M/s. Costain International Ltd, UK for over two decades. He joined our Company as Marketing Manager in the year 1998 and has hands on experience in various departments of the Company and was designated as CFO of the Company in 2007. He was also appointed as a Director by the Company on 20-09-2010. However due to a restructuring of the Company's corporate structure he resigned and was re-designated as CFO of the Company on April 01, 2011. He overlooks various finance department related matters including taxation, fund raisings, reporting systems & procedures etc. The Annual compensation paid to him for the F.Y. ended March 31, 2011 was ₹ 7.00 lacs.

#### **Mr. T. R. Ajaykumar**

Mr. T. R. Ajaykumar S/o T N Ramapoduval, aged about 53 years, is the General Manager - Projects and construction of the Company. He holds a Bachelors degree in Commerce from University of Kerala. He has around 20 years of extensive experience in handling mechanical construction project works, shut down jobs in various process based plants, mechanical/piping jobs etc having worked for companies such as Offshore Welders and Fabricators Pvt. Ltd. and On shore Construction Co. Ltd. for over 10 years prior to joining our Company in 2001. He is responsible for overall project execution, claims and arbitration and has worked with different client like Reliance Infocomm, DAKC, Hindustan Latex Ltd, Deepak Fertilizer & petrochemicals Corporation and many more. The Annual compensation paid to him for the F.Y. ended March 31, 2011 was ₹ 5.50 Lacs.

#### **Mr. C. Bujji Raju**

Mr. C. Bujji Raju, S/o Mr. S.C. Chandra, aged about 33 years, is the HRD Manager of the Company. He has done his graduation in B.Com from University of Mumbai. He holds a Bachelors degree in Commerce from Mumbai University. He was previously employed with Metal Craft Constructions Pvt. Ltd. as Finance Manager and joined our Company in 2005 in an Executive Officer. He was appointed the HRD Manager of the Company in 2007, and currently overlooks the Company's labor related matters and procedures. The Annual compensation paid to him for the F.Y. ended March 31, 2011 was ₹ 2.50 Lacs.

#### **Ms. Supriya Tatkar**

Ms. Supriya Tatkar, d/o Mr. Avinash C. Tatkar, aged about 28 years, is the Company Secretary and Compliance Officer of the Company. She holds a Bachelors degree in Commerce from Mumbai University and is an Associate Member of the Institute of Company Secretaries of India bearing membership number – 29465. She has diversified experience in handling compliances having worked in a listed Company as well as with the Firm of Practicing Company Secretaries. She was appointed as a Company Secretary in our company on January 20, 2012. She is in charge of various compliances and regulatory activities of the Company.

### Shareholding of Key Managerial Personnel

Except Mr. C. Bujji Raju who holds 5 shares of our Company, none of the key managerial persons hold any shares in the Company as on the date of this RHP

### Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have fixed bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

### Relationship of Key Managerial Personnel with the Promoters, Directors and other Key Managerial Personnel

None of the key personnel mentioned above are related to the promoters/directors of our Company. None of our key managerial personnel have been selected pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

### Changes in the Key Managerial Personnel in the last three years:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving
1.	Vinod Annarkar	Company Secretary & Compliance Officer	01/05/2011	20/01/2012
2.	M. Parameswaran	CEO	01/05/2011	-
3.	Supriya Tatkar	Company Secretary & Compliance Officer	20/01/2012	-

### Notes:

- All the key managerial personnel mentioned above are on the payrolls of our Company as the permanent employees.
- The key management personnel mentioned above are not related parties as per the Accounting Standard 18.
- We confirm that the Promoters/Directors of our Company do not have any relationship whatsoever with any of our key managerial personnel.

### Employee Share Purchase and Employee Stock Option Scheme

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

### Payment or Benefit to our Officers


Except for the statutory benefits upon termination of their employment, payment of salaries and yearly bonus, we do not provide any other benefit to our employees.

## OUR PROMOTERS AND PROMOTERS GROUP


### OUR PROMOTERS

Following are certain key details regarding our promoters:

#### Dr. V.K. Sukumaran

	Identification	Details
	Age	46 years
	Qualification	B. Tech, M. Phil, PHD.
	Experience	Over 24 years
	Occupation	Business
	PAN	AJAPS8288D
	Passport No.	E9407197
	Driving License Number	MH43/20110010133
	Voters' ID	N.A.
	Bank Account Number	072010100380089
	Name of Bank & Branch	Axis bank Ltd., Vashi Branch Navi Mumbai
	% of pre-issue share holding in	60.12%
	DIN	01097429

#### Dr. Saritha Sukumaran

	Identification	Details
	Age	41 Years
	Qualification	BAMS
	Experience	Over 11 years
	Occupation	Business
	PAN	AYFPS1523F
	Passport No.	E9406667
	Driving License Number	N.A.
	Voters' ID	N.A.
	Bank Account Number	072010100379991
	Name of Bank & Branch	Axis Bank Limited, Vashi Branch, Navi Mumbai
	% of pre-issue share holding in	39.87%
	DIN	01097600

For detailed profile of our promoter please refer the section "*Our Management*" on page 128 of this RHP.

### Declaration

We confirm that the personal details of our Promoter viz., Permanent Account Number, Bank Account Details and Passport Number have been submitted to the Stock Exchanges, at the time of filing of the DRHP.



We further confirm that, our Promoter has not been declared as willful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoter.

### Interest of Promoters in our Company

Our Company is promoted by Dr. V.K. Sukumaran & Dr. Saritha Sukumaran. At present our Promoters holds 79,99,680 Equity shares of our Company. Our Promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and also to the extent of shares held by their relatives and group companies. Our Promoter may also benefit from holding directorship in our Company.

Further, save and except as stated otherwise in the chapters titled 'Business Overview', 'Our Management' and the section titled 'Financial Statements' beginning on page 99, 128 and 147 respectively, of this Red Hearing Prospectus, and to the extent of Equity Shares held by them, our Promoter does not have any other interests in our Company as on the date of this RHP.

### Payment or benefits to our Promoters during the last two years

Except as stated in the "Annexure XVI" of the "Auditors Report" on page 171 of this Red Hearing Prospectus, there has been no payment or benefits to our Promoter during the last two years from the date of this Red Hearing Prospectus.

### Companies / Firms from which the Promoters has disassociated in last 3 (three) years

Except as disclosed below, our Promoters have not disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of this Red Hearing Prospectus:

#### Dr. V.K. Sukumaran

Name of Company / Firm	Details of Disassociation
VKS Infraprojects Pvt. Ltd.*	Sale of shares and resignation from the Directorship in the company
Chaitanya Contractors and Engineers Pvt. Ltd*	Sale of shares and resignation from the Directorship in the company
Telcon Engineers Pvt. Ltd.**	Resignation from Directorship in the company.
Fire Mount Industries Ltd.**	Resignation from Directorship in the company.

#### Dr. Saritha Sukumaran

Name of Company / Firm	Details of Disassociation
VKS Infraprojects Ltd.*	Sale of shares and resignation from the Directorship in the company
Chaitanya Contractors and Engineers Pvt. Ltd*	Sale of shares and resignation from the Directorship in the company

*\*Dr. V.K. Sukumaran and Dr. Saritha Sukumaran were co-promoters in VKS Infraprojects Pvt. Ltd. and Chaitanya Contractors and Engineers Pvt. Ltd [hereinafter referred to "Disassociated Companies"] in association with Mr. Suresh Babu and Mr. Philip Daniel. Dr. V. K. Sukumaran and Dr. Saritha Sukumaran have sold off their shareholding in VKS Infraprojects Pvt. Ltd. in March 2011 and in Chaitanya Contractors and Engineers in May 2009 to the co-promoters of the Disassociated Companies. Subsequently both of them resigned from the directorship of these companies in March 2011. This was primarily done in order to ensure disassociation from these companies so as to be able to focus on the development and growth of VKS Projects Ltd. and its growing operations. Also, the co-promoters of these disassociated companies,*

namely Mr. Suresh Babu and Mr. Philip Daniel were not otherwise associated with the Promoters or our Company and were not “in concert” with our Company for this IPO and without such disassociation they would have to be included in this RHP as the Group Companies. Hence, our Promoters thought it appropriate to disassociate with these companies totally by selling off their shares to the co-promoters and resigning from the Directorship of these Disassociated Companies.

*\*\*Dr. V.K. Sukumaran was appointed as a Director in Fire Mount Industries Ltd and in Telcon Engineering Pvt. Ltd. in November 2008 and July, 2010 respectively. However he never held any shares in Fire Mount Industries Limited and Telcon Engineering Pvt. Ltd. Vide a meeting of these Disassociated Companies dated 05.03.2011 and 01.04.2011 respectively his resignation was taken on record. This resignation was primarily done in order to ensure disassociation from these companies so as to be able to focus on the development and growth of VKS Projects Ltd and its growing operations.*

### Interest in the property of Company

The promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Red Hearing Prospectus or proposed to be acquired by our Company.

### OUR PROMOTER GROUP

Apart from our Promoter, the following individuals and companies comprise our Promoter Group.

#### a) Natural Persons: Relatives of Promoters

Relationship	Dr. V.K. Sukumaran	Dr. Saritha Sukumaran
Spouse	Dr. Saritha Sukumaran	Dr. V.K. Sukumaran
Father	Mr. Krishnankutty Valiyaveddu	Mr. R. Sahadevan
Mother	Mrs. Kalyani Amma	Mrs. Bharati Sahadevan
Son	N.A	N.A
Daughter	Ms. Amrutashree Sukumaran Ms. Anushree Sukumaran	Ms. Amrutashree Sukumaran Ms. Anushree Sukumaran
Brother	Mr. V.K. Gopalan Kutty	Mr. Sunil Sahadevan
Sister(s)	Mrs. Sarojani Bhaskaran, Mrs. Radha Krishnan Kutty, Mrs. Bhargavi Radhakrishnan, Mrs. Bhagyalaxmi Ramakrishnan, Mrs. Satyabhama Tulsidharan, Late Ms. Devyani Unnikrishnan	N.A

#### b) Companies, Firms and HUFs:

Relationship	Dr. V.K. Sukumaran & Dr. Saritha Sukumaran
Any Company in which 10% or more of the share capital is held by the promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relative is a member	- VKS Edserve Pvt. Ltd. - VKS Healthcare Pvt. Ltd.
Any Company in which a Company mentioned in the above, holds 10% of the total holding	Nil
Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total holding	Nil



c) *Other Persons, Firms or Companies which do not form a part of any of the above relationship criteria's but form a part of Promoter Group.*

Name of Promoter Group Entity	Relationship
NIL	NIL

## DETAILS OF GROUP COMPANIES

### 1. VKS Edserve Pvt. Ltd.

VKS Edserve Pvt. Ltd. was incorporated in Mumbai, vide certificate of incorporation dated March 06, 2012 issued by the Registrar of Companies, Mumbai under the provisions of the Companies Act, 1956. The Company is incorporated with the objects of being involved in the business of providing educational services in various fields of Information Technology, and to provide training facilities, necessary infrastructure and equipment's for developing the requisite skills required in performing Information Technology related services. The company's Corporate Identification Number is U80904MH2012PTC227724.

### Shareholding Pattern

The shareholding pattern of VKS Edserve Pvt. Ltd. as on the date of this RHP is as follows:

Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
Dr. V K Sukumaran	5,000	50%
Dr. Saritha Sukumaran	5,000	50%
<b>Total</b>	<b>10,000</b>	

### Board of Directors

Name of Director	Position
Dr. V K Sukumaran	Promoter Director
Dr. Saritha Sukumaran	Promoter Director

### Financial Performance

Since the company is newly incorporated and has not finished full financial year, no financial data for the same is available.

### 2. VKS Healthcare Pvt. Ltd.

VKS Healthcare Pvt. Ltd. was incorporated in Mumbai, vide certificate of incorporation dated March 13, 2012 issued by the Registrar of Companies, Mumbai under the provisions of the Companies Act, 1956. The Company is incorporated with the objects of being involved in the business of acquiring, establishing and maintaining health care and slimming centers, gymnasiums, massage parlor, body care center, barber shop, beauty parlor, refreshment rooms, mini sports boutique and to provide the services relating to weight loosing and gaining programmes, modern gadgetries and aerobics, yoga techniques for improving health, sauna, stem and Jacuzzi baths for clients. The company's Corporate Identification Number is U85191MH2012PTC228029.





## Shareholding Pattern

The shareholding pattern of VKS Healthcare Pvt. Ltd. as on the date of this RHP is as follows:

Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
Dr. V K Sukumaran	5,000	50%
Dr. Saritha Sukumaran	5,000	50%
<b>Total</b>	<b>10,000</b>	

## Board of Directors

Name of Director	Position
Dr. V K Sukumaran	Promoter Director
Dr. Saritha Sukumaran	Promoter Director

## Financial Performance

Since the company is newly incorporated and has not finished full financial year, no financial data for the same is available.

## Litigation

For details relating to Litigations involving the Promoters and Promoter Group Entities please refer "*Outstanding Litigations and Material Developments*" on page 194 of this RHP.

## Common Pursuits

After the disassociation with all related companies in 2011, currently, there are no material common pursuits.

## Related Party Transactions

Save and except as disclosed in "*Annexure XVI*" of the Auditors Report on page 171 of this RHP, there has been no payment or benefits to our Promoters during the last five years preceding the date of this RHP.





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## **DIVIDEND POLICY**

The Board of Directors of the Company may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the Company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the member's interim dividend if it considers justified by the profits generated by the Company.

We have not declared any dividend since incorporation.



## **SECTION V: FINANCIAL STATEMENTS**

### **AUDITOR'S REPORT**

**To,**  
The Board of Directors,  
**VKS Projects Limited,**  
Navi Mumbai

Dear Sirs,

We have examined the Restated Summary Financial Statements and Other Financial Information of VKS PROJECTS LIMITED (the 'Company') for each of the five financial years ended March 31, 2007, 2008, 2009, 2010, 2011 based on the audited financial statements and for the 9 months ended December 31, 2011 annexed to this report and initialed by us for identification. The said Restated Summary Financial Statements and Other Financial Information have been prepared for the purposes of inclusion in the Red Herring Prospectus / Prospectus (collectively hereinafter referred to as "Offer Document") in connection with the proposed Initial Public Offer ("IPO") of the Company in accordance with the requirements of:

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI'); and the related clarifications issued by the Securities and Exchange Board of India as amended to date;
- (iii) The terms of our letter of engagement dated March 13, 2012 with the Company requesting us to carry out assignment in connection with the Offer Document being issued by the Company for its proposed IPO.

The Restated Summary financial Statements and Other Financial Information have been prepared by the Company and approved by the Board of Directors of the Company.

#### **A. Restated Summary Financial Statements:**

1. We have examined the attached 'Summary financial Statement of Assets and Liabilities, As Restated' (Annexure I) as at March 31, 2007, 2008, 2009, 2010, 2011 and for the 9 months ended December 31, 2011 has been examined and the attached 'Summary Statement of Profits and Losses, As Restated' (Annexure II) and the attached 'Summary Statement of Cash Flows, As Restated' (Annexure III) for the years ended March 31, 2007, 2008, 2009, 2010 & 2011 and for 9 months ended December 31, 2011 which have been extracted by the management and approved by the board of directors. Audit of the financial year 2010-11 and for the 9 months ended December 31, 2011 was conducted by us and the audit for all other financial years viz, for the financial year ended March 31, 2010 and March 31, 2009 has been conducted by M/s. Gori & Associates, Chartered Accountants, for the financial year ended March 31, 2008 is conducted by M/s. Anant Sanghvi, Chartered Accountants and for the financial year ended March 31, 2007 is conducted by M/s. Prakash Gajra & Associates. We have relied on these financial statement and we have not carried out any audit tests or review procedures on such financial statements of the company for the years ended on these respective dates. Since we did not performed the audit for the above years, the financial information including the notes and other disclosures included for such years is solely based on audit report submitted by the respective chartered accountants for the relevant years. Representations have been taken from the management for the additional information for these years. (Annexure I, II and III are collectively referred to in this report as the "Restated Summary Financial Statements").

2. The Restated Summary Financial Statements are after making adjustments and regroupings as in our opinion were appropriate and more fully described in the 'Statement of Significant Accounting Policies' and 'Notes to the Re-stated Financial Statements' (Annexure IV) and (Annexure V) respectively.
3. In accordance with the requirements of paragraph B (1) of Part II of Schedule II of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and terms of our engagement agreed with the company, and based on our examination of the Restated Summary Statements, we confirm that:
  - a. The Restated summary Financial Statement - the restated summary statement of assets and liabilities, the restated summary statement of profit and loss, and the restated summary statement of cash flow ("summary statements") of the company, for the year ended March 31, 2011, 2010, 2009, 2008, 2007 and for the period ended December 31, 2011 has been examined by us, as set out in annexure-I, II and III to this report read with and subject to the non adjustment in respect of certain previous year audit qualifications as referred to at point no. 2, Annexure V - Notes to the restated Financial statements and other observations as given herein after, are after making material adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes to the financial statements (refer annexure- IV & V).
  - b. Based on and subject to our comments as above, we are of the opinion that restated financial information have been made after incorporating:
    - i. Adjustments if any, made for the changes in Accounting Policies and Estimates adopted by the Company with retrospective effect to reflect the significant accounting policies being adopted by company as on 31st March, 2011 are explained in annexure V to this report.
    - ii. The "Restated Summary Financial Statements" have to be read in conjunction with the Significant Accounting Policies and Notes given in Annexure IV of this report.
    - iii. Amounts if any, relating to adjustments for previous years have been identified and adjusted in the statements in the year to which they relate;
    - iv. There are no extra-ordinary items that need to be disclosed separately in the Restated Summary financial Statements;
    - v. There are no qualifications in auditor's reports for incorrect accounting policies that require Adjustment in the Restated Summary Statements.

Summary of significant accounting policies adopted by the Company and material adjustments carried out in the preparation of the Restated Summary Statements & the significant notes to thereto be enclosed as Annexure IV and Annexure V to this report.

#### **B. Other Financial Information:**

4. At the request of the company, we have also examined the following financial information ("Other Financial Information") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:

Annexure VI : Statement of Reserves and Surplus, As restated

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Annexure VII	: Statement of Secured Loans, As restated
Annexure VIII	: Statement of Unsecured Loans, As restated
Annexure IX	: Statement of Fixed Assets, As restated
Annexure X	: Statement of Sundry Debtors showing age-wise analysis, As restated
Annexure XI	: Statement of Loans and Advances, As restated
Annexure XII	: Statement of Other Income, As restated
Annexure XIII	: Statement of Accounting Ratios
Annexure XIV	: Statement of Capitalization
Annexure XV	: Statement of Contingent Liabilities
Annexure XVI	: Statement of Related Parties and Transactions
Annexure XVII	: Statement of Tax Shelter
Annexure XVIII	: Statement of Dividends
Annexure XIX	: Statement of Segment Reporting

5. In our opinion, the Restated Summary Financial Statements and the other Financial Information set forth in Annexure I to XVIII read with the significant accounting policies and notes to the restated financial statements have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
6. This report should not in any way construed as a reissuance or redrafting of any of the previous audit report issued by us or by any other firm of Chartered Accountants nor should this report be construed as new opinion on any of the financial statement referred to therein.
7. This report is intended solely for your information and for inclusion in the Offer document in connection with the Company's proposed IPO of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**As per our report attached**

**For and on behalf of**  
**BORKAR & MUZUMDAR**  
Chartered Accountants  
(Firm Reg. No: 101569W)

**Devang Vaghani**  
(M. No. 109386)  
Partner

**Place: Mumbai**  
**Date: April 25, 2012**

**ANNEXURE I: STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31 <sup>st</sup> March				
		2011	2010	2009	2008	2007
<b>A. Fixed Assets</b>						
Gross Block	1102.79	1082.65	76.65	64.94	60.85	50.87
Less: Depreciation	238.78	137.96	33.94	27.41	22.79	23.07
<b>Net Block (A)</b>	<b>864.01</b>	<b>944.68</b>	<b>42.71</b>	<b>37.53</b>	<b>38.06</b>	<b>27.79</b>
<b>B. Investments</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>C. Current Assets, Loans &amp; Advances</b>						
Inventories	162.49	341.44	45.13	23.30	92.68	74.12
Receivables	6556.22	1632.63	2492.90	399.33	209.71	68.14
Cash & Bank Balances	80.39	81.25	10.07	20.91	5.81	6.66
Loans & Advances	344.81	240.26	203.72	26.59	54.33	9.82
Other Current Assets	0.79	0.79	2.45	2.45	1.95	2.17
<b>Total C</b>	<b>7144.69</b>	<b>2296.36</b>	<b>2754.27</b>	<b>472.58</b>	<b>364.49</b>	<b>160.91</b>
<b>Total Assets D ( A + B + C )</b>	<b>8008.71</b>	<b>3241.04</b>	<b>2796.97</b>	<b>510.11</b>	<b>402.55</b>	<b>188.70</b>
<b>E. Borrowed Funds</b>						
Secured Loans	1829.15	936.44	494.39	47.45	59.17	39.63
Unsecured Loans	246.22	379.63	21.60	67.79	91.55	33.11
<b>Total E</b>	<b>2075.38</b>	<b>1316.07</b>	<b>515.99</b>	<b>115.24</b>	<b>150.72</b>	<b>72.73</b>
<b>F. Current Liabilities &amp; Provisions</b>						
Current Liabilities	3687.08	483.57	1860.42	328.19	205.18	75.96
Provisions	369.25	120.94	104.38	1.16	0.70	2.23
<b>Total F</b>	<b>4056.33</b>	<b>604.51</b>	<b>1964.80</b>	<b>329.34</b>	<b>205.88</b>	<b>78.18</b>
<b>G. Deferred Tax Liability</b>	<b>33.07</b>	<b>39.12</b>	<b>0.81</b>	<b>0.59</b>	<b>0.39</b>	<b>1.24</b>
<b>Total H ( F + G )</b>	<b>4089.40</b>	<b>643.63</b>	<b>1965.61</b>	<b>329.94</b>	<b>206.27</b>	<b>79.42</b>
<b>I. Total Liabilities &amp; Provisions ( E + H )</b>	<b>6164.78</b>	<b>1959.69</b>	<b>2481.60</b>	<b>445.18</b>	<b>356.99</b>	<b>152.16</b>
<b>Net Worth J [ D - I ]</b>	<b>1843.93</b>	<b>1281.35</b>	<b>315.37</b>	<b>64.93</b>	<b>45.56</b>	<b>36.54</b>
<b>Represented by Shareholders' Fund:</b>						
Share Capital	800.00	800.00	55.00	5.00	5.00	5.00



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Reserves & surplus	1043.93	481.35	260.37	59.93	40.56	31.54
<b>Net Worth</b>	<b>1843.93</b>	<b>1281.35</b>	<b>315.37</b>	<b>64.93</b>	<b>45.56</b>	<b>36.54</b>

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

**ANNEXURE II: STATEMENT OF PROFITS AND LOSSES, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>INCOME</b>						
Sales	745.70	898.13	2136.04	484.85	321.43	148.72
Contract Revenue	9,004.63	5070.29	887.30	539.26	211.63	182.14
Other income	4.81	57.01	0.41	54.70	1.80	0.07
<b>Total Income</b>	<b>9755.13</b>	<b>6025.43</b>	<b>3023.75</b>	<b>1078.81</b>	<b>534.86</b>	<b>330.93</b>
<b>EXPENDITURE</b>						
Cost of Goods Purchased	655.90	858.23	1524.00	305.17	236.32	53.78
Labour and Staff Cost	7792.13	4044.78	869.07	612.79	231.99	202.39
Other Direct Expenditure	62.16	160.87	219.97	65.24	13.81	22.77
Administrative Expenditure	61.82	224.21	28.10	32.49	19.24	24.45
Interest & Finance charges	214.30	160.73	50.42	28.18	15.42	10.56
Depreciation	100.81	104.40	6.53	4.61	5.01	3.95
IPO related Expenses	21.47	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditure</b>	<b>8908.60</b>	<b>5553.22</b>	<b>2698.09</b>	<b>1048.48</b>	<b>521.79</b>	<b>317.91</b>
<b>Profit before tax</b>	<b>846.54</b>	<b>472.20</b>	<b>325.66</b>	<b>30.34</b>	<b>13.07</b>	<b>13.02</b>
<b>Provision for Taxation</b>	<b>283.93</b>	<b>156.23</b>	<b>125.22</b>	<b>10.96</b>	<b>4.05</b>	<b>4.93</b>
Current Years Income Tax	290.00	110.00	125.00	9.60	4.21	4.63
Previous Years Income Tax	0.00	7.92	0.00	0.00	0.00	0.00
Fringe Benefit Tax	0.00	0.00	0.00	1.16	0.70	0.68
Deferred tax	(6.04)	38.31	0.22	0.20	(0.85)	(0.38)
<b>Net Profit after tax but before extra-ordinary items</b>	<b>562.58</b>	<b>315.97</b>	<b>200.44</b>	<b>19.37</b>	<b>9.02</b>	<b>8.09</b>
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit after tax and extraordinary items</b>	<b>562.58</b>	<b>315.97</b>	<b>200.44</b>	<b>19.37</b>	<b>9.02</b>	<b>8.09</b>

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

**ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>A. Cash Flows from operating activities</b>						
Net Profit before tax	846.54	472.20	325.66	30.34	13.07	13.02
Adjustments for:						
Depreciation	100.81	104.40	6.53	4.61	5.01	3.95
Loss / (profit) on sale of fixed assets	0.00	0.22	0.00	0.00	0.89	0.00
Interest income	0.00	0.00	0.00	0.00	0.00	0.00
Interest expense	214.30	160.73	50.42	28.18	15.42	10.56
IPO related Expense	21.47	0.00	0.00	0.00	0.00	0.00
<b>Operating cash generated before working capital changes and taxes</b>	<b>1,183.12</b>	<b>737.55</b>	<b>382.62</b>	<b>63.13</b>	<b>34.39</b>	<b>27.54</b>
(Increase) / Decrease in Inventory	178.95	(296.31)	(21.83)	69.38	(18.56)	(38.92)
(Increase) / Decrease in Trade Receivable	(4923.59)	860.28	(2093.57)	(189.62)	(141.57)	9.58
(Increase) / Decrease in Loans & Advances	(104.55)	(36.54)	(177.14)	27.74	(44.51)	6.83
(Increase) / Decrease in Other Current Assets	0.00	1.66	0.00	0.00	0.26	2.21
Increase / (Decrease) in Current Liabilities	3,203.51	(1376.85)	1532.23	123.01	129.23	(4.59)
Increase / (Decrease) in Provisions	1.76	8.44	0.00	0.00	0.00	0.00
<b>Operating cash generated before taxes</b>	<b>(460.80)</b>	<b>(101.77)</b>	<b>(377.68)</b>	<b>93.64</b>	<b>(40.77)</b>	<b>2.65</b>
Direct Tax paid	43.45	(109.81)	(21.78)	(10.79)	(6.47)	(6.54)
<b>Net cash generated from operating activities (A)</b>	<b>(504.25)</b>	<b>(211.57)</b>	<b>(399.46)</b>	<b>(82.85)</b>	<b>(47.25)</b>	<b>(3.90)</b>
<b>B. Cash Flows from investing activities</b>						
Purchase of fixed assets	(20.14)	(1006.59)	(11.71)	(4.09)	(17.37)	(0.34)
Sale of Fixed assets	0.00	0.00	0.00	0.00	1.20	0.00
<b>Net Cash generated from investing activities (B)</b>	<b>(20.14)</b>	<b>(1006.59)</b>	<b>(11.71)</b>	<b>(4.09)</b>	<b>(16.17)</b>	<b>(0.34)</b>
<b>C. Cash flow from financing activities</b>						
Proceeds from issue of share capital	0.00	525.00	50.00	0.00	0.00	0.00
Proceeds from Share Premium	0.00	125.00	0.00	0.00	0.00	0.00



Increase / (decrease) in Secured Loans	892.72	442.04	446.94	(11.72)	19.54	20.45
Increase / (decrease) in Unsecured Loans	(133.41)	358.03	(46.19)	(23.77)	58.45	(4.71)
Interest paid	(214.30)	(160.73)	(50.42)	(28.18)	(15.42)	(10.56)
IPO related Expense	(21.47)	0.00	0.00	0.00	0.00	0.00
<b>Net cash from financing activities [C]</b>	<b>523.54</b>	<b>1289.35</b>	<b>400.32</b>	<b>(63.66)</b>	<b>62.57</b>	<b>5.18</b>
<b>Net increase / decrease in cash and cash equivalents (A + B + C)</b>	<b>(0.86)</b>	<b>71.18</b>	<b>(10.85)</b>	<b>15.10</b>	<b>(0.85)</b>	<b>0.94</b>
Opening balance of cash and cash equivalents	81.25	10.07	20.91	5.81	6.66	5.72
Closing balance of cash and cash equivalents	80.39	81.25	10.07	20.91	5.81	6.66

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

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## **ANNEXURE IV: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, AS RESTATED**

### **i) Basis of preparation of financial statements:**

The Financial Statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards prescribed under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

### **ii) Use of Estimates :**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known/materialize.

### **iii) Fixed Assets :**

Fixed Assets are stated at cost of acquisition less accumulated depreciation thereon. Fixed Assets are accounted at cost of acquisition inclusive of inward freight, duties taxes and other incidental expenses related to acquisition and installation of Fixed Assets incurred to bring the assets to their working condition for their intended use.

### **iv) Depreciation :**

Depreciation is provided for in the books on written down value method as per the rates prescribed under Schedule XIV of the Companies Act 1956.

### **v) Revenue Recognition :**

Revenue from the sale of goods is recognized net of sales tax on transfer of the title as per the Contact Terms with the Customer. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to the measurement or collectability of consideration that will be derived on completion of the contract, is recognized as per the percentage of completion method. Interest on deposits is accounted for on the time proportion basis.

### **vi) Foreign Currency Translation :**

Foreign currency transactions are recorded in the books at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized as income or expense in the profit and loss account of the same period.

Foreign currency assets and liabilities are translated at the yearend rates and the resultant exchange differences, are recognized in the profit and loss account.

### **vii) Borrowing Cost :**

Borrowing Costs that are directly attributable to the acquisition or production of qualifying assets are capitalized as the cost of the respective assets. Other Borrowing Costs are charged to the Profit and Loss Account in the year in which they are incurred.

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**viii) Employees benefits :**

All employee benefit obligations payable wholly within twelve months of the rendering the services are classified as Short Term Employee Benefits. Such Benefits are estimated and provided for in the period in which the employee renders the related service.

Post Employment Benefits:

**Defined Contribution Plan**

All eligible employees of the Company are entitled to receive benefits under the provident fund through a defined contribution plan in which both the employee and the Company contribute monthly at specified percentage of employee's basic salary. These contributions are made to a Government Approved Provident Fund. Contribution to the said provident fund is Defined Contribution Plan. The contribution paid/ payable under the schemes is recognized during the period in which the employee renders the related service.

**Defined Benefit Plans**

The costs of providing Gratuity (unfunded) is determined using projected unit credit method on the basis of actuarial valuation carried out by a third party actuary at each balance sheet date from the financial year 2010-11 onwards. The effect of the same has not been given in the previous year financial statements.

**ix) Inventories :**

Inventories are measured at lower of the cost and net realizable value. Cost of inventories comprises all costs of purchase (net of input credit) and other costs incurred in bringing the inventories to their present location and condition. Costs of consumable and trading products are determined by using the First-In First-Out Method (FIFO).

**x) Accounting for taxes on Income :**

i) Income tax comprises the current tax and net change in deferred tax assets, which are made in accordance with the provisions as per the Income Tax Act, 1961.

ii) Deferred Tax resulting from timing differences between accounting income and taxable income for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

**xi) Leased Assets :**

Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as Operating Leases. The rental and all other expenses of leased assets are treated as revenue expenditure.

**xii) Provisions and Contingent Liabilities :**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present

obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

### **xiii) Impairment of Assets :**

The Company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the profit and loss account. If at the balance date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount.

## **ANNEXURE V: NOTES TO THE RESTATED FINANCIAL STATEMENTS**

### **1. Background**

VKS Projects Limited ("the Company") is in the EPC Contracting (Engineering, Procurement and Construction) Business.

The Restated Statement of Assets and Liabilities as at March 31, 2011, 2010, 2009, 2008, 2007 and for the 9 months period ended December 31, 2011 and the related Restated Statement of Profits and Losses and Cash Flows for the years ended March 31, 2011, 2010, 2009, 2008, 2007 and for the 9 months period ended December 31, 2011 (herein collectively referred to as — Restated Financial Statements) related to the Company have been prepared specifically for inclusion in the offer document to be filed by the Company with Securities and Exchange Board of India (SEBI) in connection with the proposed initial public offering of equity shares of the Company.

The Restated Financial Statements have been prepared to comply in all material respects with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations) issued by SEBI in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

### **2. Material Adjustments**

#### **Due to Changes in Accounting Policies or estimates:**

- Company has adopted the Accounting Standard 15 (Revised) Employee Benefits for accounting the gratuity expenses based on the actuarial valuation as on the date of balance sheet w.e.f. the financial year ended March 31, 2011, as against the earlier practice of accounting for the gratuity on payment basis.
- Company used to charge full amount spend during the year on consumable and no closing stock has been shown at the yearend till financial year ended on 31<sup>st</sup> March 2010. For the financial year 2010-11, the consumables are debited to the profit & loss account to the extent actually consumed.

Except the above stated changes, there have been no changes in any accounting policies of the company in the last five years and 9 months ended December 2011.

However, due to the non-availability of data and the representation by the management that the liability for the earlier years is not material in nature, we have not made any adjustment or provision for the same in the Restated Financial Statements.

### 3. Non-Adjustment Items

Audit qualifications for the respective periods, which do not require any corrective adjustment in these Restated Financial Statements of the Company are as follows:

#### a) Financial period of 9 months ended December 31, 2011

##### CARO Qualifications:

1. Except for Service Tax & Income Tax, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including wealth tax, custom duty, sales tax, excise duty and other statutory dues, applicable to it. Accumulated Service Tax dues as at the end of the nine months period ended 31<sup>st</sup> December 2011 were ₹ 1,20,36,968/- (P.Y. ₹ 1,22,07,191/-) and Income Tax liabilities of ₹ 3,59,04,632/- (P.Y. ₹ 1,12,49,434/-). The same had fallen due for payment with appropriate authorities during the period.
2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty were outstanding, as at 31<sup>st</sup> December, 2011 for a period of more than six months from the date were they became payable except the followings.

Sr. No.	Particulars	Amt. Outstanding for more than 6 months
1	Income Tax	1,12,49,434
2	Service Tax	82,07,191

#### b) Financial Year ended March 31, 2011

##### CARO Qualifications:

1. Except for Service Tax, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, sales tax, excise duty and other statutory dues, applicable to it. Accumulated Service Tax dues as at the end of the year were ₹ 1,22,07,191/- (P.Y. ₹ 1,02,71,045/-). The same had fallen due for payment with appropriate authorities during the year.
2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty were outstanding, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date were they became payable except the followings.

Sr. No.	Particulars	(Amt. in ₹) O/s for more than 6 months
1	Income Tax	1,04,37,935
2	Service Tax	92,65,945

**c) Financial Year ended March 31, 2010**

**CARO Qualifications:**

1. Except for Service Tax & sales tax dues the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, excise duty and other statutory dues, applicable to it. Accumulated Service Tax dues as at the end of the year were ₹ 1,02,71,045/- (P.Y. ₹ 16,94,430/-) & Accumulated Sales Tax dues were ₹ 59,21,689/- (P.Y. ₹ 33,41,907). The same had fallen due for payment with appropriate authorities during the year.
2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty were outstanding, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date were they became payable except the followings.

Sr. No.	Particulars	(Amt. in ₹) O/s for more than 6 months
1	State Sales Tax	29,50,006
2	Central Sales Tax	21,678
3	Service Tax	51,35,523

**d) Financial Year ended March 31, 2009**

**CARO Qualifications:**

1. Except for Service Tax & sales tax dues the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, excise duty and other statutory dues, applicable to it. Accumulated Service Tax dues as at the end of the year were ₹ 16,94,430/- (P.Y. ₹ 51,64,807/-) & Accumulated Sales Tax dues were ₹ 33,41,907/- (P.Y. ₹ 10,00,360/-). The same had fallen due for payment with appropriate authorities during the year.
2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty were outstanding, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date were they became payable except the followings.

Sr. No.	Particulars	(Amt. in ₹) O/s for more than 6 months
1	State Sales Tax	978,682
2	Central Sales Tax	21,678

**e) Financial Year ended March 31, 2008**

**CARO Qualifications:**

Except for Service Tax & sales tax dues the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, excise duty and other statutory dues, applicable to it. Accumulated Service Tax dues as at the end of the year were ₹ 51,64,807/- (P.Y. ₹ 28,73,081/-) & Accumulated Sales Tax including Central Sales Tax dues were ₹ 10,00,360/- (P.Y. ₹ 1,91,735/-). The same had fallen due for payment with appropriate authorities during the year.

**f) Financial Year ended March 31, 2007**

**CARO Qualifications:**

Except for Service Tax dues the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, excise duty and other statutory dues, applicable to it. Accumulated Service Tax dues as at the end of the year were ₹ 28,73,081/- (P.Y. ₹ 15,79,699/-). The same had fallen due for payment with appropriate authorities during the year.

**4. Material Regroupings**

Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financial statements of the Company for the six month period ended September 30, 2010 and the requirements of the SEBI Regulations.

5. Contingent Liabilities not provided for are given as Annexure XV.
6. Related Party Disclosures as required in terms of 'Accounting Standard -18 are given in Annexure XVI.
7. Earnings Per Share (EPS) as required in terms of 'Accounting Standard -20 are given in Annexure XIII.
8. In the opinion if the management, current assets, loans and advances have realizable value of at least the amounts at which they are stated in the accounts.
9. Debtors include an amount of ₹ 1,25,43,336 which is outstanding for long period and towards which the communications exchanged between the Company and the parties have not established conclusive repayment commitment. These debtors have been provided for since the same are outstanding for more than a year. However amount outstanding for more than 6 months for the year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008 and 31<sup>st</sup> March, 2007 were not provided for.

The details for the same are as under:

Particulars	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Amount Outstanding for more than 6 months	25,218,713	15,359,693	4,195,709	1,118,242

10. Provision of ₹ 10,20,398/- for Gratuity has been made in the books of accounts based on actuarial valuation for the liability as on December 31, 2011 which is non-funded. The following assumptions were used by actuary for ascertaining the gratuity liability:

Mortality	LIC (1994-1996)
Retirement Age	60 Years
Rate of Interest	8%
Salary Escalation	10%
Withdrawal Rate	Past Service; 0 to 42; 10%

11. Provision for liability of income tax has been made based on the provisions under the Income Tax Act, 1961.
12. As per Accounting Standard (AS) 17 on "Segment Reporting", Segment information has not been provided as the Company has only one reportable segment.
13. The management has asked for confirmation from its suppliers regarding their registration with competent authorities under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). However, No one has confirmed their registration under the act. Accordingly no further information is submitted in this regards. The auditors have relied on the said submission of the management. Details are as under:

The principal amount and the interest thereon due to any supplier as at the year end	The amount of payment made to the supplier beyond the appointed day and the interest thereon, during the year:	The amount of interest due and payable for the period of delay in making payment	The amount of interest accrued and remaining unpaid at the end of the year	The amount of further interest remaining due and payable in the succeeding year
-	-	-	-	-

#### 14. Operating Leases

Operating Leases are entered into for Storage and room premises. The Company has taken these premises under operating lease/leave and license basis. The same is renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposit under certain agreements. Lease payments are recognized in the Profit and Loss Account under 'Rent' in Schedule 15. Lease rentals paid during the last five years are as follows:

Particulars	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Rent	3,76,608	9,96,691	4,44,390	4,81,254	2,15,325	3,21,502

#### 15. Details required as per Companies Act to the extent applicable is given below:

Particulars	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Remuneration to Auditors</b>						
Audit Fees	3,00,000	4,00,000	40,000	40,000	35,000	35,000
Other Fees	20,000	25,000	10,000	10,000	19,071	10,000
Total	3,20,000	4,25,000	50,000	50,000	54,071	45,000
<b>Remuneration to Directors</b>						
Salaries & Allowances	18,75,000	20,00,000	16,00,000	13,50,000	12,00,000	675,000
<b>Expenditure in foreign Currency</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Income in foreign Currency</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Value of Imports on CIF Basis</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Value of Export on FOB Basis</b>	Nil	Nil	Nil	Nil	Nil	Nil



16. Deferred tax asset / liability comprised of the following: -

Particulars	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Deferred Tax Liability recognized for timing difference</b>						
DTL on Depreciation	75,71,689	82,55,339	80,859	59,270	38,813	1,24,157
<b>Total Deferred Tax Liability (A)</b>	<b>75,71,689</b>	<b>82,55,339</b>	<b>80,859</b>	<b>59,270</b>	<b>38,813</b>	<b>1,24,157</b>
<b>Deferred tax Asset recognized for timing difference</b>						
Provision for Doubtful Debts*	39,33,214	40,69,685	-	-	-	-
Provision For Gratuity	3,31,068	2,73,961	-	-	-	-
<b>Total Deferred Tax Asset (B)</b>	<b>42,64,282</b>	<b>43,43,646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Deferred Tax Liability as per balance Sheet (A-B)</b>	<b>33,07,406</b>	<b>39,11,693</b>	<b>80,859</b>	<b>59,270</b>	<b>38,813</b>	<b>1,24,157</b>

\* Deferred tax is calculated based on timing difference between the Book Profit and the Tax Profit. A provision has been made for doubtful debts for debtors outstanding for more than a year. In tax computation, such a provision made, is allowable only in the year the debts are written off. Due to this principle, there is a timing difference between the Book Profit and the Tax Profit and hence deferred tax is created on the same.

**ANNEXURE VI: STATEMENT OF RESERVES AND SURPLUS, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>Share Premium Account</b>	125.00	125.00	0.00	0.00	0.00	0.00
<b>Profit and Loss Account</b>						
Opening Balance	356.35	260.37	59.93	40.56	31.54	23.45
Current Year Profit	562.58	315.97	200.44	19.37	9.02	8.09
<b>Total</b>	<b>918.93</b>	<b>576.35</b>	<b>260.37</b>	<b>59.93</b>	<b>40.56</b>	<b>31.54</b>
Less: Utilized for issue of Bonus shares	0.00	(220.00)	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,043.93</b>	<b>481.35</b>	<b>260.37</b>	<b>59.93</b>	<b>40.56</b>	<b>31.54</b>

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

**ANNEXURE VII: STATEMENT OF SECURED LOANS, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>Working Capital Facilities</b>						
Cash Credit Facilities						
State Bank of India	1,829.15	936.44	0.00	0.00	0.00	0.00
Centurion Bank of Punjab	0.00	0.00	0.00	0.00	59.17	39.63
HDFC Bank	0.00	0.00	0.00	47.45	0.00	0.00
Axis Bank	0.00	0.00	393.32	0.00	0.00	0.00
Overdraft Facilities						
Axis Bank	0.00	0.00	101.07	0.00	0.00	0.00
<b>Total</b>	<b>1,829.15</b>	<b>936.44</b>	<b>494.39</b>	<b>47.45</b>	<b>59.17</b>	<b>39.63</b>

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

**Principal Terms and Conditions and Security of the Secured Loans outstanding as on December 31, 2011:**

Name of Bank	Type of Facility	Interest Rate	Security	Repayment Schedule	Terms in case of Default/penalty
State Bank of India	Cash Credit – Sanctioned Limit ₹ 18.00 Crores	6.75% margin above the base rate i.e. 16.25%	<p><b>Primary Security:</b> Hypothecation Charge over the company's entire current assets consisting of Stock of raw material, stock in process, finished goods, receivables, book debts etc.</p> <p><b>Collateral Security:</b> Equitable/Registered Mortgage Charge Over:</p> <ol style="list-style-type: none"> <li>507, B-Wing, Sai Sangam, Sector -15, CBD Belapur(E), Navi Mumbai, in the name of company.</li> <li>Flat no-106, B-Wing, Maharani CHS, Sector-17, Vashi, Navi Mumbai in the name of V.K.Sukumaran &amp; Saritha Sukumaran.</li> <li>Penthouse no-1201, 12<sup>th</sup> Floor, Crystal CHS, Plot No-21,</li> </ol>	Not Applicable	Non compliance of sanctioned terms – 1% p.a. over applicable rate subject to maximum of 2%.

			<p>Kpoarkhairane Navi Mumbai in the name of V.K.Sukumaran &amp; Saritha Sukumaran.</p> <p>4. Flat no-1802 &amp;1803, A-Wing, 18<sup>th</sup> Floor, Palm Paradise in the name of V.K.Sukumaran &amp; Saritha Sukumaran.</p> <p>5. Flat no-1801, A-Wing, 18<sup>th</sup> Floor, Palm Paradise in the name of V.K.Sukumaran &amp; Saritha Sukumaran.</p> <p>6. Assignment of SBI Life Policy ₹ 0.25 Cr.</p> <p>7. Pledge of company shares held by the promoters.</p>		
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### ANNEXURE VIII: STATEMENT OF UNSECURED LOANS, AS RESTATED

(₹ in Lacs)

PARTICULARS	9 months period ended at 31 <sup>st</sup> December 2011	As At March 31				
		2011	2010	2009	2008	2007
<b>A) From Promoters, Directors, Relatives and Associates</b>	<b>1.43</b>	<b>110.26</b>	<b>0.89</b>	<b>29.74</b>	<b>9.01</b>	<b>-</b>
V.K. Sukumaran	0.78	82.85	0.70	25.06	7.31	-19.21
Saritha Sukumaran	0.65	27.41	0.19	4.68	1.70	0.00
<b>B) From Others [Total (i)+(ii)]</b>	<b>244.79</b>	<b>269.37</b>	<b>20.71</b>	<b>38.05</b>	<b>82.54</b>	<b>52.32</b>
<i>(i) From Banks, NBFC's and Financial Institutions</i>	<i>133.97</i>	<i>227.97</i>	<i>20.71</i>	<i>38.05</i>	<i>82.54</i>	<i>52.32</i>
- American Express Bank	0.00	0.00	0.00	0.00	0.98	1.90
- Cholamandalam Finance	0.00	0.00	0.00	0.00	9.57	0.00
- Future Money	0.00	0.00	0.00	0.00	5.00	0.00
- ICICI Bank	0.00	0.00	0.00	0.00	1.68	6.32
- ICICI Bank Car Loan	0.00	6.55	5.52	7.41	9.06	0.00
- ICICI Cash Credit Facility Loan	0.00	0.00	7.63	7.78	7.46	0.00
- India Bulls Credit Securities Ltd.	0.00	0.00	0.00	0.00	5.52	10.00
- HDFC Bank	9.25	11.74	0.00	0.00	0.69	4.21
- J J Finance	0.00	0.00	0.00	0.00	0.00	1.30
- Barclays Bank	22.10	28.65	7.56	16.18	23.39	0.00
- Kotak Mahindra Bank	16.23	25.00	0.00	0.00	5.72	8.00
- Bajaj Finance Limited	2.75	14.13	0.00	0.00	0.00	0.00
- KFIC Investments Management	0.00	21.00	0.00	0.00	0.00	0.00
- MAGMA Finance Corp	17.41	31.80	0.00	0.00	0.00	0.00

- TATA Capital	33.86	23.39	0.00	0.00	0.00	0.00
- Standard Chartered Bank	0.00	0.00	0.00	6.68	13.48	20.60
- SE Investments	32.37	65.71	0.00	0.00	0.00	0.00
(ii) From Others*	110.82	41.40	0.00	0.00	0.00	0.00
<b>TOTAL (A)+(B)</b>	<b>246.22</b>	<b>379.63</b>	<b>21.60</b>	<b>67.79</b>	<b>91.55</b>	<b>33.11</b>

\*Unsecured Loans from others includes short term loans from private parties at interest. The same is within the stipulated limit as per Sec 58AA of the Companies Act, 1956.

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

### **ANNEXURE IX: STATEMENT OF FIXED ASSETS, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	2010-11	2009-10	2008-09	2007-08	2006-07
<b><u>Computer</u></b>						
Gross Block	8.05	7.25	6.68	5.00	3.93	3.41
Less: Accumulated Depreciation	6.11	5.52	4.48	3.64	3.06	2.76
Net Block	1.94	1.74	2.20	1.36	0.87	0.65
<b><u>Furniture &amp; Fixtures</u></b>						
Gross Block	21.27	7.44	7.44	7.18	6.76	2.51
Less: Accumulated Depreciation	5.98	4.44	3.78	2.99	2.08	1.65
Net Block	15.29	3.00	3.66	4.19	4.68	0.85
<b><u>Machines</u></b>						
Gross Block	1,042.08	1037.73	31.72	22.80	20.32	18.76
Less: Accumulated Depreciation	211.30	114.12	13.79	11.81	10.28	8.85
Net Block	830.78	923.61	17.93	10.99	10.03	9.91
<b><u>Office Premises</u></b>						
Gross Block	14.68	14.68	14.68	14.68	14.68	14.68
Less: Accumulated Depreciation	5.34	4.98	4.47	3.93	3.36	2.77
Net Block	9.34	9.70	10.21	10.75	11.32	11.91
<b><u>Office &amp; Telecommunication Equipments</u></b>						
Gross Block	6.71	5.54	5.54	4.69	4.57	3.54
Less: Accumulated Depreciation	3.43	3.10	2.71	2.34	1.97	1.67
Net Block	3.28	2.44	2.83	2.35	2.60	1.87
<b><u>Television</u></b>						
Gross Block	0.00	0.00	0.59	0.59	0.59	0.59
Less: Accumulated Depreciation	0.00	0.00	0.38	0.34	0.30	0.25

Net Block	0.00	0.00	0.22	0.25	0.29	0.34
<b>Motor Car</b>						
Gross Block	10.00	10.00	10.00	10.00	10.00	7.38
Less: Accumulated Depreciation	6.62	5.80	4.34	2.36	1.73	5.11
Net Block	3.38	4.20	5.66	7.64	8.27	2.27

**ANNEXURE X: STATEMENT OF SUNDRY DEBTORS SHOWING AGE-WISE ANALYSIS, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>A) From Promoter Group</b> (Unsecured, Considered good)						
Outstanding for more than six months						
Considered Good	0.00	0.00	0.00	0.00	0.00	0.00
Considered Doubtful	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding for less than six months	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total (A)</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>B) Other than Promoter Group</b> (Unsecured, Considered good)						
Outstanding for more than six months						
Considered Good	106.83	37.17	252.19	153.60	41.96	11.18
Considered Doubtful	121.23	125.43	0.00	0.00	0.00	0.00
Less: Provision for doubtful debts	121.23	125.43	0.00	0.00	0.00	0.00
<b>Total (B)</b>	106.83	37.17	252.19	153.60	41.96	11.18
<b>C) Other Debtors</b>	6449.39	1595.46	2240.72	245.73	167.75	56.96
<b>Total (A+B+C)</b>	6556.22	1632.63	2492.90	399.33	209.71	68.14

**Notes:** i) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively. ii) There are no outstanding debtors of the Company who are in any way related to the promoters/ directors of the Company as on December 31st, 2011.



**Details of the Sundry Debtors outstanding as on the last audited financial year i.e. March 31, 2011:**

(₹ in Lacs)

<b>PARTICULARS</b>	<b>As At 31/3/2011</b>
<b>i) Outstanding for More than six months but considered good</b>	
- Sona Alloys Limited	7.71
- Mukand Bekaert Wire Ind Pvt. Ltd.	29.46
	37.17
<b>ii) Outstanding for less than six months</b>	
- Bcc Builder Pvt. Ltd.	242.11
- BLA Power Pvt. Ltd.	15.70
- Deepak Fertilizers Ltd.	16.70
- Geometric Engineering Construction Pvt. Ltd.	1.07
- Naftograz India Pvt. Ltd.	385.00
- Ras Energy Pvt. Ltd.	46.16
- Ras Infrastructure Ltd.	131.07
- Ras Logistics Pvt. Ltd.	89.10
- Ritwik Projects Pvt. Ltd.	588.00
- Rose Valley Infrastructure	33.00
- Sona Alloys Ltd.	21.25
- Sterling & Wilson Ltd.	1.72
- Thermax Eng Cont Co. (Kolhapur)	13.78
- Thermax Instrumentation Ltd.	10.80
	1595.46
<b>TOTAL (i) + (ii)</b>	<b>1632.63</b>

**Details of Provision made for doubtful debtors in the last audited financial year i.e. March 31, 2011:**

(₹ in Lacs)

<b>PARTICULARS</b>	<b>As At 31/3/2011</b>
- Alfa Level India Ltd.	69.56
- Durabuild Tech Pvt. Ltd.	1.33
- Hikal Ltd.	4.21
- Reliance Industries Ltd. - Jamnagar	46.76
- Tytan Organics Pvt. Ltd.	3.57
<b>Total</b>	<b>125.43</b>

**ANNEXURE XI: STATEMENT OF LOANS AND ADVANCES, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
Earnest Money Deposits	0.00	0.00	0.00	0.00	0.00	0.83
Fixed Deposit	0.00	0.00	0.00	0.00	52.25	0.00
Retention Money	44.86	28.86	0.00	22.71	0.00	4.70
Room & Workshop Deposits	1.20	1.40	7.65	1.64	0.80	0.00
Security Deposits	3.23	3.23	4.93	2.08	1.12	1.40
Telephone Deposits	0.16	0.16	0.16	0.16	0.16	0.16
Prepaid Expenses	0.19	0.36	1.66	0.00	0.00	0.00
Advances for Goods	70.09	18.99	57.33	0.00	0.00	1.00
Other advances receivable in cash or in kind <sup>#</sup>	0.00	187.28	0.00	0.00	0.00	0.00
Advances for Property	225.09	0.00	132.00	0.00	0.00	0.00
Other Advances Recoverable in Cash		0.00	0.00	0.00	0.00	1.72
<b>Total</b>	<b>344.81</b>	<b>240.26</b>	<b>203.72</b>	<b>26.59</b>	<b>54.33</b>	<b>9.82</b>

**Notes:** i) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively. ii) There are no beneficiaries of Loans & Advances of the Company who are in any way related to the promoters/ directors of the Company as on December 31st, 2011.

<sup>#</sup> Details regarding Other Advances recoverable in cash or kind as on last audit financial year i.e. March 31, 2011:

(₹ in Lacs)

Particulars	As At 31-3-2011
Advance Taxes (VAT)*	143.35
Unbilled Debtors**	43.92
<b>TOTAL</b>	<b>187.27</b>

\*In F.Y. 2010-11, the Company paid Advance Taxes (VAT) amounting to ₹ 143.35 lacs on Raw Materials and Capital Goods that were purchased from registered vendors, which can be offset against future sales liability and hence the same has been debited in the Company's books of accounts as a current asset.

\*\*Unbilled Debtors has been debited in the books of accounts based on the concept of Accrual basis. It represents the amount recognized based on services that were performed until March 31, 2011, of which the bill has been raised in F.Y. 2011-12 in accordance with contract terms.

**ANNEXURE XII: STATEMENT OF OTHER INCOME, AS RESTATED**

(₹ in Lacs)

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>Sources of Income</b>						
<b>Recurring in Nature:</b>						
Discount	0.00	0.00	0.15	0.00	0.70	(0.13)
Interest on Deposits	0.60	0.29	0.26	3.05	1.10	0.20
Provision for Bad Debts Written Back	4.21	0.00	0.00	0.00	0.00	0.00
<b>Non-Recurring in nature:</b>						
Expenses/Liabilities written back	0.00	56.72	0.00	51.65	0.00	0.00
<b>Total</b>	<b>4.81</b>	<b>57.01</b>	<b>0.41</b>	<b>54.70</b>	<b>1.80</b>	<b>0.07</b>

**Note:** The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

**ANNEXURE XIII: STATEMENT OF ACCOUNTING RATIOS**

Summary of Accounting and other Ratios						
Particulars	As at 31.12.11	As at 31.03.11	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07
Net Worth as per Balance Sheet (₹ in lacs)	1847.89	1281.35	315.37	64.93	45.56	36.54
Profit/(Loss) after Tax as per Profit and Loss Account (₹ in lacs)	562.58	315.97	200.44	19.37	9.02	8.09
Basic/Diluted Earnings Per Share (₹)	7.03	15.02	44.01	38.74	18.04	16.18
Basic/Diluted Earnings Per Share after considering the effect of Bonus Shares in previous years (₹)**	7.03	8.52	8.80	7.75	3.61	3.24
Weighted Average Number of Equity Shares (No.'s)	80,00,000	2,103,562	455,479	50,000	50,000	50,000
Weighted Average Number of Equity Shares after considering the effect of Bonus (No.'s)	80,00,000	3,706,849	2,277,397	250,000	250,000	250,000
No of Shares at the end of the Year (No.'s)	80,00,000	8,000,000	550,000	50,000	50,000	50,000
NAV Per share (₹)	23.09	16.02	57.34	129.86	91.12	73.08





Return on Net Worth (%)	30%	25%	64%	30%	20%	22%
Net Tangible Asset (₹ in lacs)	3952.38	2636.53	832.17	180.77	196.67	110.52

**Notes:**

- a) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.
- b) Formulas used for calculating above ratios are as under:
- Basic EPS is being calculated by using the formula: Net Profit after excluding Extra-ordinary items/ Weighted Average No. of outstanding shares.
  - Net Asset Value is being calculated by using the formula: (Equity Share Capital + Reserves and Surplus + Preference Share Capital)/Number of Equity Shares at year end.
  - Return on Net worth is being calculated by using the formula: Profit After Tax/(Equity Share Capital + Reserves and Surplus + Preference Share Capital).
  - Net Tangible Assets comprises Net Fixed Assets and Net Working Capital.
  - There is no revaluation reserve in last five years of the Company.

**ANNEXURE XIV: STATEMENT OF CAPITALIZATION**

(₹ in Lacs except ratios)

Particulars	Pre Issue as on 31.12.2011	Pre Issue as on 31.03.2011	Post Issue
<b>Debt</b>			
Long Term Debt	1875.30	1038.61	[●]
Short Term Debt	200.08	277.45	[●]
<b>Total Debts (A)</b>	<b>2075.38</b>	<b>1316.06</b>	[●]
<b>Equity (shareholders' funds)</b>			[●]
Equity share capital	800.00	800.00	[●]
Share Premium	125.00	125.00	[●]
Reserves & surplus	918.93	356.35	[●]
<b>Total Equity (B)</b>	<b>1843.93</b>	<b>1281.35</b>	[●]
<b>Long Term Debt / Equity Shareholders' funds</b>	<b>1.02</b>	<b>0.81</b>	[●]
<b>Total Debt / Equity Shareholders' funds</b>	<b>1.13</b>	<b>1.03</b>	[●]

**Note:** Loans are classified as "Long Term Debt" and any principal amount of outstanding debt payable within one year or repayable on demand has been classified short term debt and remaining have been classified as long term debt.



**ANNEXURE XV: STATEMENT OF CONTINGENT LIABILITIES**

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
The outstanding contingent liabilities on account of guarantees given by the banks	190.00	200.00	0.00	0.00	0.00	0.00

**ANNEXURE XVI: STATEMENT OF RELATED PARTIES AND TRANSACTIONS**

**Names of related parties:**

**i. Enterprises having significant influence**

Nil

**ii. Individuals (directly/indirectly) having control over the reporting enterprise / Key Managerial Persons**

- a. Dr. V.K. Sukumaran, Director
- b. Dr. Saritha Sukumaran, Whole Time Director

**iii. Subsidiary Companies**

Nil

**iv. Joint Venture Companies**

Nil

**v. Enterprises over which persons mentioned at (ii) have significant influence and with whom transactions have taken place during the period/ year:**

- a. VKS Infra Projects Pvt. Limited
- b. Chaitanya Contractors & Engineers Pvt. Ltd.
- c. Telcon Engineering Pvt. Ltd.

**Details of Related Party Transactions:**

Nature of Transaction / Name of Related Party	As at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
<b>Remuneration Paid:</b>						
- V. K. Sukumaran	1,125,000	1,200,000	1,000,000	750,000	600,000	675,000
- Saritha Sukumaran	750,000	800,000	600,000	600,000	600,000	-
<b>Interest paid on</b>						

<b>Vehicle Loan*</b>						
- V. K. Sukumaran	0.00	61,553	88,960	112,719	76,680	9,441
<b>Outstanding Loan account Balance Payable as at year end:</b>						
- V. K. Sukumaran	77,566	82,84,791	622,105	32,46,749	16,36,850	(17,76,518)
- Saritha Sukumaran	65,418	2,741,186	19,256	468,090	170,157	-
<b>Advance Payment against investment in property:</b>						
- V. K. Sukumaran	0.00	-	13,200,000	-	-	-
- Saritha Sukumaran	0.00	-	-	-	-	-
<b>Returned back Advance Payment given against investment in property:</b>						
- V. K. Sukumaran	0.00	13,200,000	-	-	-	-
- Saritha Sukumaran	0.00	-	-	-	-	-
<b>Purchases of Fixed Assets including taxes:</b>						
- VKS Infra Projects Pvt. Ltd. <sup>(1)</sup>	0.00	111,427,479	-	-	-	-
<b>Purchases of Goods including taxes:</b>						
- VKS Infra Projects Pvt. Ltd. <sup>(2)</sup>	0.00	50,650,235	-	-	-	-
<b>Sales of Goods including taxes:</b>						
- Telcon Engineering Pvt. Ltd. <sup>(3)</sup>	0.00	24,608,930	-	-	-	-
<b>Labour Charges Paid:</b>						
- Chaitanya Contractors & Engineers Pvt. Ltd. <sup>(4)</sup>	0.00	14,633,350	-	-	-	-



\*Interest paid on vehicle loan is for loan taken by the director on his personal name. Vehicle capitalized in the books of the Company is also on the director's personal name. Based on the accounting principle of "Substance over Form", since in substance the car is being recorded as an asset in the company's books, is in full possession of the company and is being used for the company's business activities, just the registration and documentations being in the name of the director is not considered a material issue.

<sup>(1)</sup> Details of Fixed Assets Purchased from VKS Infra Projects Limited:

(₹ in Lacs)

SL	ITEMS	Qty in Nos.	Bill No.	Purchase Date	Amount
1	Welding Rectifiers (600 Amps)	321	1264	18.06.2010	285.02
2	Welding Cable (Copper)	19984	1264	18.06.2010	
3	Welding Cable (Alu)	22000	1264	18.06.2010	
4	Welding Rectifiers (400 Amps)	272	1280	29.06.2010	149.63
5	85 MM Core Cutter with stand (magnetic)	23	1235	05.06.2010	28.69
6	Pug Cutting Machine with 2 nos rail	40	1235	05.06.2010	
7	Scaffolding Pipe 1 1/2" cs	9996	1378	13.09.2010	47.43
8	GQ-4 Grinder	240	1362	07.09.2010	20.25
9	AG-5 Grinder	156	1362	07.09.2010	
10	Electric Winch 10 Ton With Accessories	3	1361	03.09.2010	24.01
11	4 Sleave wire rope pully 30 ton	4	1361	03.09.2010	
12	Snatch Pully 5 ton big size	24	1361	03.09.2010	
13	Snatch Pully 5 ton small size	24	1361	03.09.2010	
14	3 ton x6 mtr Chainpully block	342	1357/053 373	26.08.2010/14.04.2010	70.38
15	2 ton x 6mtr Chainpully block	282	1357/533 73	22.02.2011/ 26.08.2010/14.04.2010	
16	Wire rope 16 mm	7500	1357	26.08.2010	
17	Wire rope 7/8"	6000	1357	26.08.2010	105.18
18	Tube Expanding Machine(Hydrolic)	16	1336	18.08.2010	
19	Hydrotesting Pump (Motorised)	67	1336	18.08.2010	
20	Pipe Cutting Machine 14"	85	1336	18.08.2010	109.91
21	Rolling Machine 3 KW UP TO 3 MTR Width	14	1327	08.08.2010	
22	AG-7 Grinder	587	1315	17.07.2010	273.77
23	AG-7 Cutting	1236	1315	17.07.2010	
	<b>TOTAL</b>				<b>1114.27</b>

<sup>(2)</sup> Details of Goods Purchased from VKS Infra Projects Pvt. Ltd:

(₹ in Lacs)



Sr. No.	DESCRIPTION OF GOODS	QUANTITY	RATE	Per	VAT @ 4%	AMOUNT
1	SS PLATE 316 X 8 MM	1.2	2.6	MT	0.12	3.24
2	SS PLATE 316 X 6 MM	1.24	2.6	MT	0.13	3.35
3	SS PLATE 316 X 5 MM	1.25	2.6	MT	0.13	3.38
4	SS PLATE 316 X 12 MM	1.751	2.6	MT	0.18	4.73
5	SS PLATE 316 X 10 MM	1.81	2.6	MT	0.19	4.90
6	SS 316 PIPES SEAMLESS 80 NB	2.28	3.1	MT	0.28	7.35
7	Packing & forwarding	-	-	-	-	0.04
8	SS PLATE 316 X 12 MM	12	2.6	MT	1.25	32.45
9	SS PLATE 316 X 10 MM	16	2.6	MT	1.66	43.26
10	SS 316 PIPES SEAMLESS 80 NB	21	3.1	MT	2.60	67.70
11	SS 316 PIPES SEAMLESS 50 NB	20	3.1	MT	2.48	64.48
12	PLATE SS 304 X 10 MM	16	2.4	MT	1.54	39.94
13	PLATE SS 304 X 8 MM	15	2.4	MT	1.44	37.44
14	PLATE SS 304 X 6 MM	16	2.4	MT	1.54	39.94
15	SS PLATE 316 X 8 MM	16	2.6	MT	1.66	43.26
16	SS PLATE 316 X 6 MM	14.87	2.6	MT	1.55	40.21
17	SS PLATE 316 X 5 MM	15.1	2.6	MT	1.57	40.83
18	SS PLATE 304 X 12 MM	12	2.4	MT	1.15	29.95
19	Packing & forwarding	-	-	-	-	0.04
	<b>TOTAL</b>				<b>19.48</b>	<b>506.50</b>

<sup>(3)</sup> Details of Goods Sold to Telcon Engineers Pvt. Ltd.:

Sr. No.	PARTICULARS	QTY	RATE	AMOUNT
1	C. R. S. S. Coils	14325	226.24	32,40,888.00
2	C. R. S. S. Coils	10463.16	285.76	29,89,951.74
3	C. R. S. S. Coils	2092	226.24	4,73,294.08
4	C. R. S. S. Coils	558.772	285.76	1,59,674.69
5	C. R. S. S. Coils	15006.14	226.24	33,94,990.00
6	C. R. S. S. Coils	13105	285.76	37,44,884.80
7	C. R. S. S. Coils	24135.52	226.24	54,60,420.95
8	C. R. S. S. Coils	14691.79	285.76	41,98,327.05
	<b>Total</b>			<b>2,36,62,431.31</b>
	<b>VAT @ 4%</b>			<b>9,46,497.25</b>
	<b>TOTAL</b>			<b>2,46,08,928.57</b>

<sup>(4)</sup> Details of Labour Charges Paid to Chaitanya Contractors and Engineers Pvt. Ltd.:

(₹ in Lacs)

Sr. No.	PARTICULARS	QTY	UNIT	RATE (in lacs)	AMOUNT
1	Fabrication, Erection, Testing, & Commissioning of 1 x 75 TPH Boiler at ABNL Site, Pathalganga	1	AU	64.52	64.52
2	Fabrication, Erection, Testing, & Commissioning of 1 x 45 TPH Boiler at DFPCL Site, Taloja	1	AU	51.23	51.23

3	Fabrication, Erection & Testing of as Piping at DFPCL Site, Taloja & ABNL Site, Pathalganga	-	-	-	16.93
	<b>Total (1)+ (2)+ (3)</b>				<b>132.67</b>
	Service Tax @ 10.3%				13.66
	<b>TOTAL</b>				<b>146.33</b>

*Note: M/s. Borkar Muzumdar & Co. have vide their certificate dated January 9, 2012 confirmed that all the above related party transactions pertaining to purchase / sale of goods, machines and services are carried out at "Arms Length Basis."*

#### **ANNEXURE XVII: STATEMENT OF TAX SHELTER**

Particulars	9 months period ended at 31 <sup>st</sup> December 2011	As at 31st March				
		2011	2010	2009	2008	2007
Profit before tax	846.54	472.20	325.66	30.34	13.07	13.02
Normal tax rates	32.45%	33.22%	33.99%	30.90%	30.90%	33.66%
Minimum alternative tax rates	20.01%	19.93%	16.995 %	11.33 %	11.33 %	11.22 %
Normal tax at normal rates <b>(A)</b>	274.66	156.85	110.69	9.37	4.04	4.38
<b>Permanent differences</b>						
Adjustments during Assessments	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments – disallowances	21.84	13.98	0.22	0.37	0.15	0.00
<b>Total (B)</b>	21.84	13.98	0.22	0.37	0.15	0.00
<b>Timing differences</b>						
Difference between tax depreciation and book depreciation	21.07	(252.28)	(0.64)	(0.60)	0.42	0.73
Capital gains(loss) on sale of assets	0.00	0.22	0.00	0.00	(0.89)	0.00
Provision for Debtors Written Back	(4.21)	0.00	0.00	0.00	0.00	0.00
Provision for gratuity & Leave	1.76	8.44	0.00	0.00	0.00	0.00
Encashment	0.00	0.00	0.00	0.00	0.00	0.00
Difference due to section 43B	0.00	(16.36)	0.00	0.00	0.00	0.00
Other adjustments	0.00	68.50	0.00	0.00	0.87	0.00
<b>Total (C)</b>	18.62	(191.48)	(0.64)	(0.60)	0.40	0.73
<b>Net adjustments (B+C)</b>	40.47	(177.49)	(0.42)	(0.23)	0.55	0.73



Tax savings thereon (D)	13.13	(58.96)	(0.14)	(0.07)	0.17	0.24
Total taxation (E = A+D)	287.79	97.90	110.55	9.30	4.21	4.63
Add: Interest under IT Act	0.00	0.00	0.00	0.00	0.00	0.00
Brought forward losses set off (Dptn)	0.00	0.00	0.00	0.00	0.00	0.00
Tax effect on the above (F)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net tax for the year / period (E-F)</b>	287.79	97.90	110.55	9.30	4.21	4.63
Tax payable as per MAT			48.85	3.03	1.24	1.30
<b>Tax expense recognized</b>	290.00	110.00	125.00	9.60	4.21	4.63
<b>Tax as per return of income</b>			123.87	9.30	4.21	4.63

#### **ANNEXURE XVIII: STATEMENT OF DIVIDENDS**

(₹ in Lacs)

Particulars	31.12.2011	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Interim Dividend on Equity Shares	-	-	-	-	-	-
Final Dividend on Equity Shares	-	-	-	-	-	-
Total Dividend on Equity Shares	-	-	-	-	-	-
Dividend Rate (%)	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-

**Note:** No dividend is paid by the Company during the above mentioned Years/Period.

#### **ANNEXURE XIX: STATEMENT OF SEGMENT REPORTING**

The Company is primarily engaged in the business of EPC Contracting (Engineering, Procurement and Construction), which, in the context of AS 17 on 'Segment Reporting', constitutes a single reporting segment. Further the Company does not have any separate geographic segments other than India.

## MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

*The following discussion and analysis of our Company's financial condition and results of operations together with our Company's financial statements included in this RHP and the Chapter titled "Risk Factors" beginning on page 13 of this RHP, which enumerates number of factors and contingencies that could impact our Company's financial condition and results of operations.*

*These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our Statutory Auditor dated April 25, 2012 in the Chapter titled "Financial Statements" beginning on page 147 of this RHP.*

*Our financial year ends on March 31 of each year, so all references to a particular fiscal year to 12-month period ended March 31 of that year. Our Company's historical financial performance may not be considered as indicative of future financial performance.*

### BUSINESS OVERVIEW

We are an ISO 9001:2008, OHSAS 18001:2007 & ISO 14001:2004 certified Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of undertaking EPC Contracts of CS/SS/Alloy Steel Turnkey Piping, Civil Land Development, Industrial / Commercial Infra Projects, Structural Fabrication and Erection of Equipments, Fire Fighting Projects and Commissioning of Chemical Plants for various industries including but not limited to Chemicals, Oil and Gas (on-shore and offshore), Refinery, Petrochemicals, Dyestuff, Pharma & Bulk Drugs, Metallurgy, Power and Textiles.

Our key expertise w.r.t our Fabrication & Erection of Key Industry Equipments/Plants includes but is not limited to Reaction Vessels, Auto Claves, Vacuum Tray Driers, Storage Tanks, Chilling Plants, Hydro-generators, Fire Fighting Units, Heat Exchangers/Condensers, Rotary Vacuum Tray Driers, Centrifuges, WHR boilers, Crystallizers, Scrubbers, Distillation Units, and Flakers etc.

### ORDER BOOK

Our order book position as on December 31st, 2011 is as follows:

Sr. No.	Client	Brief Description of Work Order	Total Un-executed Contract Value (₹ in Lacs)	Expected Completion Date
1.	Thermax Engineering Construction Co. Ltd.	Work order includes labour charges for unloading, Physical Verification, Preparation of Materials Receipt Report, Stacking/Storing, In-plant Transportation of all erection materials and erection and providing assistance during Commissioning of 1 x 95 TPH, 87 kg/cm, 515 Deg. C., TG Boiler and charges towards extra claim settlement at M/s Dr. D. Y. Patil SSK Ltd., Kolhapur (Maharashtra).	41.31	May 30th, 2012
2.	PACL India Limited	This work order covers the Earth work for Development of Agriculture land including clearances & Excavation Dressing of Agriculture land at earmarked site. (New Delhi)	4500.00	December 31 <sup>st</sup> , 2012
3.	BLA Power	Work Order for engineering, procurement,	298.94	September



	Pvt. Ltd.	manufacturing, supply, testing, packing, forwarding, transit insurance, transport, unloading at sight, storing and handling at sight, fabrication, erection, testing and commissioning of large diameter (LD) piping and non IBR piping including Butterfly Valves and Non-IBR Valves at Village Niwari, Gadarwara (M.P).		30 <sup>th</sup> , 2012
4.	Deepak Fertilizers and Petrochemicals Corp. Ltd	Work order includes (i) Piping and Erection of Valves; (ii) Transporting the steel from the clients store, fabricating and erecting structural steel at all levels as per drawing including tools, tackles, cutting, welding, consumables, assembly, bolts, permanent bolts, preparation of fabrication drawings (if felt necessary by the Contractor for all types of structures in buildings, pipe racks, platforms and towers; (iii) Same as (ii) but fabrication to be carried out outside DFPCL in the contractors premises (iv) All activities and scope same as (ii) but for insert plates (v) All activities and scope same as (ii) but for hand railing consisting of top rail, middle rail, vertical and toe gurd; (vi) All activities and scope same as (ii) but for MS Gratings; (vii) Supplying, providing and fixing corrugated polypropelene reinforced cement sheet for Roofing and cladding including the self tapping screws, all necessary jigs and fixtures, necessary scaffolding. (K-1 Taloja)	109.00	August 31 <sup>st</sup> , 2012
5.	Lanco Infratech Limited	Work Order for Civil work for Anuppur Thermal Power Project Phase I	75.24	March 31 <sup>st</sup> , 2012
6.	Acclaim Industries Limited	Work Order includes procurement of EPC Contract related project material including steel, valves, pipe fittings and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works	322.54	July 26 <sup>th</sup> , 2012
7.	Archon Engicon Pvt. Limited	Work Order includes widening and strengthening of Godda – Sunderpahari-Dharampur More Road, Jharkand and also shall include fooding, lodging and transportation of our staff.	1000.00	June 30 <sup>th</sup> , 2012
8.	Kadevi Industries Limited	Work Order includes tree cutting and clearance over a stretch of 1506.60 km for the construction of Transmission linein the State of Uttar Pradesh according to all technical requirements as required by ICI-C&C, Manipuri JV.	1406.00	August 23 <sup>rd</sup> , 2012
9.	Reliance Gas Transportation Infrastructure	Work order includes Mechanical and Piping Works and Installation of Fire Fighting System for hook-up facility for BGL's	72.29	May 30 <sup>th</sup> , 2012

	Limited	Hyderabad CGD. The contract shall include the following – (i) Fabrication of Piping (ii) Erection of Piping (iii) Testing, Dewatering and Drying of Piping (iv) Installation of Valves (v) Installation of Equipment (vi) Radiography (vii) Ultrasonic Test (viii) Painting (ix) Pipe Supports (x) Modification/Extra Works		
10.	Amruta Enterprises	Work Order includes procurement of EPC Contract related project material including steel, underground pipe coating materials and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	800.00	September 15 <sup>th</sup> , 2012
11.	J. P. Engineering	Work Order includes procurement of EPC Contract related project material including steel, nuts and bolts, piping materials and other fittings. After the procurement process is complete a supplementary Work Order is released for the Engineering and Labour works.	1200.00	August 20 <sup>th</sup> , 2012
<b>Total</b>			<b>9825.32</b>	

### Projects executed by the company

Some of the major orders executed in various sectors are displayed below:

Sector	Clients
<b>Oil and Refineries</b>	Chennai Petroleum Corporation Ltd, Deepak Fertilizers and Petrochemicals Corp. Ltd, Indian Farmers Fertilizers Co. op. Ltd., Lubrizol India Ltd., ONGC, Rashtriya Chemical and Fertilizers Ltd., Reliance Petroleum Ltd., National Fertilizers Ltd.
<b>Textiles</b>	Reliance Industries Ltd, Mandhana Industries Ltd., Indorama Synthetics Ltd.
<b>Petro-Chemicals</b>	Gharda Chemicals Ltd., Herdillia Chemicals Ltd., Monsanto Chemicals Ltd., Sabero Organic Gujarat Ltd., Rohm & Hass (I) Ltd., I G Petrochemical Ltd., Reliance Petrochemicals Ltd., Albright & Wilson Chemicals Ltd., GFL
<b>Pharmaceuticals, Food and Beverages</b>	Hikal Ltd., Atul Ltd., Hindustan Latex Ltd., Rexam HTW Beverage Can (I) Pvt. Ltd., Hindustan Tin Works Ltd.
<b>Power</b>	Fuji Technical Services Ltd., Wartsila NSD India Ltd., Thermax Instrumentation Ltd., Gujarat Fluorochemicals Ltd., Thermax Engineering Construction Co. Ltd, BLA Power Ltd., M. E. Energy Pvt. Ltd.
<b>Steel</b>	Sona Alloys Ltd.
<b>Air Conditioning &amp; Refrigeration</b>	Luwa Ltd./Reliance Industries Ltd

<b>Glass, Port and other Industries</b>	Float Glass India Ltd., JNPT, Kvaerner Powergas (I) Ltd., Punj Lloyd Ltd., Dura Build Ltd., Hi-tech Carbon – Birla Ltd./Aditya Birla Nuvo Ltd.
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*Note: None of the above-mentioned clients/contracts are sub-contracted jobs from third parties. Wherever, the job is a sub-contract, we have written the name of the party which has finally contracted the job to us as "Client" and hence, that entity is the direct client for us.*

For further details regarding specific scope of work w.r.t above mentioned sectors and clients, please refer to Paragraph titled "Details of Projects executed by the company" under section titled "Business Overview" on page 111 of this RHP.

### **Significant developments after year ended December 31, 2011 that affect our future results of operations**

To our knowledge, no circumstances have arisen since the date of the last financial statement as disclosed in this RHP which materially and adversely affects or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay its liability within the next twelve months.

#### **Key factors affecting the results of operation:**

- General economic and business conditions in the markets in which we operate i.e. local, regional and national economies.
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully carry out the projects and business plans for which funds are being raised through this Issue;
- Implementation risks involved in our projects;
- Changes in political and social conditions in India or in countries where we are executing projects, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our ability to respond to competitive pressures and to manage growth;



## RESULTS OF OPERATIONS

The following table represents our restated consolidated statement of profit and loss data in Lacs of Rupees and sets forth our revenues as a percentage of our total income, and expenditure as a percentage of our income from operations (Sales and Contract Revenue), for the periods indicated:

(₹ in lacs)

Particulars	As at		As at 31st March							
	31 <sup>st</sup> Decemb er, 2011	(in %)	2011	(in %)	2010	(in %)	2009	(in %)	2008	(in %)
<b>INCOME</b>										
Sales	745.70	7.64	898.13	14.91	2136.04	70.64	484.85	44.94	321.43	60.10
Contract Revenue	9004.63	92.31	5070.29	84.15	887.3	29.34	539.26	49.99	211.63	39.57
Other income	4.81	0.05	57.01	0.95	0.41	0.01	54.7	5.07	1.8	0.34
<b>Total Income</b>	<b>9755.13</b>		<b>6025.43</b>		<b>3023.75</b>		<b>1078.81</b>		<b>534.86</b>	
<b>EXPENDITURE</b>										
Cost of Goods Purchased	655.90	6.72	858.23	14.38	1524	50.41	305.17	29.80	236.32	44.33
Labour and Staff Cost	7792.13	79.88	4044.78	79.77	869.07	97.95	612.79	113.64	197.97	93.55
Other Direct Expenditure	62.16	0.64	160.87	2.70	219.97	7.28	65.24	6.37	13.81	2.59
Administrative Expenditure	61.82	0.63	224.21	4.42	28.1	3.17	32.49	6.02	53.26	25.17
Interest & Finance charges	214.30	2.20	160.73	3.17	50.42	5.68	28.18	5.23	15.42	7.29
Depreciation	100.81	1.03	104.4	2.06	6.53	0.74	4.61	0.85	5.01	2.37
IPO related Expense	21.47	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditure</b>	<b>8908.60</b>	91.32	<b>5553.22</b>	109.52	<b>2698.09</b>	304.08	<b>1048.48</b>	194.43	<b>521.79</b>	246.56
<b>Profit before tax</b>	<b>846.54</b>	8.68	<b>472.2</b>	9.31	<b>325.66</b>	36.70	<b>30.34</b>	5.63	<b>13.07</b>	6.18
<b>Provision for Taxation</b>	<b>283.93</b>	2.91	<b>156.23</b>	3.08	<b>125.22</b>	14.11	<b>10.96</b>	2.03	<b>4.05</b>	1.91
Current Tax	290.00	2.97	110.00	2.17	125.00	14.09	9.60	1.78	4.21	1.99
Previous Years	0.00	0.00	7.92	0.16	0.00	0.00	0.00	0.00	0.00	0.00
FBT etc.	0.00	0.00	0.00	0.00	0.00	0.00	1.16	0.22	0.70	0.33
Deferred tax	-6.04	-0.06	38.31	0.76	0.22	0.02	0.20	0.04	-0.85	-0.40
<b>Net Profit after tax but before extra-ordinary items</b>	<b>562.58</b>	5.77	<b>315.97</b>	6.23	<b>200.44</b>	22.59	<b>19.37</b>	3.59	<b>9.02</b>	4.26
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit after tax and extraordinary items</b>	<b>562.58</b>	5.77	<b>315.97</b>	6.23	<b>200.44</b>	22.59	<b>19.37</b>	3.59	<b>9.02</b>	4.26

## PRINCIPAL COMPONENTS OF OUR PROFIT AND LOSS STATEMENT

### *Income*

Our total income comprises of our income from Sales, Contracts Revenue and Other Income.

### *Sales*

Our Sales accounted for 14.91%, 70.64%, 44.94% and 60.10% of our total income for fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008 respectively, and 7.64% for nine months period ended December 31<sup>st</sup>, 2011.

### *Contract Revenue*

Our Contract Revenue accounted for 84.15%, 29.34%, 49.99% and 39.57% of our total income for fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008 respectively, and 92.31% for nine months period ended December 31<sup>st</sup>, 2011.

### *Other Income*

Other income consists of discounts, interest on deposits and expenses/liabilities written back. Our other income accounted for 0.95%, 0.01%, 5.07% and 0.34% of our total income for fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008 respectively, and 0.05% for nine months period ended December 31<sup>st</sup>, 2011.

## EXPENDITURE

Our expenditures consist primarily of cost of goods purchased, labour and staff costs, other direct expenditure, administrative expenses, interest and finance charges and depreciation.

The following table sets out the principal components of our expenditures and their respective percentage of our total operating expenditures for the periods indicated:

(₹ in lacs)

Particulars	As at		As at 31st March							
	31 <sup>st</sup> Decemb er, 2011	(in %)	2011	(in %)	2010	(in %)	2009	(in %)	2008	(in %)
Cost of Goods Purchased	655.90	7.36	858.23	14.38	1524.00	50.41	305.17	29.80	236.32	44.33
Labour and Staff Cost	7792.13	87.47	4044.78	67.77	869.07	28.75	612.79	59.84	197.97	37.14
Other Direct Expenditure	62.16	0.70	160.87	2.70	219.97	7.28	65.24	6.37	13.81	2.59
Administrative Expenditure	61.82	0.69	224.21	3.76	28.1	0.93	32.49	3.17	53.26	9.99
Interest & Finance charges	214.30	2.41	160.73	2.69	50.42	1.67	28.18	2.75	15.42	2.89
Depreciation	100.81	1.13	104.4	1.75	6.53	0.22	4.61	0.45	5.01	0.947
IPO related Expenses	21.47	0.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditure</b>	<b>8908.60</b>		<b>5553.22</b>		<b>2698.09</b>		<b>1048.48</b>		<b>521.79</b>	

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***Labour and Staff Cost***

Labour and staff cost include salaries and wages, and other expenses and allowances related to staff welfare.

***Other Direct Expenditure***

Other direct expenses principally consist of Insurance costs, Site work expenses and travelling and conveyance charges.

***Administrative Expenditure***

Administrative expenses include professional charges, manpower and security charges, office expenses and other general expenses.

***Interest and Finance Charges***

Interest and finance charges principally consist of interest on loans, bank charges and processing fees.

***Depreciation***

Depreciation primarily relates to our furniture and fixtures, machinery, office equipments and vehicles and is calculated on written down value method as per the rates prescribed under Schedule XIV of the Companies Act 1956.

**PERFORMANCE IN THE NINE MONTHS PERIOD ENDED 31<sup>ST</sup> DECEMBER, 2011****INCOME:**

Our Total Income was ₹ 9755.13 lacs, out of which our Income earned from Sales accounted for ₹ 745.70 lacs, Contract Revenue accounted for ₹ 9004.63 lacs and income earned from Other Sources accounted for ₹ 4.81 lacs for the nine months period ended 31<sup>st</sup> December, 2011.

**EXPENDITURE:**

Our Total Expenditure was ₹ 8908.60 lacs for the nine months period ended 31<sup>st</sup> December, 2011, constituting 91.32% of the Total Income for the nine months period ended 31<sup>st</sup> December, 2011. Our cost of goods purchased accounted to ₹ 655.90 lacs, Labour and Staff Cost accounted to ₹ 7792.13 lacs, other direct expenditure accounted to ₹ 62.16 lacs, administrative expenditure accounted to ₹ 61.82 lacs, interest & finance charges accounted to ₹ 214.30 lacs, depreciation accounted to ₹ 100.81 lacs and IPO related expenses accounted to ₹ 21.47 lacs for the nine months period ended 31<sup>st</sup> December, 2011.

**NET PROFIT AFTER TAX**

Our Net Profit after tax was ₹ 562.58 lacs or 5.77% of the Total Income for the nine months period ended 31<sup>st</sup> December, 2011.

## **FISCAL 2011 COMPARED WITH FISCAL 2010**

### **INCOME:**

Our total income in fiscal 2011 of ₹ 6025.43 lacs represented an increase of ₹ 3001.68 lacs or 99.27%, over total income of ₹ 3023.75 lacs in fiscal 2010. This increase was primarily due to a substantial increase in our contract executions.

#### ***Sales***

In fiscal 2011, our Sales decreased by ₹ 1237.91 lacs from ₹ 2136.04 lacs in fiscal 2010 to ₹ 898.13 lacs in fiscal 2011, representing a negative growth of 57.95%. This was because the primary orders executed during this period, were contract based and not product sale based.

#### ***Contract Revenue***

In fiscal 2011 our Contract revenue increased by ₹4182.99 lacs from ₹ 887.30 lacs in fiscal 2010 to ₹ 5070.29 lacs in fiscal 2011, representing a growth of 471.43%. The increase in contract revenue for 2011 primarily stems from the income received from the order of PAFL, which is a Gross Work Order of ₹ 7500.00 Lacs, out of which ₹ 3000.00 Lacs was booked in revenue in this year. The remaining ₹ 4500.00 is pertaining to the Phase II of the project and shows in our order book as outstanding order to be executed.

#### ***Other Income***

In fiscal 2011, our other income increased by ₹ 56.60 lacs from ₹ 0.41 lacs in fiscal 2010 to ₹ 57.01 lacs in fiscal 2011, representing a growth of 13804.88%. This increase was largely due to expenses/liabilities that were written off during that year.

### **EXPENDITURE:**

In fiscal 2011, our total expenditure increased by ₹ 2855.13 lacs from ₹ 2698.09 lacs in fiscal 2010 to ₹ 5553.22 lacs in fiscal 2011, representing an increase of 105.82%. This increase was primarily due to ₹ 3175.71 lacs increase in Labour and staff costs.

#### ***Cost of Production***

Our cost of production decreased by ₹ 665.77 lacs or 43.69%, from ₹ 1524.00 lacs in fiscal 2010 to ₹ 858.23 lacs in fiscal 2011. This decrease was largely due to lower amount of purchase which is primarily low margin in nature as compare to FY 2010. Our cost of production as a percentage of our income from operations decreased from 50.41% in fiscal 2010 to 14.38% in fiscal 2011.

#### ***Labour and Staff Cost***

Our Labour and staff costs increased by ₹ 3175.71 lacs or 365.41%, from ₹ 869.07 lacs in fiscal 2010 to ₹ 4044.78 lacs in fiscal 2011. The increase was primarily driven by the charges payable to third party labor contractors for executing the contracts during the year, which have increased multifold during the year and a general increase in salaries and wages, and hiring charges. Our labour and staff costs as a percentage of our income from operations increased from 28.75% in fiscal 2010 to 67.77% in fiscal 2011.

### ***Other Direct Expenditure***

Other direct expenditure decreased by ₹ 59.10 lacs or 26.87%, from ₹ 219.97 lacs in fiscal 2010 to ₹ 160.87 lacs in fiscal 2011. As a percentage of our income from operations, other direct expenditure decreased from 7.28% in fiscal 2010 to 2.70% in fiscal 2011.

### ***Administrative Expenditure***

Our administrative expenses increased by ₹ 196.11 lacs or 697.90%, from ₹ 28.10 lacs in fiscal 2010 to ₹ 224.21 lacs in fiscal 2011. Administrative expenses as a percentage of our income from operations increased from 0.93% in fiscal 2010 to 3.76% in fiscal 2011.

#### ***Increase in Audit Fees***

The steep rise in Audit Fees can be attributed to the following facts:

- 1) The company was converted from Private Limited to Public Limited and also the turnover and operational activities of the company has increased and hence statutory reports and certification requirements increased.
- 2) The company was planning an IPO, and hence, an Auditor/Firm which had a valid Peer Review Certificate was required who would be required to prepare various restated financial reports and other IPO related certification, increasing the expenses on Auditors.

### ***Interest and Finance Charges***

Interest and finance charges increased by ₹ 110.31 lacs or 218.78%, from ₹ 50.42 lacs in fiscal 2010 to ₹ 160.73 lacs in fiscal 2011. This increase was on account of increase in Interest on loans and Processing & renewal fees. Interest and finance charges as a percentage of our income from operations increased from 1.67% in fiscal 2010 to 2.69% in fiscal 2011.

### ***Depreciation***

Depreciation charges increased by ₹ 97.87 lacs or 1498.77%, from ₹ 6.53 lacs in fiscal 2010 to ₹ 104.40 lacs in fiscal 2011. Depreciation charges as a percentage of our income from operations increased from 0.22% in fiscal 2010 to 1.75% in fiscal 2011.

### ***Net Profit after Tax***

Our Net Profit after Tax increased by ₹ 115.53 lacs or 57.64%, from ₹ 200.44 lacs in fiscal 2010 to ₹ 315.97 lacs in fiscal 2011. This increase is primarily due to improved top line performance and better utilization levels. As a proportion of our income from operations, our net profit after tax decreased from 6.63% in fiscal 2010 to 5.29% in fiscal 2011.

## **FISCAL 2010 COMPARED WITH FISCAL 2009**

### **INCOME:**

Our total income in fiscal 2010 of ₹ 3023.75 lacs represented an increase of ₹ 1944.94 lacs or 180.29%, over total income of ₹ 1078.81 lacs in fiscal 2009. This increase was primarily due to a substantial increase in our contracted product deliveries and contract executions.



### ***Sales***

In fiscal 2010, our Sales increased by ₹ 1651.19 lacs from ₹ 484.85 lacs in fiscal 2009 to ₹ 2136.04 lacs in fiscal 2010, representing a growth of 340.56%. This was primarily due to the nature of Order book Executed during the year, which was more product delivery based.

### ***Contract Revenue***

In fiscal 2010, our Contract revenue increased by ₹ 348.04 lacs from ₹ 539.26 lacs in fiscal 2009 to ₹ 887.30 lacs in fiscal 2010, representing a growth of 64.54%.

### ***Other Income***

In fiscal 2010, our other income decreased by ₹ 54.29 lacs from ₹ 54.70 lacs in fiscal 2009 to ₹ 0.41 lacs in fiscal 2011, representing a decrease of 99.25%. This decrease was largely due to a decrease of ₹ 2.79 lacs in interest on loans during that year. In addition to that, no expenses/liabilities were written off during that year.

### **EXPENDITURE:**

In fiscal 2010, our total expenditure increased by ₹ 1649.61 lacs from ₹ 1048.48 lacs in fiscal 2009 to ₹ 2698.09 lacs in fiscal 2010, representing an increase of 157.33%. This increase was primarily due to ₹ 1302.94 lacs increase in Cost of Production, stemming from higher volumes and operational activities.

### ***Cost of Production***

Our cost of production increased by ₹ 1218.83 lacs or 399.39%, from ₹ 305.17 lacs in fiscal 2009 to ₹ 1524.00 lacs in fiscal 2010. This increase was largely due to higher volumes and operational activities as compared to FY 2009. Our cost of production as a percentage of our income from operations increased from 29.80% in fiscal 2009 to 50.41% in fiscal 2010.

### ***Labour and Staff Cost***

Our labour and staff costs increased by ₹ 256.28 lacs or 41.82%, from ₹ 612.79 lacs in fiscal 2009 to ₹ 869.07 lacs in fiscal 2010. This increase was driven by a general increase in salaries and wages, and hiring charges. However, our labour and staff costs as a percentage of our income from operations decreased from 59.84% in fiscal 2009 to 28.75% in fiscal 2010. This was primarily due to the nature of Order book Executed during the year, which was more product delivery based.

### ***Other Direct Expenditure***

Other direct expenditure increased by ₹ 154.73 lacs or 231.17%, from ₹ 65.24 lacs in fiscal 2009 to ₹ 219.97 lacs in fiscal 2010. As a percentage of our income from operations, other direct expenditure increased from 6.37% in fiscal 2009 to 7.28% in fiscal 2010.

### ***Administrative Expenditure***

Our administrative expenses decreased by ₹ 4.39 lacs or 13.51%, from ₹ 32.49 lacs in fiscal 2009 to ₹ 28.10 lacs in fiscal 2010. Administrative expenses as a percentage of our income from operations decreased from 3.17% in fiscal 2009 to 0.93% in fiscal 2010.

### ***Interest and Finance Charges***

Interest and finance charges increased by ₹ 22.24 lacs or 78.92%, from ₹ 28.18 lacs in fiscal 2009 to ₹ 50.42 lacs in fiscal 2010. This was on account of increase in Interest on loan, Bank Charges and Processing and renewal fees. However, Interest and finance charges as a percentage of our income from operations decreased from 2.75% in fiscal 2009 to 1.67% in fiscal 2010.

### ***Depreciation***

Depreciation charges increased by ₹ 1.92 lacs or 41.65%, from ₹ 4.61 lacs in fiscal 2009 to ₹ 6.53 lacs in fiscal 2010. However, Depreciation charges as a percentage of our income from operations decreased from 0.45% in fiscal 2009 to 0.22% in fiscal 2010.

### ***Net Profit after Tax***

Our Net Profit after Tax increased by ₹ 181.07 lacs or 934.80%, from ₹ 19.37 lacs in fiscal 2009 to ₹ 200.44 lacs in fiscal 2010. This increase is primarily due to improved top line performance and better utilization levels. As a proportion of our income from operations, our net profit after tax increased from 1.89% in fiscal 2009 to 6.63% in fiscal 2010.

## **FISCAL 2009 COMPARED WITH FISCAL 2008**

### **INCOME:**

Our total income in fiscal 2009 of ₹ 1078.81 lacs represented an increase of ₹ 543.95 lacs or 101.70%, over total income of ₹ 534.86 lacs in fiscal 2008. This increase was primarily due to a substantial increase in our Sales and Contract Revenue.

### ***Sales***

In fiscal 2009, our Sales increased by ₹ 163.42 lacs from ₹ 321.43 lacs in fiscal 2008 to ₹ 484.85 lacs in fiscal 2009, representing a growth of 50.84%.

### ***Contract Revenue***

In fiscal 2009, our Contract revenue increased by ₹ 327.63 lacs from ₹ 211.63 lacs in fiscal 2008 to ₹ 539.26 lacs in fiscal 2009, representing a growth of 154.81%.

### ***Other Income***

In fiscal 2009, our other income increased by ₹ 52.90 lacs from ₹ 1.80 lacs in fiscal 2008 to ₹ 54.70 lacs in fiscal 2011, representing an increase of 2938.89%. This increase was largely due to the expenses/liabilities that were written back during that year.

### **EXPENDITURE:**

In fiscal 2009, our total expenditure increased by ₹ 526.69 lacs from ₹ 521.79 lacs in fiscal 2008 to ₹ 1048.48 lacs in fiscal 2009, representing an increase of 100.94%. This increase was primarily due to ₹ 414.82 lacs increase in Labour and Staff costs, stemming from the increased contract executions during the year.

### ***Cost of Production***

Our cost of production increased by ₹ 68.85 lacs or 29.13%, from ₹ 236.32 lacs in fiscal 2008 to ₹ 305.17 lacs in fiscal 2009. However, our cost of production as a percentage of our income from operations decreased from 44.33% in fiscal 2008 to 29.80% in fiscal 2009. This was due to increase contract executions and type of orders executed.

### ***Labour and Staff Cost***

Our labour and staff costs increased by ₹ 414.82 lacs or 209.54%, from ₹ 197.97 lacs in fiscal 2008 to ₹ 612.79 lacs in fiscal 2009. This increase was driven by a general increase in salaries and wages, and hiring charges. Our labour and staff costs as a percentage of our income from operations increased from 37.14% in fiscal 2008 to 59.84% in fiscal 2009. This was due to increase contract executions and type of orders executed.

### ***Other Direct Expenditure***

Other direct expenditure increased by ₹ 51.43 lacs or 372.41%, from ₹ 13.81 lacs in fiscal 2008 to ₹ 65.24 lacs in fiscal 2009. As a percentage of our income from operations, other direct expenditure increased from 2.59% in fiscal 2008 to 6.37% in fiscal 2009.

### ***Administrative Expenditure***

Our administrative expenses decreased by ₹ 20.77 lacs or 39%, from ₹ 53.26 lacs in fiscal 2008 to ₹ 32.49 lacs in fiscal 2009. Administrative expenses as a percentage of our income from operations decreased from 9.99% in fiscal 2008 to 3.17% in fiscal 2009.

### ***Interest and Finance Charges***

Interest and finance charges increased by ₹ 12.76 lacs or 82.75%, from ₹ 15.42 lacs in fiscal 2008 to ₹ 28.18 lacs in fiscal 2009. This was on account of increase in Interest on loan and Bank Charges. However, Interest and finance charges as a percentage of our income from operations decreased from 2.89% in fiscal 2008 to 2.75% in fiscal 2009.

### ***Depreciation***

Depreciation charges decreased by ₹ 0.40 lacs or 7.98%, from ₹ 5.01 lacs in fiscal 2008 to ₹ 4.61 lacs in fiscal 2009. Depreciation charges as a percentage of our income from operations decreased from 0.94% in fiscal 2008 to 0.45% in fiscal 2009.

### ***Net Profit after Tax***

Our Net Profit after Tax increased by ₹ 10.35 lacs or 114.75%, from ₹ 9.02 lacs in fiscal 2008 to ₹ 19.37 lacs in fiscal 2009. This increase is primarily due to improved top line performance and better utilization levels. As a proportion of our income from operations, our net profit after tax increased from 1.69% in fiscal 2008 to 1.89% in fiscal 2009.



**AN ANALYSIS OF INCREASE IN GROSS BLOCK, INVENTORIES AND UNSECURED LOANS IN THE FINANCIAL YEAR 2010-11:**

(₹ in lacs)

Particulars	Nine months period ended 31-12-2011	Year ended March 31	
		2011	2010
Gross Block	1102.79	1082.65	76.75
Inventories	162.49	341.44	45.13
Unsecured Loans	246.22	379.63	21.60

Our Gross Block increased by ₹ 1005.90 lacs or 1310.62%, from ₹ 76.75 lacs in fiscal 2010 to ₹ 1082.65 lacs in fiscal 2011. This increase is primarily due to purchase of additional machinery aggregating to ₹ 1006.01 lacs during the financial year 2010-11.

Our Inventories increased by ₹ 296.31 lacs or 656.57%, from ₹ 45.13 lacs in fiscal 2010 to ₹ 341.44 lacs in fiscal 2011. This increase is primarily due to increase in stocks and consumables in financial year 2010-11 which were utilised in financial year 2011-12, thus causing a decrease in inventories in the nine months period ended December 31<sup>st</sup>, 2012, amounting to ₹ 162.49 lacs

Our Unsecured Loans increased by ₹ 358.03 lacs or 1657.55%, from ₹ 21.60 lacs in fiscal 2010 to ₹ 379.63 lacs in fiscal 2011. This increase is primarily due to our increased borrowings from NBFCs, such as Tata Management, KFIC Investments Management, SE Investments, etc. We had obtained such loans on an EMI basis and we have been paying the EMIs regularly.

**CASH FLOW STATEMENT**

Set forth below is a table of selected, standalone restated cash flow statement data for the financial year 2011, 2010, 2009 and 2008:

(₹ in lacs)

Particulars	9 months period ended December 31 <sup>st</sup> , 2011	Year ended March 31			
		2011	2010	2009	2008
Cash generated from/(used in) Operations	(504.25)	(211.57)	(399.46)	(82.85)	(47.25)
Cash flow from / (used in) Investing Activities	(20.14)	(1006.59)	(11.71)	(4.09)	(16.17)
Cash flow From / (used in) Financing Activities	523.54	1289.35	400.32	(63.66)	62.57
Net increase / (decrease) in Cash and Cash Equivalents	(0.86)	71.18	(10.85)	15.10	(0.85)

Our Company undertakes various infrastructure projects which entails huge requirement of working capital.

In our business, working capital management is very important. Our net cash generated from operating activities is affected in each period mainly on account of increase/decrease in working capital items like Inventories, Receivable, and Loans & Advances etc. Major portion of our Contract Revenue as well as order book position pertains to large corporate clients and PPP infraprojects, wherein the recovery period is generally high and could get further extended due to liquidity concerns.

**OPERATING ACTIVITIES**

For the nine months period ended December 31<sup>st</sup>, 2011, we had negative cash flow from operating activities amounting to ₹ 504.25 lacs compared to a positive net profit before taxation of ₹ 846.54 lacs in

the same period. This difference is primarily on account of higher increase in trade receivable, loans and advances and current liabilities.

In fiscal 2011, we had negative cash flow from operating activities amounting to ₹ 211.57 lacs compared to a positive net profit before taxation of ₹ 472.20 lacs in fiscal 2011. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables). The increase in trade receivables can be attributed to the substantial growth in top line figures and aggressive order taking by the company.

In fiscal 2010, we had negative cash flow from operating activities amounting to ₹ 399.46 lacs compared to a positive net profit before taxation of ₹ 325.66 lacs in fiscal 2010. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables). The increase in trade receivables can be attributed to the substantial growth in top line figures and aggressive order taking by the company.

In fiscal 2009, we had negative cash flow from operating activities amounting to ₹ 82.85 lacs compared to a positive net profit before taxation of ₹ 30.34 lacs in fiscal 2009. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

In fiscal 2008, we had negative cash flow from operating activities amounting to ₹ 47.25 lacs compared to a positive net profit before taxation of ₹ 13.07 lacs in fiscal 2008. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

## **INVESTING ACTIVITIES**

For the nine months period ended December 31<sup>st</sup>, 2011, we had negative cash flow from investing activities amounting to ₹ 20.14 lacs compared to a positive net profit before taxation of ₹ 846.54 lacs in the same period. This reflected expenditure incurred towards purchase of fixed assets of ₹ 1006.59 lacs.

In fiscal 2011, our Company had negative cash flow from investing activities amounting to ₹ 1006.59 lacs. This reflected high expenditure incurred towards purchase of fixed assets of ₹ 1006.59 lacs.

In fiscal 2010, our Company had negative cash flow from investing activities amounting to ₹ 11.71 lacs. This reflected high expenditure incurred towards purchase of fixed assets of ₹ 11.71 lacs.

In fiscal 2009, our Company had negative cash flow from investing activities amounting to ₹ 4.09 lacs. This reflected high expenditure incurred towards purchase of fixed assets of ₹ 4.09 lacs.

In fiscal 2008, our Company had negative cash flow from investing activities amounting to ₹ 16.17 lacs. This reflected high expenditure incurred towards purchase of fixed assets of ₹ 16.17 lacs.

## **FINANCING ACTIVITIES**

Net cash from financing activities for the nine months period ended December 31<sup>st</sup>, 2011, was ₹ 523.54 lacs comprising primarily of proceeds from long term borrowing.

Net cash from financing activities in fiscal 2011 was ₹ 1289.35 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities in fiscal 2010 was ₹ 400.32 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities was negative in fiscal 2009 amounting ₹ 63.66 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities in fiscal 2008 was ₹ 62.57 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

### **Related Party Transactions**

For details refer to the "Annexure XVI" of "Auditor's report" on page 171 of this RHP

### **Financial Market Risks**

We are exposed to financial market risks from changes in Interest rates and Inflation.

#### **Interest Rate Risk**

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, which we have for the period ended March 31, 2011, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

#### **Effect of Inflation**

We are affected by inflation as it has an impact on Salaries, Cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

### **AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW**

#### **1. Unusual or infrequent events or transactions**

There have been no such events.

#### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

There have been no significant economic changes in the industry in the recent past, which are likely to affect income from continuing operations.

#### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations**

Apart from the risks as disclosed under Section 'Risk Factors' beginning on page 13 in this RHP, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

#### **4. Status of any publicly announced new products or business segment.**

Our Company has not publicly announced any new products or business segments.

#### **5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new services or increased charter rates.**



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Increases in revenues are by and large linked to increases in volume of business.

6. **The extent to which the business is seasonal.**

Our Company's business is not seasonal.

7. **Any significant dependence on a single or few suppliers or customers.**

Our business is dependent on developing and maintaining alliances with our partners. Our business and results of operations will be materially and adversely affected if we are unable to maintain a continuing relationship or prequalified status with our clients and partners. Our top five (5) clients vary from period to period depending on the completion schedule of projects. Our top five (5) clients provided approximately 91.42%, 72.22% and 74.82% of our total revenue in fiscal year 2009, 2010 and 2011 respectively.

**Competitive Conditions**

For details of competitive conditions, please refer to the Paragraph titled '*Competition*' beginning on page 116 of this RHP.

***Significant developments after December 31, 2011***

There has been no significant development after December 31, 2011.

### FINANCIAL INDEBTEDNESS

Name of Bank	Type of Facility	Interest Rate	Security	Repayment Schedule	Terms in case of Default/penalty
State Bank of India	Cash Credit – Sanctioned Limit ₹ 30.00 Crores	6.00% above Base Rate i.e. 16.00%	<p><b>Primary Security:</b> Hypothecation Charge over the company's entire current assets consisting of Stock of raw material, stock in process, finished goods, receivables, book debts etc.</p> <p><b>Collateral Security:</b> Equitable/Registered Mortgage Charge Over:</p> <ol style="list-style-type: none"> <li>1. 507, B-Wing, Sai Sangam, Sector - 15, CBD Belapur(E), Navi Mumbai, in the name of company.</li> <li>2. Flat no-106, B-Wing, Maharani CHS, Sector-17, Vashi, Navi Mumbai in the name of V.K. Sukumaran &amp; Saritha Sukumaran.</li> <li>3. Penthouse no-1201, 12<sup>th</sup> Floor, Crystal CHS, Plot No-21, Koparkhairane Navi Mumbai in the name of V.K. Sukumaran.</li> <li>4. Flat no-1802 &amp; 1803, A-Wing, 18th Floor, Palm Paradise, Sanpada, Navi Mumbai, in the name of V.K. Sukumaran &amp; Saritha Sukumaran.</li> <li>5. Flat no-1801, A-Wing, 18th Floor, Palm Paradise, Sanpada, Navi Mumbai, in the name of V.K. Sukumaran &amp; Saritha Sukumaran.</li> <li>6. Assignment of SBI Life Policy (Smart Performer Policy) of the premium of ₹ 0.25 Cr.</li> <li>7. Pledge of Company shares of worth ₹ 2.40 Cr. Held by the Directors.</li> <li>8. Row House No. 1, Group No. 1, Plot No. 11, Sector-17, Koparkhaime, Navi Mumbai, in the name of V. Chandu Kutty.</li> <li>9. Fund value of SBI Life Policy and / or any Tangible Security to the tune of Rs. 0.77 Cr.</li> </ol> <p><b>Guarantee:</b> Personal guarantees of V.K. Sukumaran, Saritha Sukumaran &amp; V. Chandu Kutty.</p>	Not Applicable	Non compliance of sanctioned terms – 1% p.a. over applicable rate subject to maximum of 2%.

Apart from the above we also have a sanction for Bank Guarantee Limit of ₹ 200.00 lacs from SBI.



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## **SECTION VI: LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

*Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoter and our Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.*

This section has been divided into six parts:

Part 1 Contingent Liabilities of our Company

Part 2 Litigation relating to our Company

Part 3 Litigation against our Directors

Part 4 Litigation relating to our Promoter and Group Companies

Part 5 Other Disputes of the Company

Part 6 Amounts owed to Small Scale Undertakings and other Creditors

Part 7 Material Developments

#### **Part 1 - CONTINGENT LIABILITIES OF OUR COMPANY**

As on 31-12-11, there is Contingent Liability amounting to ₹ 1,90,00,000 in the form of Bank Guarantees.

#### **Part 2 - LITIGATION RELATING TO OUR COMPANY**

##### **(A) FILED AGAINST OUR COMPANY**

##### **1. Litigation Involving Civil Laws: Nil**

##### **2. Litigation Involving Criminal Laws: Nil**

##### **3. Litigation Involving Securities and Economic Laws:**

The Company has filed a petition no. 611/141/CLB/MB/2008 under section 141 of the Companies Act, 1956 praying for condonation of delay in filling Form 8 with the ROC (Mumbai). A charge was created on January 10, 2007 for ₹ 1,00,00,000/- in favor of M/s Centurion Bank of Punjab. However the Company did not file the required form within the stipulated period of one month. There was default for a period from February 10, 2007 to April 30, 2007 on which the Company filed the required Form 8. The Company Law Board, Mumbai by an order dated May 7, 2008 has extended the time for filling the same upto April 30, 2007 and also charged a penalty of ₹ 1500/- on the Company. The required penalty has been paid by the Company.

**4. Litigation Involving Statutory Laws: Nil**

**5. Litigation Involving Labour Laws: Nil**

**(B) FILED BY THE ISSUER COMPANY**

**Litigation Involving Civil Laws: Nil**

**1. Litigation Involving Criminal Laws: Nil**

**2. Litigation Involving Securities and Economic Laws: Nil**

**3. Litigation Involving Statutory Laws: Nil**

**Litigation Involving Labour Laws: Nil**

**PART 3 - LITIGATION AGAINST OUR DIRECTORS**

**A. Litigations against Directors of the Company: Nil**

**B. Cases Filed by Directors of the Company: Nil**

**PART 4 - LITIGATION RELATING TO OUR PROMOTER AND GROUP COMPANIES**

**• OUR PROMOTER**

**A. Litigation against Promoter of the Company: Nil**

**B. Cases Filed by Promoter of the Company: Nil**

**• OUR PROMOTER GROUP AND GROUP COMPANIES**

**A. Litigation against Promoter Group and Group Companies of the Issuer Company: Nil**

**B. Cases Filed by Promoter Group and Group Companies of the Issuer Company: Nil**

**PART 5 – OTHER DISPUTES**

There are no other disputes in relation to our Company, its Promoters, its Directors, or our Group Companies.

**PART 6 – AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

Amount owed to small scale undertakings and other creditors is not determined.

**PART 7 – MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE, THAT IS DECEMBER 31, 2011**

There has been no material development in relation to our Company, its Promoters or our Group Companies since December 31, 2011.

## GOVERNMENT AND OTHER KEY APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Red Herring Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.*

*In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.*

*The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.*

*The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business.*

### APPROVALS FOR THE ISSUE

1. The Board of Directors have pursuant to resolution passed at its meeting held on May 16<sup>th</sup>, 2011 authorised the Issue, subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.
2. The shareholders have, pursuant to a resolution dated May 20<sup>th</sup>, 2011 under Section 81(1A) of the Companies Act, authorised the Issue.
3. In principal Approval from the National Stock Exchange dated October 7<sup>th</sup>, 2011
4. In principal Approval from the BSE dated September 14<sup>th</sup>, 2011

### INCORPORATION DETAILS OF THE COMPANY

1. Certificate of Incorporation dated February 17, 1998 was issued by the Registrar of Companies, Maharashtra, Mumbai (ROC) in the name of "Chaitanya Contractors and Engineers Private Limited".
2. Fresh Certificate of Incorporation dated August 31, 2007 was issued by the ROC upon the change in name of the Company from "Chaitanya Contractors and Engineers Private Limited" to "VKS Projects Private Limited".
3. Fresh Certificate of Incorporation dated November 3, 2010 was issued by the ROC upon the change of name on conversion to a Public Limited Company. The name of the Company "VKS Projects Private Limited" was thereafter changed to "VKS Projects Limited".
4. The Corporate Identity Number of the Company is U74210MH1998PLC113596.

## GENERAL AND CORPORATE APPROVALS

### *Municipal Approval*

1. Registration Certificate of Establishment dated June 8, 2011 bearing Registration number: CE31194 issued under the Bombay Shops and Establishment Act, 1948 by the Senior Inspector, Bombay Shops and Establishment for our Registered Office situated at 507, B-Wing, Sai Sangam, Sector- 15, CBD Belapur, Navi Mumbai. The Certificate is valid till December 31, 2013.

### *Taxation Related Approvals and Licenses*

1. Certificate of Registration dated August 17, 1998 bearing registration number PT/R/1/2/12/8673 issued under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 by the Sales Tax Officer Thane.
2. Certificate of Enrollment dated August 14, 1998 bearing Registration No. PT/E/1/2/12/18/1431 issued under The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 by the Sales Tax Officer, Thane.
3. Tax Deduction Account Number (TAN) MUMC13843C granted by the Income Tax Authority.
4. Permanent Account Number (PAN) AAACC9164E granted by the Income Tax Authority.
5. Certificate of Registration dated January 17, 2009 issued under The Central Sales (Registration and Turnover) Rules, 1957, bearing Tax Identification Number (TIN) 27690251817C issued by the Sales Tax Officer for sale and resale of fabrication contract. The certificate is valid from April 1, 2006 until cancelled.
6. Certificate of Registration dated January 17, 2009, issued under The Maharashtra Value Added Tax Act, 2002, bearing Tax Identification Number (TIN) 27690251817V issued by the Sales Tax Officer, Thane. The Certificate is valid from April 1, 2006 until cancelled.
7. Certificate of Registration dated December 17, 2008 issued under the Section 69 of the Finance Act, 1994 (32 of 1994) bearing Service Tax Code Registration No. AAACC9164EST002 issued by the Office of the Assistant/Deputy Commissioner of Service Tax for erection, commissioning and installation maintenance or repair service.
8. Certificate of Registration dated May 7, 2011 bearing Registration No. N.M.M.C/CEG/01/00462 under the Navi Mumbai Municipal Corporation Cess Rules issued by the Deputy Commissioner, Navi Mumbai Municipal Corporation Cess Department. The Certificate is valid from September 15, 1998.

### *Labour Related Approvals*

#### General Labour Related Approvals

1. Registration Certificate dated September 4, 2000 issued under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, bearing Registration Code No. MH 97454 by the Regional Provident Fund Commissioner, Maharashtra and Goa.

2. Letter dated April 25, 2008 addressed by Assistant Provident Fund Commissioner, Sub Regional Office, Vashi accepting the change of the name of the Company from "Chaitanya Contractors and Engineers Private Limited" to "VKS Projects Private Limited".
3. Registration Certificate dated 24 September, 1998 issued under the Employee's State Insurance Act, 1948, bearing Registration Code No. 31-39454-101 issued by the Regional Office Maharashtra Employees State Insurance Corporation.
4. Letter dated April 29, 2011 addressed by Employee's State Insurance Corporation, Sub Regional Office, Thane for accepting the change of the name of the Company from "Chaitanya Contractors and Engineers Private Limited" to "VKS Projects Limited".

#### Project Specific Labour Approvals

5. License dated April 24, 2007, bearing License No.ACL/Raigad/CLA/LC-102/2007 authorizing the Company to act as Contractors, under the Contract Labour (Regulation and Abolition) Act, 1970 for "**Deepak Fertilizers and Petrochemicals Corporation Limited**" bearing Registered Establishment No. ACL/Raigad/CLA/R-4/2004. This License is issued by the Government of Maharashtra Registering and Licensing Authority Raigad District and is valid from April 24, 2007. The same is renewed upto December 31, 2011. The Company shall not employ more than 100 contract labourers on any day. The Company has sub contracted portion of this work order on April 8, 2010.

The Company has received a work order from Thermax Engineering Construction Company Limited on June 30, 2011 for unloading, physical verification, preparation of material receipt report, storing implant transportation of all erection material and providing assistance during commissioning of work at the site of Deepak Fertilizers and Petrochemicals Corporation Limited.

The Company has not sub contracted the work order of Thermax Engineering Construction Company Limited. For the sub contracted work, the Company would be using the same contract labourers deployed by it on the site of Deepak Fertilizers and Petrochemicals Corporation Limited, in relation to the contract assigned by them to the Company. Accordingly, no separate Contract Labour License has been obtained in respect of work order issued by Thermax Engineering Construction Company Limited.

6. License dated May 2, 2011 bearing License No.B88/NSP/CL/2011 authorizing the Company to act as Contractors under the Contract Labour (Regulation and Abolition) Act, 1970 for "**BLA Power Private Limited.**" issued by the Government of Madhya Pradesh Licensing Officer Jabalpur. The License is valid from May 2, 2011 to December 31, 2011. The Company shall not employ more than 50 contract labourers on any day. The Company has sub contracted portion of this work order on February 3, 2011.
7. For all the work order mentioned on page 34 of the RHP, the Company sub contracts the work to various subcontractors. The Company enters into a Purchase/Work Order with these sub-contractors wherein the sub contractors are liable to make all the statutory payments to their employees as required under the applicable laws which include but not limited to provident funds, state insurance and other employee benefits.

#### Other Approvals

1. Certificate of Registration dated May 24, 2011 bearing Certificate No. 684403 issued under ISO 9001:2008 Quality Certification for providing Installation (Erection) and Supporting Services in Industrial Plants, Pipeline Laying, Steel Fabrication and Plant Maintenance as per customer

requirements, issued by Guardian Independent Certification Ltd. This Certificate is valid from May 24, 2011 to May 23, 2014.

2. Certificate of Registration dated August 03, 2011 bearing Certificate No. 684572 issued under ISO 14001:2004 Quality Certification for providing Consultancy and Installation (Erection) Services in Industrial Plants, Pipeline Laying, Steel Fabrication and Plant Maintenance as per customer requirements, issued by Guardian Independent Certification Ltd. This Certificate is valid from August 03, 2011 to August 02, 2014.
3. Certificate of Registration dated August 08, 2011 bearing Certificate No. 684799 issued under OHSAS 18001:2007 Quality Certification for providing Consultancy and Installation (Erection) Services in Industrial Plants, Pipeline Laying, Steel Fabrication and Plant Maintenance as per customer requirements, issued by Guardian Independent Certification Ltd. This Certificate is valid from August 08, 2011 to August 07, 2014.

#### ***Applications Pending Approvals***

1. Application dated June 2, 2011 bearing Application No. 2153710 made in Form TM 1 for the registration of the "VKS" logo in Class 37 has been filed.



#### ***Project Related Approvals for which Applications are yet to be made or has not been made:***

The Company is yet to make application for obtaining the required Contract Labour Licenses in respect of project assignment of ***Lanco Infratech Limited***.

The Company has received the Work Order as well as the Advance Payment for this Project. However, there is a delay in commencing business operations on the plot due to non-clearance of allocated location and non-availability of site by the client. The plot is being cleared and shall be released to the Company in order to commence its construction activities shortly.

Once the plot is cleared and the Company commences its business operations, it would be able to make application and obtain the required Contract Labour Licenses for the Project.

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## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorized by a resolution of our Board dated May 16<sup>th</sup>, 2011.

The shareholders have authorized the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on May 20<sup>th</sup>, 2011.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group, Group Entities or the person(s) in control of our Company and companies in control of our 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 any other authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity our Directors are involved in as promoters or directors.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

### Prohibition by RBI

Neither the Company, nor the Promoters or their relatives (as defined in the Companies Act), Group Companies, or our Directors, have been declared as willful defaulters by the RBI or any other authorities.

### Eligibility for the Issue

The company is eligible to make this issue under Regulation 26(2)(a)(i) and b(i) of the SEBI (Issue of Capital and Disclosure Requirements), 2009.

#### 26(2)(a)(i)

*"the issue is made through the book building process and the issuer undertakes to allot at least fifty percent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers"*

#### 26(2)(b)(i)

*"the minimum post-issue face value capital of the issuer is ten crore rupees"*

The Company is making a "compulsory book-building issue" wherein the Company shall allot at least 50% of the net public offer to QIBs and to refund full subscription monies if it fails to make allotment to the QIBs.

The company undertakes that the number of allottees in the Issue shall be at 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% per annum for the period of delay.





The promoters, the company, its directors are not identified as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this RHP.

None of the promoters, directors or persons in control of our company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

#### **SEBI DISCLAIMER CLAUSE**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 4, 2011 WHICH READS AS FOLLOWS:**

**1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

**2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

**a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**

**b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, REGULATIONS, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN**



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ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ICDR) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS).

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE

5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ICDR) 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 DRAFT RED HERRING PROSPECTUS.

7. WE CERTIFY THAT THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION AS DESCRIBED IN SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATIONS, 2009 IS NOT APPLICABLE TO THE ISSUER.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/ LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

**12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

**a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**

**b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

**13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

**14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

**15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**16. WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY US' AS 'ANNEXERE II' – SUBMITTED AT THE TIME OF REGISTERING RHP WITH RoC, MUMBAI.**

All legal requirements pertaining to the issue will be complied with at the time of filing of the prospectus with the ROC in terms of section 60B of the Companies act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the prospectus with the ROC in terms of sections 60 and 60B of the Companies act.

**The filing of the offer document does not, however, absolve the issuer from any liabilities under section 63 or section 68 of the companies act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in offer document."**

#### **Disclaimer from the Company and the BRLM**

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, would be doing so at his or her own risk.

#### **Caution**

The BRLM accepts no responsibility, save to the limited extent as provided in the MoU entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and our 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 we nor the Syndicate is 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 the Company, 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 of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, 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.

### **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, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in 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 shares) and to NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Maharashtra, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of 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 Limited (BSE)**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The BSE has given vide its letter dated September 14, 2011, permission to the Issuer to use the Exchange's name in this Draft 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. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
  - ii. warrant that this Company's securities will be listed or will continue to be listed on the 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 this Draft Red Herring Prospectus has been submitted to NSE. NSE has vide its letter dated October 7, 2011, given permission to our Company to use NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. NSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause of IPO Grading Agency**

A CRISIL IPO Grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO Gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-33423561, or via e-mail: [clientservicing@crisil.com](mailto:clientservicing@crisil.com).

For more information on CRISIL IPO Gradings, please visit <http://www.crisil.com/ipo-gradings>

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## **Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C 4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

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 ROC Bhavan, 100, Everest, Marine Drive, Mumbai- 400002.

## **Listing**

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on the BSE and NSE. Initial listing applications shall be 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. BSE shall be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares is not granted by 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 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 Book Running Lead Manager 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.

## **Consents**

The written consents of the Promoters, the Directors, the Company Secretary and Compliance Officer, the Auditor, the Legal Advisor, the Book Running Lead Manager to the Issue, the Registrar to the Issue, 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 for registration with the RoC as is required under Section 60 and 60B of the Companies Act.

M/s. Borkar & Muzumdar., Statutory Auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of filing of this Prospectus with the RoC.

CRISIL Limited, the IPO Grading Agency engaged by us for the purpose of IPO Grading has given their consent as experts, pursuant to their letter dated May 9<sup>th</sup>, 2012 for the inclusion of their report in the form and content in which it will appear in the Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Prospectus and the Draft Red Herring Prospectus with the Registrar of Companies and Designated Stock Exchange respectively.

## **Expert Opinion**

Except as disclosed in the sections titled "General Information", "Financial Statements- Auditors report" and "*Other Regulatory and Statutory Disclosures*" beginning on page 44, 147 and 200 respectively of this RHP, our Company has not obtained any expert opinion.

## **Impersonation**

**Attention of the Bidders 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.”**

### **Expenses of the Issue**

The expenses of the Issue payable by our Company inclusive of brokerage, fees payable to the Book Running Lead Manager to the Issue, Registrar to the Issue, Legal Advisor, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses are estimated as follows:

#### **Details of fees payable\*:**

<b>Activity</b>	<b>Expenses* (₹ In Lacs)</b>	<b>Percentage of Issue Expenses*</b>	<b>Percentage of the Issue Size*</b>
Lead management, underwriting and selling commission	[•]	[•]	[•]
Printing and Stationery expenses	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Others (IPO grading, registrar's fees, legal fee, listing fees etc.)	[•]	[•]	[•]
<b>Total estimation issue expenses</b>	[•]	[•]	[•]

\*Will be completed after the finalization of the Issue Price

### **Fees payable to the Book Running Lead Manager**

The total fees payable to the Book Running Lead Manager will be as per the MoU signed between the Company and the Book Running Lead Manager, a copy of which is available for inspection at the Registered Office of our Company.

### **Fees payable to the Registrar to the Issue**

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding 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.

### **Others**



The total fees payable to the Legal Advisor, Auditor and tax auditor will be as per the terms of their respective engagement letters.

### **Underwriting Commission, Brokerage and Selling Commission**

The expenses on underwriting, selling, brokerage etc shall be determined later.

### **Previous public or rights issues**

Our Company has not made any public or rights issue since its inception.

### **Previous issues of shares otherwise than for cash**

Except as stated in the section titled "*Capital Structure*" beginning on page 54 of this RHP, we have not made any previous issues of shares for consideration otherwise than for cash.

### **Commission or brokerage on previous issues**

Our Company has not made any public or rights issue since its inception.

### **Companies under the same management**

No company under the same management (within the meaning of section 370(1) (B) of the Companies Act) as us has made any capital issue during the last three years.

### **Outstanding debentures or bond issues**

As on the date of filing this RHP, our Company does not have any outstanding debentures or has made any bond issue.

### **Outstanding Preference Shares**

As on the date of filing this RHP, 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 Vs Performance**

Our Company has not made any public issue since its inception. None of our group companies have made any public issue since their respective dates of inception.

### **Option to Subscribe**

Equity Shares being offered through this RHP 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 this Issue and our Company entered on April 1<sup>st</sup>, 2011 will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and 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 the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. Supriya Tatkar as Company Secretary and Compliance Officer and he may be contacted at 507, "B" Wing, Sai Sangam, Sector 15, CBD Belapur (E), Navi Mumbai – 400614, Maharashtra, India Tel: 91-22-41267000; Fax:91-22-41267030,Email:complianceofficer@vksprojects.com Website: www.vksprojects.com for redressal of any complaints.

### **Disposal of investor grievance by listed companies under the same management**

There is no listed company under the same management of the Company.

### **Tax Implications**

Investors those are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For details, please refer the section titled "*Statement of Tax Benefits*" beginning on page 79 of the RHP.

### **Changes in the Auditors during last three years and reasons thereof**

Except for our current statutory auditors M/s. Borkar & Muzumdar who were appointed vide a Ordinary resolution on February 15<sup>th</sup>, 2011 in place of M/s. Gori & Associates, Chartered Accountants due to the requirement of appointing an auditor who has undergone the peer review process and has a valid peer review certificate, there has been no change in the auditors of the company in the last three years.

### **Capitalization of Reserves or Profits**

Our Company has not capitalized our reserves or profits during the last five years, except as stated in the section titled "*Capital Structure*" on page 54 of this RHP.

### **Revaluation of Assets**



We have not revalued our assets in the last five years.

### **Purchase of Property**

Other than as disclosed in this RHP there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated elsewhere in this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made there under.

### **Servicing Behavior**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

### **Payment or benefit to officers of Our Company**

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

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

## **SECTION VII: ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus and the Prospectus, Bid cum Application Form, ASBA Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI and/or any other authorities while granting its approval for the Issue.

#### **Ranking of Equity Shares**

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section "*Main Provisions of Articles of Association*" beginning on page 258.

#### **Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to its shareholders in accordance with the provisions of the Companies Act and the Memorandum and Articles of Association.

#### **Face Value and Issue Price**

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

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 a English national daily, a Hindi national daily and a regional language newspaper in Mumbai each with wide circulation, at least two Working Days prior to the Bid/ Issue Opening Date.

At any given point of time there shall be only one denomination for the Equity Shares.

#### **Compliance with SEBI Regulations**

Our 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 dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, refer the section "*Main Provisions of Articles of Association*" beginning on page 258.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/Corporate Office of our Company or to the Registrar and Transfer Agent of our Company.

In accordance with Section 109A of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

If our Company does not receive 90% subscription of the Fresh Issue, including devolvement of Underwriters within sixty days from the date of the closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

Further, our Company shall ensure that the number of prospective allottees 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, except in compliance with the applicable laws of such jurisdiction.**

### **Arrangement for disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

### **Option to receive securities in Dematerialized Form**

Equity Shares being offered through this RHP can be applied for and will be allotted in dematerialized form only.

### **Restriction on transfer of Equity Shares**

Except for lock-in of the pre-Issue Equity Shares, Promoter's minimum contribution and Anchor Investor lock-in in the Issue as detailed in the section "*Capital Structure*" on page 54, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation/ splitting except as provided in the Articles of Association. For details, please refer to the section "*Main Provisions of the Articles of Association*" on page 258.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefore.

If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final



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RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI (ICDR) Regulations, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

**New Financial Instruments**

There are no new Financial Instruments being offered through this Offer Document.



## ISSUE STRUCTURE

**ISSUE OF [●] EQUITY SHARES FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ 5500.00 LACS (HEREINAFTER REFERRED TO AS "THE ISSUE") BY VKS PROJECTS LIMITED (HEREINAFTER REFERRED TO AS "VK SPL" OR THE "COMPANY" OR THE "ISSUER").**

**THE ISSUE WILL CONSTITUTE [●] % OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

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

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH.**

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

*\*The Price Band shall be announced at least two working days prior to opening the issue.*

The Issue is being made through the Book Building Process.

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non- Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	At least 50% of the Issue being Allotted to QIBs. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only.	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 Issue less allocation to QIB Bidders and Non- Institutional Bidders.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares ( to be adjusted for anchor investor portion**, if any) shall be allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares ( to be adjusted for anchor investor portion**, if any) shall be allotted on a proportionate basis to all QIBs including Mutual	Proportionate	Proportionate

	Funds receiving allocation as per (a) above.		
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares, whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised 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 one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One 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 fund registered with SEBI, FIIs and sub-account registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), VCFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹ 2,500 lacs, pension fund with minimum corpus of ₹ 2,500 lacs, in accordance with applicable law and	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and Trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

	National Investment Fund set up by Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by Department of Posts, India.		
Terms of Payment	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. ##	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form.##	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form.##

*# Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For details, refer the section "Issue Procedure" beginning on page 220.*

*## In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.*

*\* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the Book Building Process wherein at least 50% of the Issue will be Allotted on a proportionate basis to QIBs, provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs (other than Anchor Investors) and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

*\*\*Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. The minimum bid for Anchor Investors shall be such number of Equity Shares so that the Bid Amount exceeds ₹ 1,000 lacs*

*Under-subscription, if any, in any category, except in the QIB category, would be met with spill-over from other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.*

## **Withdrawal of the Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date. In such an event our 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 BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.





If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue of our Company's Equity Shares, our Company shall file a fresh RHP with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

### **Bid/ Issue Programme**

<b>BID/ISSUE OPENS ON</b>	<b>June 29, 2012*</b>
<b>BID/ISSUE CLOSES ON</b>	<b>July 04, 2012**</b>

*\* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date in accordance with the SEBI Regulations.*

*\*\* Our Company may consider closing the Bid/Issue Period for QIB Bidders one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.*

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time, "IST") during the Bid/ Issue Period as mentioned above at the bidding centers and designated branches of SCSBs as mentioned on the Bid cum Application Form, except that on the Bid/ Issue Closing Date:

- (i) the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 4.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) in case of Bids by QIB Bidders. Our Company may consider closing the Bid/Issue Period for QIB Bidders one day prior to the Bid/Issue Closing Date;
- (ii) the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and be uploaded until 4.00 p.m. (IST) in case of Bids by Non-Institutional Bidders;
- (iii) the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 4.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Bid/ Issue Closing Date. All times mentioned in this RHP are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

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

## ISSUE PROCEDURE

This section applies to all Bidders. Please note that pursuant to the SEBI Circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, all Non-Retail Individual Bidders i.e. QIBs (other than Anchor Investors) and Non Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that may be 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 the Bidders are required to make payment of the full Bid Amount along 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.

Please note that the information stated/ covered in this section may not be complete and / or accurate and as such would be subject to modification/ change. Our Company and the Book Running Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

It may be noted that as per circular dated Oct 12, 2010 by SEBI, the Syndicate has been permitted to procure ASBA Bid-cum-Application Forms from the ASBA Bidders and submit the same to the SCCBs. The said SEBI Circular further states that the implementation of this circular would require some modification in existing processes and systems and such modifications shall be communicated in due course. We shall incorporate disclosures to this effect in the Red Herring Prospectus/ Prospectus to be filed for the Issue, once the requisite modifications to existing processes and systems are communicated or otherwise suggested by SEBI.

### ***Book Building Procedure***

The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be allotted to QIBs on a proportionate basis, provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

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, including DPID, PAN and Beneficiary Account Number, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. Upon allotment, the Equity Shares shall be traded only in the dematerialized segment of the Stock Exchanges.

### ***ASBA Process***

An ASBA investor, intending to subscribe to a public issue, shall submit a completed ASBA form to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes -

- i) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or
- ii) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

The SCSB shall give an acknowledgement by giving the counter foil or specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA, in a physical or electronic mode respectively.

If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB.

i) After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA. The SCSB shall then capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) for a particular issue.

ii) In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the relevant details, except the application number which shall be system generated. The SCSB shall thereafter upload all the details specified by the stock exchange(s). The SCSB (Controlling Branch (CB) or DBs) shall provide Transaction Registration Slip(s)/ Order number(s), confirming upload of ASBA details in the electronic bidding system of the stock exchange. The Transaction Registration Slip(s)/ Order number(s) shall be provided to the ASBA investor as a proof of uploading the details of ASBA, only on demand. In case an ASBA investor wants to withdraw his/ her ASBA during the bidding/ offer period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the stock exchange(s) and unblocking of funds in the relevant bank account. Stock exchange to allow SCSBs to undertake modification of selected fields in the bid details already uploaded Registrar to get the electronic bid details from the stock exchanges at the end of the day. The SCSB shall send investor category-wise the following aggregate information as per the format specified by the Registrar to the issue, to the registrar:

- (i) Total number of ASBAs uploaded by the SCSB
- (ii) Total number of shares and total amount blocked against the uploaded ASBAs..

The Registrar shall reconcile the compiled data received from the stock exchange(s) and all SCSBs (hereinafter referred to as the "reconciled data"). The registrar shall then match the reconciled data with the depositories" database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depositories" database, such ASBA shall be rejected by the registrar.

In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/she shall submit the withdrawal request to the registrar. The registrar shall delete the withdrawn bid from the bid file.

The registrar shall reject multiple ASBAs determined as such, based on common PAN.

The registrar shall finalise the basis of allotment and submit it to the Designated Stock Exchange for approval.

Once the basis of allotment is approved by the Designated Stock Exchange, the registrar shall provide the following details to the CB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer's account designated for this purpose, within the timelines specified in the ASBA facility:

- (i) Number of shares to be allotted against each valid ASBA
- (ii) Amount to be transferred from the relevant bank account to the issuer's account designated for this purpose, for each valid ASBA
- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer's account designated for this purpose.
- (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

SCSBs shall unblock the relevant bank accounts for:

- (i) Transfer of requisite money to the issuer's account designated for this purpose against each valid ASBA.
- (ii) Withdrawn/ rejected/ unsuccessful ASBAs.

The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue.

### **Bid cum Application Form**

Bid cum Application forms for ASBA Bidders will also be available on the website of the Stock Exchanges. Same ASBA Bid cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs or to the Syndicate (in Specified Cities). Bid cum Application Forms for Anchor Investors shall be made available at the offices of the BRLM.

The mode and manner of Bidding is illustrated in the following chart:

<b>Category of Bidder</b>	<b>Mode of Bidding</b>	<b>Application form to be used for Bidding</b>	<b>To whom the application form has to be submitted</b>
Retail Individual Bidders and Eligible Employees	Either (i) ASBA or (ii) Non-ASBA	(i) If Bidding through the ASBA process, ASBA Bid cum Application Form (physical or electronic); or (ii) If Bidding through non-ASBA, Bid cum Application Form	(i) If using physical ASBA Bid cum Application Form, to the members of the Syndicate only at the Selected Centers; or (ii) If using physical ASBA Bid cum Application Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; or (iii) If using electronic ASBA Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; or (iv) If using Bid cum Application Form, to the members of the Syndicate at the Bidding Centers.

Non-Institutional Bidders and QIBs (excluding Anchor Investors)	ASBA <i>(Kindly note that ASBA is mandatory and no other mode of Bidding is permitted)</i>	ASBA Bid cum Application Form (physical or electronic)	(i) If using physical ASBA Bid cum Application Form, to the members of the Syndicate only at the Selected Centers; or (ii) If using physical ASBA Bid cum Application Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; or (iii) If using electronic ASBA Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.
Anchor Investors	Non- ASBA	Bid cum Application Form	The BRLM.

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 (ASBA as well as non ASBA Bidders*)	White
Eligible NRIs, FIIs or Foreign Venture Capital Investors, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Bidders)	Blue
Anchor Investors**	White

*\*Bid cum Application forms for ASBA Bidders will also be available on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)). Same ASBA Bid cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs or to the Syndicate (in Specified Cities).*

*\*\*Bid cum Application forms for Anchor Investors shall be made available at the offices of the BRLM.*

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate only. ASBA Bidders are required to submit their Bids only through the SCSBs, authorizing blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form, except for the ASBA Bids submitted in the Specified Cities. In the case of Specified Cities, the ASBA Bids may either be submitted with the SCSBs or with the Syndicate. QIBs participating in the Anchor Investor Portion cannot submit their Bids in the Anchor Investor Portion through the ASBA process. Bidders other than ASBA Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered and date and time stamped and such form shall be issued in duplicate signed by the Bidder. The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid. 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.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate 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.

Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder. Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

### Who can Bid?

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended;
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in Equity Shares;
- Scientific and/or industrial research organizations authorized in India to invest in Equity Shares;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of ₹ 2,500 lacs and who are authorised under their constitution to hold and invest in Equity Shares;



- Pension Funds with a minimum corpus of ₹ 2,500 lacs and who are authorised under their constitution to hold and invest in Equity Shares;
- National Investment Fund;
- Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- Insurance funds set up and managed by Department of Posts, India; and
- Limited liability partnerships.

As per the existing regulations, OCBs cannot participate in this Issue.

### **Participation by associates and affiliates of the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

The BRLM and any persons related to the BRLM or our Promoter and our Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

### **Bids 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 in the Mutual Funds portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

Bids made by asset management companies or Custodians of Mutual Funds shall specifically state names of the concerned schemes for which such bids are made.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

**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.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single 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.**

### **Bids by Eligible NRIs**



1. Bid cum Application Forms have been made available for Eligible NRIs applying on a repatriation basis at the Registered Office of our Company and with the Syndicate and the Registrar;
2. Eligible NRIs should note that Bids that are accompanied by payment in free foreign exchange should use the Bid cum Application Form for non-resident Bidders which is blue in colour, to be considered for Allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians which is white in colour, to be considered for Allotment.

### **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 total post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up share capital or 5% of the total paid-up share capital in case such subaccount is a foreign corporate or a foreign individual.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognized 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 is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the 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 or claim or claim on or an interest in our Company.

## **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

The SEBI (Venture Capital Funds) Regulations, 1996 as amended and SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended *inter alia* prescribe the investment restrictions on VCFs and FVCIs registered with SEBI.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

## **Bids under the Anchor Investor Portion**

Our Company may, in consultation with the BRLM, consider participation by Anchor Investors in the Issue for up to [●] Equity Shares in accordance with the SEBI (ICDR) Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

The key terms for participation in the Anchor Investor Portion are as follows:

- a) Anchor Investors shall be QIBs;
- b) A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 1,000 lacs and in multiples of [●] Equity Shares thereafter;
- c) Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. One-third of the Anchor Investor Portion (i.e. upto [●] Equity Shares) shall be reserved for allocation to domestic Mutual Funds;
- d) The minimum number of allottees in the Anchor Investor Portion shall be
  - a maximum number of two Anchor Investors for allocation upto ₹ 1,000 Lacs;
  - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 1,000 Lacs and up to ₹ 25,000 Lacs subject to minimum allotment of ₹ 500 Lacs per such Anchor Investor;
  - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 25,000 Lacs subject to minimum allotment of ₹ 500 Lacs per such Anchor Investor.
- e) Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one day prior to the Bid / Issue Opening Date).
- f) Our Company shall, in consultation with the BRLM, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.
- g) Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- h) The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before opening of Bidding on the Bid/Issue Opening Date.

- i) Anchor Investors shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Issue Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the allotment to Anchor Investors shall be at Anchor Investor Issue Price.
- j) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.
- k) Neither the BRLM, nor any person related to the BRLM, our Promoter, our Promoter Group or Group Entities, shall participate in the Anchor Investor Portion.
- l) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m) The instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Anchor Investors: “**VKS Public Issue – Escrow Account – Anchor Investor – R**”;
  - In case of Non-Resident Anchor Investor: “**VKS Public Issue – Escrow Account – Anchor Investor - NR**”

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid / Issue Opening Date.

**The above information is given for the benefit of the Bidders. Our 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 RHP. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this RHP.**

*Maximum and Minimum Bid Size*

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [ ] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000. In case the Bid Amount is over ₹ 2,00,000 due to revision of the Bid, 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 for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- b) **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 ₹ 2,00,000 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 Bid Amount upon submission of the Bid. QIBs (other**

**than Anchor Investors) and Non Institutional Bidders are mandatorily required to submit their Bid through the ASBA process.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at „Cutoff Price“.

- c) For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least ₹ 1,000 lacs and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in date mentioned in the revised CAN.**

#### **Information for the Bidders:**

- (a) Our Company and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one Marathi newspaper, each with wide circulation. This advertisement shall be in the prescribed format.
- (b) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (c) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. For ASBA Bidders, Bid cum Application Forms will be available on the websites of NSE and BSE, the Designated Branches of the SCSBs.
- (d) Any eligible Bidder who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office of our Company, from the BRLM and the Syndicate Members.
- (e) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Syndicate (only in the Specified Cities) to register their Bids.
- (f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the 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 (i) submit the ASBA Bid cum Application Form in electronic form; or (ii) submit the Bids through the Syndicate in the Specified Cities.
- (g) The demat accounts of Bidders for whom PAN details have not been verified, excluding (i) persons resident in the state of Sikkim; (ii) the Central and State Governments; and (iii) the

officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

**The Bidders should 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 database of Depositories, the Bid cum Application Form is liable to be rejected.**

Based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our 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 Marathi language daily newspaper, each with wide circulation.

### **Information specific to ASBA Bidder**

- 1) ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of this Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.
- 2) The Bids should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- 3) The SCSBs shall accept Bids only during the Offer Period and only from the ASBA Bidders.
- 4) The Book Running Lead Manager shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Offer through the ASBA process. Additionally, the Book Running Lead Manager shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Forms and that the same are made available on the websites of the SCSBs.
- 5) The ASBA Form shall bear the stamp of the SCSBs and/or the Designated Branch, if not, the same shall be rejected.

### **Method and Process of Bidding**

- a) Our Company and the BRLMs 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 daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
- b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, subject to the total Bid/Issue Period not exceeding 10 Working Days. In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to the 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 daily newspapers (one each in English and Hindi) and one Marathi newspaper, each with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.

- c) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids or the Syndicate (for the Bids to be submitted in the Specified Cities).
- d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS 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 "Build up of the Book and Revision of Bids".
- f) Except in relation to the Bids received from the Anchor Investors, the Syndicate/the 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. With respect to the ASBA Bid cum Application Forms collected by any member of the Syndicate, the Syndicate Member will issue an acknowledgement by giving the counter foil of the ASBA Bid cum Application Form to the ASBA Bidder. The TRS will be generated by the concerned SCSB after blocking of funds.
- g) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one working day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in "Escrow Mechanism - Terms of payment and payment into the Escrow Accounts" in the section "*Issue Procedure*" on page 232 of this RHP.
- i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- j) 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.



- k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form 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.
- l) 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 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.

**INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.**

#### **Bids at Different Price Levels and Revision of Bids**

- (a) Our Company in consultation with the BRLM and without the prior approval of, or intimation, to the Bidders, reserve the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20% on 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.
- (b) Our Company, in consultation with the BRLM will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (c) Our Company, in consultation with the BRLM, can finalize the Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation, to the Anchor Investors.
- (d) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non- Institutional Bidders shall be rejected.
- (e) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

#### **Escrow mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, see “Payment Instructions” in this section.

## Electronic Registration of Bids

- a) 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.
- c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted.
- d) The Syndicate shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate, (ii) the Bids uploaded by the Syndicate or (iii) the Bids accepted but not uploaded by the Syndicate.
- e) The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs and (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the full Bid Amount has been blocked in the relevant ASBA Account.
- f) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- g) 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 centers during the Bid/Issue Period.
- h) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
  - Name of the Bidder;
  - Investor Category and Sub-Category – Individual, Corporate, FII, NRI, Mutual Fund, etc;
  - Numbers of Equity Shares Bid for;
  - Bid Amount;
  - Cheque amount;
  - Cheque number
  - Bid cum Application Form number;
  - DP ID and client identification number of the beneficiary account of the Bidder; and
  - PAN (of the First Bidder, in case of joint Bidders).

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- Name of the Bidder;
- Application Number;
- PAN (of the First Bidder, in case of joint Bidders);
- Investor Category and Sub-Category- Individual, Corporate, FII, NRI, Mutual Funds, etc.;
- DP ID and client identification number of the beneficiary account of the Bidders;



- Numbers of Equity Shares Bid for;
  - Quantity;
  - Price per Equity Share;
  - Bid Amount; and
  - Bank account number;
- i) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. With respect to the ASBA Bid cum Application Forms collected by any member of the Syndicate, the Syndicate Member will issue an acknowledgement by giving the counter foil of the ASBA Bid cum Application Form to the ASBA Bidder. The TRS will be generated by the concerned SCSB after blocking of funds. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated / allotted either by the Syndicate or the Company.
- j) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- k) In case of QIB Bidders, only the (i) SCSBs; and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Cities) have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non- Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- l) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this RHP; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- m) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs 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 Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records.
- n) The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details.
- o) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges. In the event such Bid Amount has not been blocked, the Anchor Investor's Bid shall be rejected.

### **Build up of the book and revision of Bids**

- (a) Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/Issue Period.
- (c) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such 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 ₹ 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000, 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. 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.
- (g) Our 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 ₹ 5,000 to ₹ 7,000.
- (h) 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. With respect to the Bids by ASBA Bidders, 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 Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB

Bidders. In such cases, the Syndicate will revise the earlier Bids 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.

- (i) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS request for a revised TRS from the Syndicate or the SCSB, as proof of his or her having revised the previous Bid.

### **Price Discovery and Allocation**

- (a) Based on the demand generated at various price levels, our Company in consultation with the BRLM shall finalize the Issue Price and the Anchor Investor Issue Price.
- (b) Under-subscription, if any, in any category, except in the QIB category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.
- (c) Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (d) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM, subject to compliance with the SEBI Regulations.
- (e) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further, the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/Issue Period.
- (f) If an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.
- (g) If an ASBA Bidder, excluding QIBs, wants to withdraw the ASBA Bid cum Application Form after the Bid/Issue Closing Date, such ASBA Bidder shall submit the withdrawal request to the Registrar before finalization of basis of Allotment. The Registrar shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.
- (h) The basis of Allotment shall be displayed on the website of the Registrar.

### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the BRLM and the Syndicate Members intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the „Prospectus“. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

## **Advertisement regarding Issue Price and Prospectus**

Our Company will issue a statutory advertisement 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 and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

## **Notice to Anchor Investors: Allotment Reconciliation and CANs**

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN. All Anchor Investors will be sent a CAN post Anchor Investor Bid/Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. The revised CAN will constitute a valid, binding and irrevocable contract (subject to the issue of Allotment Advice) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the Allotment Advice will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice. The Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

## **Designated Date and Allotment of Equity Shares:**

- a. Our Company will ensure that: (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- b. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- c. Allottees will have the option to re-materialize the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

## **Issuance of Allotment Advice**

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.
- (b) The Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

- (d) The Issuance of Allotment Advice is subject to "Notice to Anchor Investors - Allotment Reconciliation and CANs" as set forth above.

## **GENERAL INSTRUCTIONS**

### **Do's:**

- (a) Check if you are eligible to apply;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid cum Application Form;
- (d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted to a Syndicate (only in the case of Specified Cities) or at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilized by the Bidder for bidding has a bank account;
- (f) With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application Form 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 Bid cum Application Form;
- (g) QIBs (other than Anchor Investors) and Non Institutional Bidders should submit their Bids through the ASBA process only;
- (h) Ensure that you request for and receive a TRS for all your Bid options;
- (i) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- (j) Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form to the Syndicate;
- (k) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- (l) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (m) Submit revised Bids to the same member of the Syndicate/SCSB through whom the original Bid was placed and obtain a revised TRS;
- (n) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act;

- (o) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (p) 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 Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (d) Do not pay the Bid Amount in cash, by money order or by postal order or by stock invest;
- (e) Do not send Bid cum Application Forms by post, instead submit the same to a member of the Syndicate or the SCSBs only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of ₹ 2,00,000);
- (g) Do not Bid for a Bid Amount exceeding ₹ 2,00,000 (for Bids by Retail Individual Bidders);
- (h) 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;
- (i) Do not submit a Bid if you are not competent to enter into a contract under the Indian Contract Act, 1872, as amended;
- (j) Do not submit the Bid cum Application Form to Escrow Collection Bank(s);
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (l) Do not submit the Bids without the full Bid Amount;
- (m) Do not submit a Bid that does not comply with the securities laws of your jurisdiction;
- (n) Do not submit in case you are not eligible to acquire Equity Shares under applicable law or relevant constitutional documents or otherwise;
- (o) Do not submit more than five ASBA Bid cum Application Forms per bank account.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

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 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 Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2,00,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. 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. Bids by NIB's and QIB's (other than by Anchor Investors) must be submitted through the ASBA process only.
- (f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 1,000 lacs and in multiples of [●] Equity Shares thereafter. Bids by various schemes of a Mutual Fund in the Anchor Investor Category shall be considered together for the purpose of calculation of the minimum Bid Amount of ₹ 1,000 lacs.
- (g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's PAN, Depository Account and Bank Account Details**

**Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS and NEFT) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

**IT IS MANDATORY FOR ALL BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED 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 IS IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

**Refund orders/ Allotment Advice would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ Allotment Advice 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither our Company, the Escrow Collection Banks, Registrar, 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, which matches the two parameters, namely, PAN of the Bidder and the DP ID/Client ID, then such Bids are liable to be rejected.

#### **Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Investors 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 (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. 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.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**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.**



## **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In 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 ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs, 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.
- (d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the BRLM may deem fit.

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date. The Escrow Collection Banks 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 funds represented by allocation of Equity Shares (including the amount due to other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, 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 Bids by ASBA Bidder, as the case may be.

In case of Bids by FIIs, a Special Rupee Account should be mentioned in the ASBA Bid cum Application Form, for blocking of funds, along with documentary evidence in support of the remittance.

### **Payment into Escrow Account for Bidders other than ASBA Bidders**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The 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 Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of Resident Retail Bidders: **"VKS Public Issue – Escrow Account – R"**
  - (b) In case of Non-Resident Retail Bidders: **"VKS Public Issue – Escrow Account – NR"**
4. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price as per the pay-in date mentioned in the revised CAN. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
5. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of resident Anchor Investors: **"VKS Public Issue – Escrow Account – Anchor Investor – R"**

(b) In case of non-resident Anchor Investors: **“VKS Public Issue – Escrow Account – Anchor Investor – NR”**

6. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
7. 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.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
10. 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 centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/postal orders will not be accepted.
11. Payments made through cheques without the Magnetic Ink Character Recognition (“MICR”) code will be rejected.

**Submission of Bid-cum-Application Form and ASBA Forms**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts equivalent to the margin amount shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

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## **OTHER INSTRUCTIONS**

### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund 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 QIBs under the Anchor Investor Portion and the QIB Portion (excluding the Anchor Investor Portion) will not be treated as multiple Bids.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected 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 the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Build Up of the Book and Revision of Bids" above.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company, in consultation with the BRLM, 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 detect multiple Bids are given below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the Bidders for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Bid cum Application Forms or the ASBA Bid cum Application Forms as the case maybe, will be checked for common DP ID and beneficiary account numbers. In any such Bids which have the same DP ID and beneficiary account numbers, these will be treated as multiple Bids and will be rejected.

3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid data and create an address master.
4. All instances where more than 20 the Bid cum Application Forms or the ASBA Bid cum Application Forms as the case maybe, have the same address shall be reported to the Stock Exchanges and SEBI and such Equity Shares shall be kept in abeyance subsequent to finalization of the Basis of Allotment and shall be credited to such Bidder's demat account upon receipt of appropriate confirmation from SEBI and the Stock Exchanges.

### **Permanent Account Number or PAN**

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. 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. **Any Bid cum Application Form without the PAN is liable to be rejected, except for (i) residents in the state of Sikkim; (ii) the Central or State Governments; and (iii) the officials appointed by the courts, may be exempted from specifying their PAN for transactions in the securities market. 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.**

### **Withdrawal of ASBA Bids**

**ASBA Bidders can withdraw their Bids during the Bid/Issue Period by submitting a request for the same to the SCSBs or the Syndicate (in Specified Cities) who shall do the requisite, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account. In case an ASBA Bidder (other than QIB) wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the Basis of Allotment'.**

### **REJECTION OF BIDS**

Our Company has a right to reject Bids based on technical grounds. In case of QIB Bidders, our Company, in consultation with the BRLM, may at the time of submission of the Bid, reject such Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. Consequent refunds shall be made by RTGS/NEFT/NECS/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 Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by ASBA Bidder by the SCSB, our 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 *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the ASBA Bid cum

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Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

- 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended;
- PAN not mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, except for Bids by or on behalf of the Central and State Government and the officials appointed by the courts and by investors residing in the State of Sikkim;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Signature of sole and/or joint Bidders missing;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not indicated;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/postal order/cash;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB (except for electronic ASBA Bids);
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, 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 Forms;
- In case no corresponding record is available with the Depositories that matches the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process;
- Bids by persons in the United States other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

**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 SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES; THE APPLICATION IS LIABLE TO BE REJECTED.**

#### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68 B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar:

- Agreement dated June 1<sup>st</sup>, 2011 among NSDL, our Company and the Registrar;
- Agreement dated May 26<sup>th</sup>, 2011 among CDSL, our Company and the Registrar.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.



- (e) If incomplete or incorrect details are given under the heading „Bidders Depository Account Details“ in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of our Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.
- (i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

### Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders 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 shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.**

### PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of Bidder's DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar 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 to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall dispatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

#### *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 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 centers 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 centers where clearing houses are managed by the RBI, except where the applicant is eligible and opts to receive refund through direct credit.



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 our Company.
3. **RTGS** – Applicants having a bank account at any of the centers where clearing houses are managed by the RBI and whose refund amount exceeds ₹ 200,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on the MICR code of the Bidder as per depository records. In the event the same is not available as per depository records/RBI master, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
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 upto ₹ 1,500 and through Speed Post/ Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### *Mode of making refunds for ASBA Bidders*

In case of ASBA Bidders, the Registrar shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms 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 AND INTEREST IN CASE OF DELAY**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of the date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days from the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall 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 of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date.
- Our Company shall pay interest at 15% p.a. for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay our Company, every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

## IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

*"Any person who:*

*(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

*(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."*

## BASIS OF ALLOTMENT

### A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders will be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

#### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail will be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares, and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

#### **C. For QIBs (other than Anchor Investors)**

- 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 successful QIB Bidders will be made at the Issue Price.
- The QIB Portion will be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a)** In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:
    - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor 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 will be available for Allotment to all QIB Bidders as set out in (b) below;

- (b)** In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment (other than spill over in case of under-subscription in other categories) to QIB Bidders shall be up to [●] Equity Shares.

#### **D. For Anchor Investor Portion**

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:
  - (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - (b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - (c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto ₹ 25,000 lacs and minimum number of five Anchor Investors for allocation more than ₹ 25,000 lacs.
- The number of Equity Shares allocated to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM before the Bid/ Issue Opening Date by intimating the same to the Stock Exchanges.

#### **Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, our Company shall finalize the Basis of Allotment in consultation with the 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 shall be responsible for ensuring that the Basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the 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:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLM.

#### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

Our Company shall credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centers where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, by "Under Certificate of Posting", and shall dispatch refund orders equal to or above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders 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 15 days from the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

#### **Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar**

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that they 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 days from the Bid/ Issue Closing Date, whichever is later.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for en-cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- 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 within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from 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;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be dispatched within specified time;
- 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.; and
- That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

#### **Utilization of Issue proceeds**

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;

- details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested;

the utilisation of monies received under Promoter's contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and the details of all unutilized monies out of the funds received under Promoter's contribution shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

The Government has from time to time made policy pronouncements on FDI through press releases and press notes. The Department of Industry Policy and Promotion (“DIPP”), Ministry of Commerce and Industry, Government of India, has issued circular 1 of 2011 (“Circular 1 of 2011”), which with effect from April 1, 2011, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP which were in force as on March 31, 2011.

FIIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and the transfer does not attract the provisions of the SEBI (Substantial Acquisition of Share and Takeovers) Regulations, 1997, as amended; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States to —qualified institutional buyers||, as defined in Rule 144A under the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the GCBRLMs and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



## **SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY**

*Capitalized terms used in this section have the meaning given to such terms in the Articles of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of our Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/splitting are required to be stated. The regulations contained in Table A of Schedule I of the Companies Act, 1956, shall apply to our Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of our Company.*

### **I. PRELIMINARY:**

1.	Save as provided herein, the regulations contained, in Table 'A' in Schedule I to the Act or in the Schedule to any previous Act, shall not apply to the Company.	Table 'A' not to apply
2.	The following expressions shall have the following meanings unless there shall be something in the subject or context inconsistent therewith.	Interpretation
	'The Company' means <sup>Note 1</sup> VKS PROJECTS LIMITED.	
	'The Act' means the Companies Act, 1956 as for the time being subsisting.	
	'The Directors' means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board meeting.	
	'The Office' means the Registered Office for the time being of the Company.	
	'The Register' means the Register of Members to be kept pursuant to the Act.	
	'The Registrar' means the Registrar of Companies of the State in which the office is situated.	
	"Dividend" includes bonus.	
	"Month" means calendar month.	
	"Seal" means the Common Seal for the time being of the Company.	
	"In Writing" and "Written" include Printing, Lithography and other modes of representing or reproducing words in a visible form.	
	"Beneficial Owner" shall mean the beneficial owner as defined in Section 2(1) (a) of the Depositories Act.	
	"Bye-laws" means the bye-laws made by a depository under Section 26 of the Depositories Act.	
	"Depositories Act" means the Depository Act and shall include any statutory modification or re-enactment thereof for the time being in force.	
	"Depository" means a Depository as defined in Section 2(1) (e) of the Act.	
	"Record" means a record as defined in Section 2(i) of the Depositories Act.	
	"Registered Owner" means a registered owner as defined in Section 2(1) (j) of the Depositories Act.	
	"SEBI" means the Securities and Exchange Board of India.	
	"Security" means shares, debentures and other securities as may be specified by the SEBI from time to time.	
	"Member" means the duly registered holder from time to time of the Shares of the Company and includes the subscribers to the Memorandum of Association of the Company and Beneficial Owners.	
	Words importing the singular number also include the plural number and Vice Versa.	
	Words importing the masculine gender also include the feminine gender.	
	Words importing persons include corporations.	
	Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning in the Act.	
	The Marginal notes are inserted for convenience and shall not affect the construction of these Articles.	



The authorized Capital of our Company is ₹ 14,00,00,000 divided into 1,40,00,000 Equity Shares of ₹ 10/- each.

### (10) MODIFICATION OF RIGHTS

62.	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 be varied in the manner provided in Section 106 of the Act, and all the provision hereinafter contained as to General Meeting shall, mutatis, mutandis, apply as regard class meetings. Provided that the rights conferred upon the holders of the shares of any class issued with preference to other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied under this Article by the creation or issue of further shares and such new shares may be issued with such preferential right as may be decided at the time of issue thereof.	Power to modify rights.
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## II. CAPITAL

### (1) SHARE

3.	Subject to the provisions of these Articles, and of Section 80 of the Act, the Company shall, have power to issue Preference Shares, which are or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company may determine.	Redeemable preference Shares
4.	Subject to the provisions of these Articles the shares shall be under the control of the Directors who may allot or otherwise dispose off the same to such persons, on such terms and conditions and at such times, as the Directors think fit and with power to issue any shares as fully paid up in consideration of services rendered to the Company in its formation or otherwise. Provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81 of the Act will be complied with. The Directors with the sanction of the Company in General Meeting, shall have full power to give to any person the right to call for the allotment of any shares either at part or a premium and for such period and for such consideration as the Directors think fit.	Allotment of shares
5.	Subject to the provisions of the Act it shall be lawful for the Company to issue at a discount shares of a class already issued.	Power to issue share at a discount
6.	"Notwithstanding anything contained in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities."	Allotment of securities dealt within a depository
7.	Subject to the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 as amended from time to time, the Board of Directors may from time to time, subject to such limits as laid down in the Act and if so required, authorised by a Special Resolution passed by the Company in General Meeting, and subject to the regulations framed by Securities and Exchange Board of India from time to time in this regard, purchase fully paid up equity shares or such specified securities of the Company on such terms as the Board may deem proper."	power of the company to purchase or resell its own shares
8.	The Company may subject to compliance with the provisions of Section 76 of the Act exercise the powers of paying commission on the issue of shares and debentures. The commission may be paid or satisfied in cash or in shares,	power to certain commissions

	debentures, debenture-stocks of the Company.	for placing shares
9.	The Company may pay a reasonable sum for brokerage.	brokerage
10.	Save as herein otherwise provided, the Company shall be entitled to treat the registered holder for any shares as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any trust benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not it shall have express or other notice thereof.	trusts not recognized.

## (2) CERTIFICATES

11.	The Certificates of title to shares shall be issued under the Seal of the Company.	Certificates
12.	<p>a) Every member shall be entitled without payment to one certificate for all the shares or debentures of each class or denomination registered in his name or, if the Board so approves, on payment of such fee or fees at the discretion of the Board or without payment of fees as the Board may from time to time determine, to several certificates each for one or more shares or debentures of each class or denomination. Every certificate of shares or debentures shall specify the number and denote numbers of shares or debentures in respect of which it is issued and the amount paid thereon shall be in such form as the Board shall prescribe or approve, subject however to the regulations of the recognized Stock Exchanges.</p> <p>b) Notwithstanding anything contained in Article 12(a), the Board of Directors shall not accept an application for sub-division or consolidation of shares into non-marketable lots provided, however, this condition shall not apply to :</p>	Member's right to Certificate
	<p>(i) Sub-division or consolidation of shares or debentures made in pursuance of any statutory provision or an order of a competent Court of Law.</p> <p>(ii) Sub-division or consolidation of shares or debentures in connection with the transfer of shares or debentures of an existing shareholder or debenture holder holding shares or debentures not exceeding the marketable lot to one or more transferees whose holding in the Company will not be less than the marketable lot after the said transfer.</p>	
13.	If any certificate be worn out or defaced then, upon production thereof to the Company, the Board may order the same to be cancelled, and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof may be given. For every such new certificate and for every new certificate issued on the consolidation or subdivision of certificate, there shall be paid to the Company, if the Board so determines, a sum not exceeding Re.1. In case of destruction or loss the member to whom such new certificate is given shall also bear and pay to the Company any legal costs and other expenses of the Company incidental to the investigation by the Company of the evidence of such destruction or loss and to the preparation of such indemnity.	As to issue of new certificate in place of one defaced, lost or destroyed etc.

14.	The provisions of the Article under heading shall mutatis mutandis apply to the debentures of the Company.	
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### (3) JOINT HOLDERS OF SHARES

15.	In the absence of a nomination recorded in accordance with Section 109A of the Act, which shall in any event have precedence where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to the provisions following and to the other provisions of these Articles relating to joint-holders.	Joint Holders of Shares
	a) The Company shall not be bound to register more than three persons as the joint holders of share.	Maximum Number
	b) The joint-holders of shares shall be liable severally, as well as jointly in respect of all payments which ought to be made in respect of such share.	Liability several as well as joint
	c) On the death of any one of such joint-holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to or interest in such share but the Board may require such evidence of death as it may deem fit.	Survivors of joint-holders only recognized
	d) Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the Certificate relating to such share and to the payment of dividend in respect thereof.	Delivery of Certificate
16.	"Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialise and/ or rematerialise its Securities, held in the Depositories and to offer its Securities in dematerialised form pursuant to the Depositories Act."	Dematerialisation of Securities:
17.	"Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of the Depository, if permitted by the law, in respect of the any Security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificate of Securities."	Options for Investors:
18.	"All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of Securities held by it on behalf of the Beneficial Owners. No certificate shall be issued for the securities held by Depository."	Securities in Depositories to be in fungible form:
19.	"Nothing contained in the act or these Articles regarding the necessity of having distinctive number for securities issued by the Company shall apply to Securities held with a Depository."	Distinctive numbers of securities held in a Depository:
20.	"The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the register and index of Members and Security holders for the purpose of these Articles."	Register and index of Beneficial Owners

#### (4) CALLS

21.	Subject to the provisions of the Act, the Directors may, from time to time subject to the terms on which any shares may have been issued make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Directors. A call may be made payable by installments. A call may be revoked or postponed at the discretion of the Directors.	Calls
22.	A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.	When call deemed to have been made
23.	Not less than 21 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.	Notice to Call.
24.	If by the terms of issue of any share or otherwise, the whole or part of the amount or issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount or issue price or installment shall be payable as if it were call duly made by the Directors and of which due notice had been given, and all the provisions, herein contained in respect of calls shall apply to such amounts, or issue price or installment accordingly.	Amount payable at fixed times or by installments payable as calls.
25.	If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 12 per cent per annum, from the day appointed for payment thereof to the time of the actual payment or at such other rates as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.	When interest on call or installment payable.
26.	On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt, or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made, that the Resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call, not the quorum of Directors was present at the meeting at which any call was made or that such meeting was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	Evidence in actions by Company against shareholders.
27.	The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for and upon the money so paid 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 may be agreed to. But the member shall not be entitled to dividend or participation in the profits of the Company to any voting rights in respect of money so paid by him until the same would but for such payment becomes presently payable.	Payment of calls in advance

### (5) FORFEITURE AND LIEN

28.	If any member fails to pay any call or installments on or before the day appointed for the payment of the same, the Directors may, at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.	If call or installment not paid notice may be given.
29.	The notice shall name a day (not being less than 21 days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the share in respect of which such call was made or installment is payable will be liable to be forfeited.	Form of notice.
30.	If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.	If notice not complied with shares may be forfeited.
31.	When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by the omission or neglect to give such notice or to make such entry as aforesaid.	Notice after forfeiture.
32.	Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.	Forfeited share to become property of the Company.
33.	The Directors may at the time before any shares so forfeited shall be sold, re-allotted or otherwise disposed off annul the forfeiture thereof upon such conditions as they think fit.	Power to annul forfeiture
34.	Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereupon from the time of forfeiture until payment at 12 percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.	Arrears to be paid notwithstanding forfeiture.
35.	The forfeiture of a share shall involve the extinction of all interest in and also all claims and demand against the Company in respect of the share, and all other rights incidental to the share except only such of those as rights as by these Articles are expressly saved.	Effect of forfeiture.
36.	A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein	Evidence of forfeiture.



	stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration if any given for the shares on the sale or disposition thereof shall constitute a good title to such shares.	
37.	The Company shall have a first and paramount lien upon all the shares (not fully paid-up) registered in the name of each members (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 fixed time in respect of such shares, and no equitable interests in any share shall be created except upon the footing and condition that Article 10 hereof is to have full effect and that said lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate a waiver of the Company's lien, if any, on such shares.	Company's lien on shares
38.	For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or toward satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such members and the residue (if any) paid to such members, his executors administrators, or other representatives or person so recognized as aforesaid.	As to enforcing lien by sale
39.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given the Directors may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, nor the application of the purchase money and after his name has been entered in the Register in respect of such shares his title to such shares not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture sale or disposition, not impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the Company exclusively.	Validity of sales
40.	Where any share under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holder of the said shares the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.	Power to issue new certificate

#### (6) TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

41.	Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the Certificate or Certificates of the shares, or if no such certificate is in existence, along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by the transferor and the transferee and shall contain the name, and other particulars both of the transferor and the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect	Execution of transfer, etc.
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	thereof.	
42.	Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and subject to the provision of Article 10 and 45 (a) hereof, the Company may, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.	Application for transfer.
43.	Before registering any transfer tendered for registration the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to Registered holder that such transfer deed has been lodged and that, unless object is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office of the company within ten days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company in respect of such non-receipt.	Notice of transfer to registered holder
44.	Neither the Company nor its Directors shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may as between the transferor and the transferee, be liable to set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or particulars of the shares transferred or otherwise in defective manner. And in every such cases the person registered as transferee his executors, administrators and assignees alone shall be entitled to be recognized as the holder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.	Indemnity against wrongful transfer
45.	<p>a) Subject to the provisions of Section 111 of the Act, and subject to the provisions of the Securities Contract Regulations Act, 1956; and the rules and regulations made there under, the Director may, at their own, absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.</p> <p>b) Nothing in Sections 108, 109 and 110 of the Act, shall prejudice this power to register the transfer of, or the transmission by operation of law of the rights, to, any shares or interest of a member in, or debentures of the</p>	Directors may refuse to register transfer.



	<p>Company.</p> <p>c) The Company may not accept applications for transfer of less than 10(ten) equity shares and 5(five) debentures (all relating to the same series) less than in market lots of the Company provided however, that this condition shall not apply to :</p> <p>i) Transfer of equity shares/ debentures made in pursuance of any statutory provision or an order of a competent court of law.</p> <p>ii) the transfer of the entire equity shares/ debentures by an existing shareholder/ debenture holder of the company holding under one folio less than 10(ten) equity shares or 5 (five) debentures (all relating to the same series) less than in market lots by a single transfer or to a single or joint transferee.</p> <p>iii) the transfer of not less than 10(ten) equity shares or 5 (five) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10(ten) equity shares/ 5 (five) debentures.</p> <p>iv) The transfer of less than 10(ten) equity shares or 5 (five) debentures (all relating to the same series) to the existing shareholder/ debentures holder subject to the verification by the company. Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).</p>	
46.	a) Instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being, shall be duly complied with in respect of all transfers and or registration thereof.	Form of Transfer.
	b) In the case of any share registered in any Register outside India, the instrument of transfer shall be in a form, recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in sub-clause (a) hereof as circumstances shall permit.	Form of Transfer for outside India
47.	<p>(a) "Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.</p> <p>(b) In case of a transfer or transmission of shares or other Marketable Securities where the Company has not issued any certificates and where such shares or other Securities are being held in an electric or fungible form in a Depository, the provisions of the Depositories Act shall apply."</p>	transfer of securities:
48.	"Notwithstanding anything contained in the Act or the Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs."	service of documents:
49.	All instruments of transfer which shall be registered shall be retained by the Company.	When instrument of transfer to be retained
50.	If the Directors refuse to register the transfer of any shares, the Company	Notice of refusal

	shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.	to register transfer
51.	The Board of Directors has power to close the transfer book and Register of member as per the provisions of the Companies Act, 1956.	Power to close transfer book and register
52.	<p>(1) Every holder of shares in or debentures of the Company, may at any time, nominate a person to whom his share(s) or debenture(s) shall vest in the event of his death in such manner as may be prescribed under the Act.</p> <p>(2) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the right in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.</p> <p>(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares in or debentures of the nominee shall, on the death of the shareholder or debenture holder or as the case may be, on the death of joint holders become entitled to all the rights in such shares or debentures, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.</p> <p>(4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority."</p>	right of nomination:
53.	<p>(1) A nominee, pursuant to Article 52 and the provisions of the Act, upon the production of such evidence as may be required by the Board and subject as herein after provided, elect, either –</p> <p>a) to register himself as holder of the shares or debentures, as the case may be or</p> <p>b) to make such transfer of the shares or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.</p> <p>(2) If the nominee elects to be registered as holder of the shares or debenture, himself as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.</p> <p>(3) A nominee becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or denture except that he shall not, before being registered as</p>	Option to Nominee:

	a member in respect of his share or debenture be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to register himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board, may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirement of the notice have been complied with.	
54.	The executors or administrators or the holder of a succession certificate in respect of share of a deceased member (not being one of several joint-holders) shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares but nothing herein contained, shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him, jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation as the case may be from a competent Court; Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.	Transmission of registered shares.
55.	Any person becoming entitled to or transfer share in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may subject to the regulations as to transfer herein before contained, transfer such shares. This Article is hereinafter referred to as 'The Transmission Article'. Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfer of shares. All limitations restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid.	As to transfer of shares of deceased or insolvent members.  Transmission Article Notice of election to be registered as a shareholder.  Provisions of Articles relating transfer applicable.
56.	Subject to any other provisions of these Articles and if the Directors in their sole discretion are satisfied in regard thereto, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.	

### (7) SHARE WARRANTS

57.	Subject to the provisions of Section 114 and 115 of the Act and subject to any directions which may given by Company in general Meeting, the Board may issue Share Warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Clause 40 to 43 of table 'A' in	Power to issue share warrants.
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	Schedule I to the Act, shall apply.	
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### (8) STOCKS

58.	The Company may exercise the power of conversion of its shares into stock in that case Clauses 37 to 39 of Table 'A' in Schedule 1 to the Act, shall apply.	Conversion of shares into stock and reconversion
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### (9) ALTERATION OF CAPITAL

59.	<p>The Company may from time to time alter the conditions of the Capital Clause of Memorandum of Association as follows:</p> <p>a) Increase the Share Capital by such amount, to be divided into shares of such amount as may be specified in the resolution;</p> <p>b) Consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing shares;</p> <p>c) Subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived; and</p> <p>d) Cancel any shares which, at the date of passing of the resolution have not been taken or agreed to be taken by any person and diminish its Share Capital by the amount of the shares so cancelled.</p>	Power to sub-divide and consolidate
60.	The resolution whereby any share is sub-divided or consolidated may determine that, as between the members registered in respect of the shares resulting from such sub-division or consolidation one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the other or others subject nevertheless to the provisions of Section 85, 87, 93, 99 and 106 of the Act.	On what condition new shares may be issued
61.	Subject to the provision of Section 100 to 104 inclusive of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.	Surrender

### (11) LOAN AND DEBENTURES

63.	The Board may from time at its discretion, subject to the provisions of the Act, raise or borrow from the Directors or from elsewhere and secure payment of any sum or sums of money for the purposes of the Company.	Power to borrow
64.	The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, notes, convertible redeemable or otherwise, perpetual or redeemable debentures or debenture-stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.	Conditions of borrowing
65.	Any debentures, debenture-stock, bonds and other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, or conversion, appointment of Directors and otherwise, Debentures, debenture-stock bonds and other securities may be made assignable free from any equity between the Company and the person to whom the same may be issued. Provided that	Issue of debenture

	debenture-stock or bonds, with the right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.	
66.	Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the Company or upon any of its property or assets or otherwise. If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the Assets of Company by way of indemnity to secure the Directors or persons, so becoming liable as aforesaid from any loss in respect of such liability.	Indemnity may be given

### (12) RESERVES

67.	The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.	Reserves
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### III. GENERAL MEETING

#### (1) CONVENING OF MEETING

68.	<p>a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting provided however, if at any time there are not in India Directors capable of acting who are sufficient in number to form a quorum any Director may call an Extraordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.</p> <p>b) Each Director shall be entitled to attend and speak at any General Meeting of the Company.</p>	<p>Convening of Meeting</p> <p>Director entitled to speak at General Meetings</p>
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#### (2) PROCEEDINGS AT GENERAL MEETING

69.	The quorum for a General Meeting shall be five members present in person	Quorum
70.	At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or though present, be unwilling to act as Chairman, the members	Chairman

	present shall choose one of the Directors present to be Chairman, or if no Director shall be present and willing to take the Chair, then the members present shall choose one of their number, being a member entitled to vote to be Chairman.	
71.	Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act, or the Articles specifically require such act to be done or resolution passed by a special resolution.	Sufficiency of ordinary resolution when no specific provision
72.	If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon a requisition of shareholders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, unless the same shall be a public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting the quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.	When, if quorum not present meeting to be dissolved and when to be adjourned
73.	In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.	How questions or resolutions to be decided at meetings
74.	The Chairman of the meeting shall disallow any discussion which does not have a direct bearing on the business being transacted as also declare the discussion on any business closed when in his opinion fair and sufficient discussion has taken place.	Chairman to decide scope of discussion
75.	The Chairman of a General Meeting may adjourn the same, from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.	Power to adjourn General Meeting
76.	If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.	Business may proceed notwithstanding demand of poll

### (3) VOTES OF MEMBERS

77.	(1) Save as hereinafter provided on a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present as a duly authorized representative of a body corporate, being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.	Votes of members.
	(2) Save as hereinafter provided on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.	
	(3) Save as hereinafter provided the voting rights of the holders of Redeemable Preference Shares shall be in accordance with the provisions of Section 87 of the Act.	
	(4) No Company or body corporate shall vote by proxy so long as a resolution of its board of Directors under the Provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the	



	general meeting at which the vote by proxy is tendered.	
78.	<p>“Notwithstanding anything to the contrary contained in the Act or in these Articles, a Depository shall deemed to be Registered Owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner. Save as otherwise provided hereinabove, the Depository as a Registered Owner shall not have any voting rights or any other rights in respect of securities held by it.</p> <p>Every person holding Securities of the Company and whose name is entered as the Beneficial Owner in the Records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of such of his Securities which are held by a Depository.”</p>	voting right of depositories and beneficial owner
79.	Subject to the provisions of the Articles, any persons 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 seventy-two hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-composentise he may vote whether on a show of hands or at a poll by his committee, curator bonis or other person recognized by the Company as entitled to represent such member and such last mentioned persons may give their votes by proxy.	Votes in respect of deceased insolvent and insane members.
80.	Where there are joint-holders of shares any one of such person may vote at any meeting either personally or by proxy in respect of such shares as if he was solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stand prior in order on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose of this Article be deemed joint-holders thereof.	Joint holder.
81.	The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorized in writing or if such appointer is a corporation under its Common seal or the hand of its Attorney.	Instruments appointing proxy to be in writing.
82.	The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarilly certified copy of that power of authority shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.	Instruments appointing proxy to be deposited at the office.
83.	A vote given in accordance with the terms of an instrument appointing a proxy be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.	When vote by proxy valid though authority revoked.

84.	Every instrument appointing a proxy shall as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.	Form of instrument appointing proxy.
85.	No member shall be entitled to vote on any question either personally or by proxy or as proxy for another member at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable presently to the Company in respect of any of the shares of such member.	Restriction on votes.
86.	No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.	Validity of votes.
87.	<p>Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/ or other ways as may be prescribed by the Central Government in this behalf in respect of prescribed matters declared from time to time instead of transacting such business in a general meeting of the Company as under:</p> <ol style="list-style-type: none"> <li>1. any business that can be transacted by the Company in general meeting; and</li> <li>2. particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.</li> </ol> <p>The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard."</p>	

#### IV. DIRECTORS

##### (1) GENERAL PROVISIONS

88.	Until otherwise determined by the Company in General Meeting, the number of Directors shall not be less than three nor more than twelve.	Number of Directors
89.	<p>The first Directors of the Company are :</p> <ol style="list-style-type: none"> <li>1. Shri Sukumaran Valiyaveddu Krishnankutty</li> <li>2. Shri Unnikrishnan Nair Kazhakkekara Gopalapnicke</li> </ol>	Directors
90.	A Director need not hold any shares in the Capital of the Company to qualify himself to act as a Director of the Company.	Qualification of Directors
91.	Unless otherwise determined by the Company in general meeting each Director (other than a Managing Director and a Director in the whole time employment of the Company) shall be entitled to receive out of funds of the company for each meeting of the Board or a Committee thereof attended by him such fee as may from time to time be determined by the Board but not exceeding such sum as may from time to time be prescribed by or under the act and applicable to the Company. Subject to the provision of the Act the Director shall be paid further remuneration by way of commission as per rate prescribed by the provisions of the Companies Act and such remuneration shall be divided amongst Directors in such proportion and manner as the Board may, from time to time, determine and in default of such determination shall be divided amongst the Directors equally. The Directors may allow and pay to any Director, who for the time being is resident out of place where any meeting of	Remuneration of Directors



	the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending the meeting in addition to his remuneration as above specified. If any Director being willing shall be called upon to perform extra services or to make any special exertions for the purposes of the Company the Directors subject to approval of Shareholders in General Meeting shall be entitled to remunerate such Director either by a fixed sum or percentage of profit or in any other manner as may be determined by the Directors in addition to the remuneration above provided.	
92.	The continuing Directors may Act notwithstanding any vacancy in their body but so that if the number fall below the minimum above fixed the Directors shall not except for the purpose of filling vacancies of or summoning a General Meeting act so long as the number is below the minimum.	Continuing Directors may act.
93.	Subject to the provisions of the Act, the Directors (including a Managing Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as Vendor, purchaser, lender, agent broker, lesser or lessee or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any Director so contracting or being such member or so interested be liable to account to the Company or for any profit realized by such contract or arrangement by reason duly of such Director holding that office of the fiduciary relation thereby established.	Directors may contract with Company.

## (2) APPOINTMENT OF DIRECTORS

94.	The Company in General Meeting, may subject to the provisions of these Articles and the Act, at any time elect any person to be a Director and may from time to time increase or reduce the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.	Appointment of Directors.
95.	The Director shall have power at any time and from time to time, to appoint any person other than a person who has been removed from the office of a Director of the Company to be a Director of the Company as an addition to the Board but so that the total number of Directors shall not any time exceed the maximum number fixed. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company when he shall be eligible for re-appointment.	Appointment of Additional Directors.
96.	The Director shall also have power to fill a vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred.	Casual Vacancy may be filled by Board
97.	Whenever the Directors enter into a contract with any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the Agreement and that such Director or Directors may not be liable to retire by rotation nor required to hold any qualification shares. The Directors may also be removed, from time to time, by the person or persons aforesaid who may appoint another or others in his or their place and also fill in any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatever. The Directors appointed or	Nominated Director

	nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with such persons or person aforesaid.	
98.	The Board may appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meeting of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent Director returns to the state in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.	Alternate Directors.

### (3) ROTATION OF DIRECTORS

99.	At the Annual General Meeting of the Company in every year one third of the Directors for the time being liable to retire by rotation and if their number is not three or a multiple of three then the number nearest thereto shall retire from office. The Directors to retire at such annual general meeting, shall be the Directors (other than Managing Director and or any other Director or Directors who by virtue of the provisions of any agreement referred to in Article 95 are not liable to retire) who shall have been longest in office since their last election. As between Directors who become Directors on the same day those to retire shall (in default of agreement between them) be determined by lot. For the purpose of this Articles Director appointed to fill a vacancy under the provisions of Article 94, shall be deemed to have been in office since the date on which the Director, in whose place he was appointed, was last elected as a Director.	Rotation of Directors
100.	A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.	Retiring Director eligible for re-election
101	Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled-up, the meeting shall stand adjourned till the same day in the next week or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the places of the retiring Directors are not filled-up the retiring Directors or such of them as have not had their places filled-up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.	Adjournment of meeting for election of Director
102	The office of a Director shall be deemed to have been vacated : a) Ipso facto in the eventualities mentioned in Sec.283 of the Companies Act, 1956.  b) In the event of the resignation by a Director or the withdrawal of his nomination in the case of a nominated Director, on the date on which the letter or resignation or the letter of withdrawal of his nomination, as the case may be is received by the Company.	Vacation of office by Director.

#### (4) PROCEEDING OF DIRECTORS

103.	The Directors may meet together for the dispatch of business adjourned and otherwise regulate their meetings and proceedings as they think fit.	Meetings of Directors
104.	The Secretary may at any time, and upon request of any two Directors or any Director shall summon a meeting of the Directors.	Summoning of meeting of Director
105.	Subject to the provisions of the Act, questions arising at any meeting shall be decided by a majority of votes, each Director having one vote, and in case of an equality of votes, the Chairman shall have a second or casting vote.	Voting at meeting
106.	The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors; provided that if the Chairman of the Board of Directors is not present the Directors present shall choose one of their numbers to be Chairman of such meeting.	Chairman of meeting
107.	A meeting of Directors in which a quorum is present shall be competent to exercise all of any of the authorities, powers and discretions by or under the Articles of the Company and the Act for the time being vested in or exercisable by the Directors.	Acts of meeting
108.	The Director may subject to compliance of the provisions of the Act, from time to time delegate any of their powers to Committees consisting of such member or members of their body as they think fit and may from time to time revoke delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Directors. The meeting and proceedings of any such committee, if consisting of two or more members, shall be governed by the provisions for regulating the meetings and proceedings of the Directors so far as the same as applicable thereto and are no superseded by any regulation made by the Directors under this Article.	Delegation to Committees
109.	All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting aforesaid or that they or any of them were disqualified, be as valid as if every such person has been duly appointed and was duly qualified. Provided always that nothing in this Article shall be deemed to give validity to acts done by such Directors, Committee or Person acting as aforesaid after it has been shown that there was some defect in any appointment or that they or any of them were disqualified.	Validity of acts
110.	A resolution may be passed by the Board by circulation in accordance with the provisions of Section 289 of the Act.	Resolution by circulation
111.	<p>The Directors shall cause minutes to be duly entered in the books provided for the purpose.</p> <p>a) of all appointments of officer and Committees made by the Directors;</p> <p>b) of the names of the Directors present at each meeting of the Directors and of any Committee of Directors.</p> <p>c) Of all orders made by the Directors and Committee of Directors.</p> <p>d) Of all resolutions and proceedings of General Meetings and of Directors and Committees.</p> <p>And any such minutes of any meetings of Directors or of any Committee or of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.</p>	Minutes to be made

### (5) POWERS OF DIRECTORS

111.	The business of the Company shall be managed by the Directors who in addition to the powers and authorities by these presents or otherwise expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly directed or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law of these presents, and to any regulations, not being inconsistent with these presents, from time to time made by the Company in General Meeting; Provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.	General power of Company vested in Directors
112.	<p>a) Without prejudice to the general powers conferred by the preceding Article, the Directors may, from time to time, subject to the restrictions contained in the Act, delegate to any of the Directors, employees or other persons including any firm or body corporate any of the powers authorities and discretion for the time being vested in the Directors.</p> <p>b) All deeds, agreements and all cheques, promissory notes, drafts, hundies, bill of exchange and other negotiable instruments and all receipts of moneys paid to the Company shall be signed, drawn accepted, or endorsed or otherwise executed, as the case may be, by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall from time to time, determine.</p>	Delegation of powers by Directors
113.	The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint attorneys and agents and fix their remuneration, and delegate to them such powers as may be deemed requisite or expedient. The Company may have for use abroad such official seal as is provided for by Section 50 of the Act. Such seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Directors shall, from time to time, by writing under the seal appoint. The Company may also exercise the powers of keeping Foreign Registers as provided by the Act.	Management abroad

### V. MANAGEMENT

115.	The Board of Directors may appoint managing or whole time Director/ Directors or Manager to manage the affairs of the Company and/or a Secretary or other officers for such period and on such remuneration and on such terms and conditions with the sanction, when so required by the Act, of the shareholders, in General Meeting and/or approved by the Central Government. Managing or whole time Directors, if any, shall not be liable to retire by rotation.	Management
116.	The Directors shall provide a 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 and shall provide for the safe custody of the Seal and the Seal shall except as otherwise empowered under the Act or rules there under, never be used except by the authority of the Directors or of a Committee of the Directors and one Director or any person as authorized by the Board shall sign every instrument to which the Seal is affixed; provided	Custody of Seal etc.

	nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.	
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## VII. BOOKS OF ACCOUNT & DIVIDENDS

### (1) BOOKS OF ACCOUNT

117.	The books of account shall be kept at the office of the Company or at such other place as the Directors think fit.	Books of Account to be kept
118.	The Board shall from time to time determine whether and to what extent and what times and under what conditions of regulations, the accounts and books of the Company or any of them shall be open to the inspection of the members not being Directors, and no member (not being a Director) shall have any right of inspecting any books of account or documents of the Company except as conferred by law or authorized by the Directors or by the Company in General Meeting.	Inspection by members.
119.	Every Balance Sheet and Profit and Loss account when audited and approved by the General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and there forth shall be conclusive, subject to the approval of the Company in General Meeting.	When accounts to be deemed finally settled.

### (2) DIVIDENDS & CAPITALIZATION OF RESERVE

120.	Subject to the rights of members entitled to shares if any with preferential or special right attached to them or unless otherwise provided in any respect by the terms of issue the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a Dividend on the Equity Shares of the Company but so that a partly paid up share shall only entitle the holder with respect thereto such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such shares provided that where capital is paid up in advance of calls such capital shall not rank for dividend or confer a right to participate in profits.	Division of profits.
121.	When Capital is paid-up in advance of calls upon the footing that the same shall carry interest such capital shall not whilst carrying interest, confer a right to participate in profits.	Capital paid in advance of calls.
122.	The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment subject to the provisions of Section 207 of the Act.	Declaration and payments of Dividends
123.	No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.	Restrictions on amount of Dividends
124.	No dividends shall be payable except out of the profits of the Company of the year or any other undistributed profits, and no dividend shall carry interest as against the Company.	Dividend out of profits only and not to carry interest
125.	The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive subject to the provision of the Act.	When to be deemed net

		profits.
126.	The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.	Interim dividends
127.	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	Debts may be deducted
128.	The Directors may retain the dividend payable upon shares in respect of which any person is under "The Transmission Article" entitled to become a member or which any person under the Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.	Company may retain dividends.
129.	Any General Meeting declaring a dividend may make a call on the members of such amounts as the meeting fixes, but so that the calls on each member shall, not exceed the dividend payable to him and so that the call made earlier payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.	Dividend and call together
130.	Any General Meeting may, upon the recommendation of the Directors resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve fund or special account or in the hands of Company and available for dividend including any profit arising from the same of the assets of the Company or any part thereof or by reasons of any other accretion to capital assets or representing premium received on the issue of shares and stand to the credit of the share premium account, be capitalized and distributed (in the manner and to the extent permissible under the provisions of the Act) amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up. In full either at par or at such premium as the resolution may provide any unissued shares, debentures or debenture-stock (in the manner and to the extent aforesaid) of the Company which shall be allotted and distributed, accordingly or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such share-holder in full satisfaction of their interest in the said capitalized sum.	Capitalisation of Reserves.
131	For the purpose of giving effect to any resolution under the preceding Article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular, may issue fractional certificates or ignore fractions or may vest the same in trust for the persons entitled as may seem expedient to the Directors. Where requisite a proper contract shall be filed in accordance with the provisions of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.	Fractional certificates
132.	Any one of the several persons who are registered as joint holders of any share may give effective receipts for all dividends and payments on account of dividends in respect of such shares.	Any one of joint-holders can give receipts.
133.	Unless otherwise directed any dividend may be paid by cheque, warrant or postal money order sent through the post to the registered address of the member or person entitled thereto or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint-holding or to such person and such address as the member or person entitled to such joint-holders as the case may be, may direct.	Payment by post.





134.	The payment of every cheque or warrant sent under the provisions of the preceding Article shall if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof; provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205A of the Act, in respect of unclaimed or unpaid dividend.	When payment a good discharge
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#### WINDING-UP

136	Upon the winding-up of the Company, the holders of preference shares, if any shall be entitled to be paid all arrears of preferential Dividend to the commencement of winding-up and also to be repaid the amount of capital paid-up or credited as paid upon such Preference Shares held by them respectively in priority to the Equity Shares but shall not be entitled to any other further rights to participate in profits or assets; subject to aforesaid and to the rights of any other holders of shares entitled to receive preferential payment over the Equity Shares. In the event of the winding-up of the Company the holders of the Equity Shares shall be entitled to be repaid the amount of capital paid up or credited as paid upon on such shares and all surplus assets thereafter shall belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding-up. If the assets shall be insufficient to repay the whole of paid-up Equity Capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members holding Equity Shares in proportion to the capital paid-up or which ought to have been paid-up on the Equity Shares held by them respectively at the commencement of the winding-up other than the amounts paid by them in advance of calls.	Distribution of Assets.
137.	If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of a special Resolution of the Company and any other sanction required by the Act, divide among the contributories in specie or kind any part of the Assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributors or any of them as the Liquidators with the like sanction shall think fit.	Distribution of assets in specie.

#### SECRECY

140	Subject to the provisions of these Articles and the Act no member or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company which in the opinion of the Directors it will be expedient in the interest of the Company to communicate.	No member to enter the premises of the Company without permission.
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## 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 this RHP) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of this RHP, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at 507, 'B' Wing, Sai Sangam, Sector 15, CBD Belapur East, Navi Mumbai-400614, Maharashtra, India from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this RHP until the Offer closing date.

#### 1. MATERIAL CONTRACTS

- Memorandum of Understanding dated July 09, 2011 between our Company and Aryaman Financial Services Limited, appointing them as Book Running Lead Manager to the Issue.
- Memorandum of Understanding dated April 1, 2011 between the Company and Big Share Services Private Limited appointing them as Registrar to the Issue.
- Tripartite Agreement dated June 1, 2011 among our Company, NSDL and Big Share Services Private Limited.
- Tripartite Agreement dated May 26, 2011 among our Company, CDSL and Big Share Services Private Limited.
- Escrow agreement dated [●] between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
- Syndicate agreement dated [●] between our Company, the BRLM and the Syndicate Members.
- Underwriting agreement dated [●] between our Company and the Underwriters.

#### 2. DOCUMENTS FOR INSPECTION

- Certified True Copy of the Memorandum and Articles of Association of our Company, as amended from time to time.
- Certified True Copy of the Certificate of Incorporation and subsequent fresh certificates of incorporations issued on change of name and on conversion from private to public limited dated February 17, 1998, August 31, 2007 and November 03, 2010 respectively issued by Registrar of Companies, Mumbai.
- Copy of the resolution passed by our shareholders at the Extra Ordinary general meeting of our Company held on May 20, 2011, approving this Issue.
- Copies of annual reports of our Company for the years ended March 31, 2011, 2010, 2009, 2008 and 2007.
- Shareholder's resolution dated September 27, 2011 for appointment of the Whole time Director and the Managing Director respectively, of our Company.



- Due Diligence Certificate dated August 04, 2011 to SEBI from Aryaman Financial Services Limited, the Book Running Lead Manager.
- Consents from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Legal Advisor to the Issue and Bankers to our Company, to act in their respective capacities.
- Certificate dated July 19, 2011 from the statutory auditors, M/s. Borkar & Muzumdar, Chartered Accountants, detailing the tax benefits.
- Auditor's report for Restated Financials by the Auditor, M/s. Borkar & Muzumdar, Chartered Accountants dated April 25, 2012 included in the Red Herring Prospectus.
- Copy of the Certificate from the statutory auditors, M/s. Borkar & Muzumdar, Chartered Accountants, dated May 11, 2012 regarding the sources and deployment of funds as on April 30, 2012.
- Copy of the Certificate from the statutory auditors, M/s. Borkar & Muzumdar, Chartered Accountants, dated January 09, 2012 confirming that all the related party transactions pertaining to purchase/sale of goods, machines and services were carried out at "Arms Length Basis."
- Copy of in-principal approval received from the BSE Limited and National Stock Exchange Limited dated September 14, 2011 and October 7, 2011 respectively.
- IPO Grading Report dated May 09, 2012 by CRISIL Limited.
- SEBI Observation Letter No. CFD/DIL/ISSUES/SK/EHM/4571/2012 dated February 23, 2012.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 1956 and other relevant statutes.

## DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the SEBI (ICDR) Regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

**Dr. V.K. Sukumaran**  
(Managing Director)

**Dr. Saritha Sukumaran**  
(Whole Time Director)

**Roy Daniel**  
(Independent Director)

**Jaywant Bolaikar**  
(Independent Director)

**Mohua R. Ghosh**  
(Independent Director)

**Supriya A. Tatkar**  
(Company Secretary and Compliance Officer)

**C.D. Nathan**  
(CFO)

Date: June 20, 2012  
Place: Navi Mumbai



# VKS Projects Ltd

One-time assessment

CRISIL IPO Grade 1/5 (Poor)

May 09, 2012

## Grading summary

CRISIL has assigned a CRISIL IPO grade of '1/5' (pronounced "one on five") to the proposed IPO of VKS Projects Ltd (VKS). This grade indicates that the fundamentals of the IPO are poor relative to the other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor.

Weak revenue visibility is the major factor which has constrained the IPO grade assigned to VKS. As of June 2011, VKS' order book of Rs 967 mn translated into 1.6x FY11 sales; this provides revenue visibility for the next 12-15 months only. Though the company has a fairly good execution track record in handling mechanical, piping and heavy equipment erections for various process industries, of late it has been accepting orders for civil construction or earthworks – recently it accepted two such orders worth ~Rs 950 mn. These are not complex jobs and are positioned lower in the value chain; moreover, these orders could also be margin dilutive. Hence, undertaking such jobs indicates that the company is not focusing on its core competency. The grade is further constrained by the company's inability to win large contracts from marquee clients. Although the company has in the past bagged orders from clients such as Reliance, Thermax, Deepak Fertilizer, Rashtriya Chemicals & Fertilizers (RCF), and IG Petro, we believe its inability to get repeat orders of large magnitude from these clients is a matter of concern.

The grade also considers the high concentration risk faced by VKS as orders from two new clients comprise 97% of the order book. Any delay or hiccups in these orders or companies could have an adverse impact on revenues going forward. Moreover, working capital is also high with working capital days in the range of 90-100. Owing to higher working capital requirements, debt increased to Rs 132 mn in FY11 from Rs 52 mn in FY10. Besides, the business is highly dependent on promoter Dr V Sukumaran and there is a need to strengthen the second line of management.

The only positive for VKS is its strong execution track record. So far, the company has completed ~40 projects, without any major hiccups, in nine different states across India. Over a period of time, VKS has built up capabilities and obtained necessary pre-qualifications, which have led to an increase in average ticket size to ~Rs 400-500 mn from ~ Rs 20-30 mn.

VKS' revenue increased from Rs 33 mn in FY07 to Rs 597 mn in FY11 following its order intake increasing at 102% CAGR. EBITDA margins contracted by 125 bps y-o-y in FY11 to 11.4% due to higher employee cost. Reported net profit has increased to Rs 27 mn in FY11 from Rs 1 mn in FY07 owing to robust revenue growth. VKS' net worth for FY11 was Rs 128 mn compared to Rs 32 mn FY10.

## About the company

VKS Projects Ltd (VKS) is a Mumbai-based engineering, procurement and construction (EPC) company undertaking mechanical and infrastructural construction contracts for fabrication and erection of high pressure piping, and heavy equipment erection. The company is an expert in fabricating and erecting reaction vessels, vacuum tray driers, storage tanks and heat exchangers for industries such as refinery, petrochemicals, dyestuff, pharma and bulk drugs, metallurgy, power and textiles. VKS also undertakes civil and land development contracts.

The company's client portfolio includes Reliance, Thermax, Deepak Fertilizer, RCF and IG Petro. During FY07-09, the company undertook projects with an average ticket size of Rs 20-30 mn. Post FY09, it started taking relatively higher-value projects. Recently, it received an order worth Rs 450 mn from PACL India Ltd and another worth Rs 490 mn from Lanco Infratech for civil work at the Anuppur Thermal Power Plant in Madhya Pradesh.

## Issue details

<b>Shares offered to public</b>	Not available at the time of grading
<b>As per cent of post issue equity</b>	Not available at the time of grading
<b>Object of the issue</b>	<ul style="list-style-type: none"> <li>• Long-term working capital requirement</li> <li>• Procurement of construction equipment and key machineries</li> <li>• Setting up engineering design studio/office and training centers in Chennai, Cochin, Delhi, Hyderabad and Ahmedabad</li> <li>• General corporate purposes</li> </ul>
<b>Amount proposed to be raised</b>	~ Rs 550 mn
<b>Price band</b>	Not available at the time of grading
<b>Lead managers</b>	Aryaman Financial Services Ltd

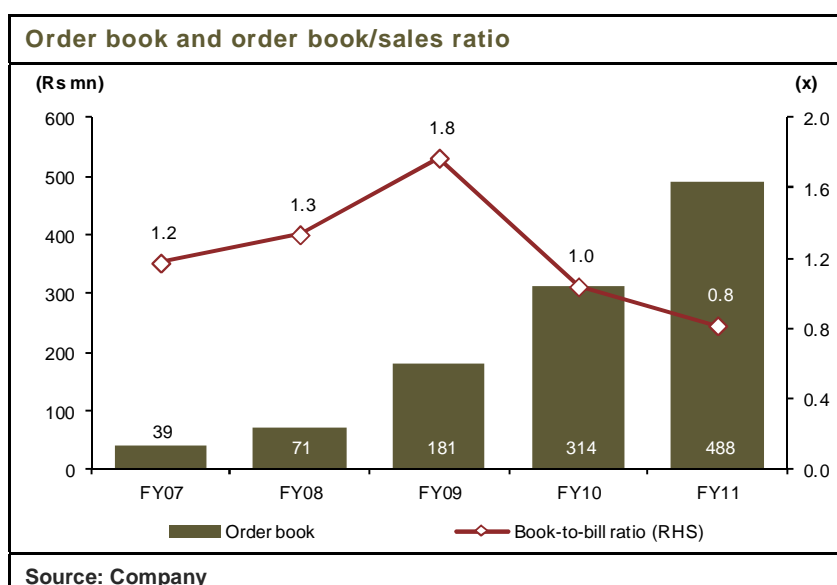
Source: DRHP

## Detailed Grading Rationale

### A. Business Prospects

- **Low order book constraints revenue visibility**

As of June 2011, VKS' order book backlog stood at Rs 967 mn which translates into 1.6x FY11 revenue and provides visibility for only 12-15 months. This is lower compared to other EPC players whose book-to-bill ratio is ~3x. Further, given the current unfavourable business climate faced by the EPC industry and the slowdown in the investment cycle, we are concerned that a low revenue visibility could have an adverse impact on growth going forward.



- **Shifting away from core competency; large portion of order book related to civil constructions**

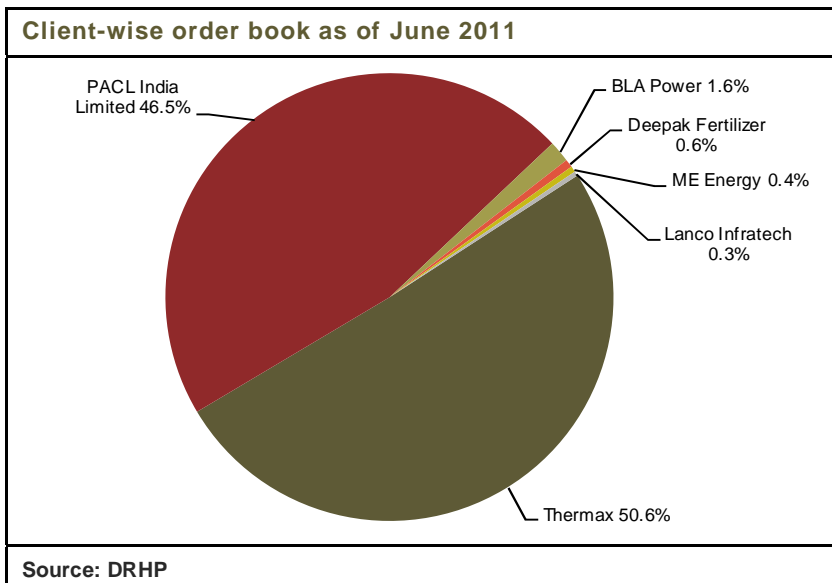
VKS is an EPC player focusing mainly on the industrial infrastructure space such as oil & gas, power, fertiliser, auto, chemical and petrochemical plants. The company's core competency lies in undertaking mechanical and infrastructural construction contracts for fabrication and erection of high pressure piping, and heavy equipment erection. However, it has started taking orders for civil construction or earthworks which are not complex jobs and are lower in the value chain. Recently, it has accepted two such orders worth ~Rs 950 mn. Apart from highlighting the company's lack of focus on its core competency, these orders could also be margin dilutive.

- **Unable to win large repeat orders from marquee clients**

Although the company has in the past bagged orders from prestigious clients such as Reliance, Themax, Deepak Fertilizer, RCF and IG Petro, it has not been able to get repeat orders of large magnitude from these clients. Inability to win orders of large ticket size from these clients is a concern.

- **High concentration risk**

VKS is exposed to high concentration risk as orders from two new clients comprise 97% of its order book. Any delay or hiccups in these orders or clients could have an adverse impact on revenues going forward.

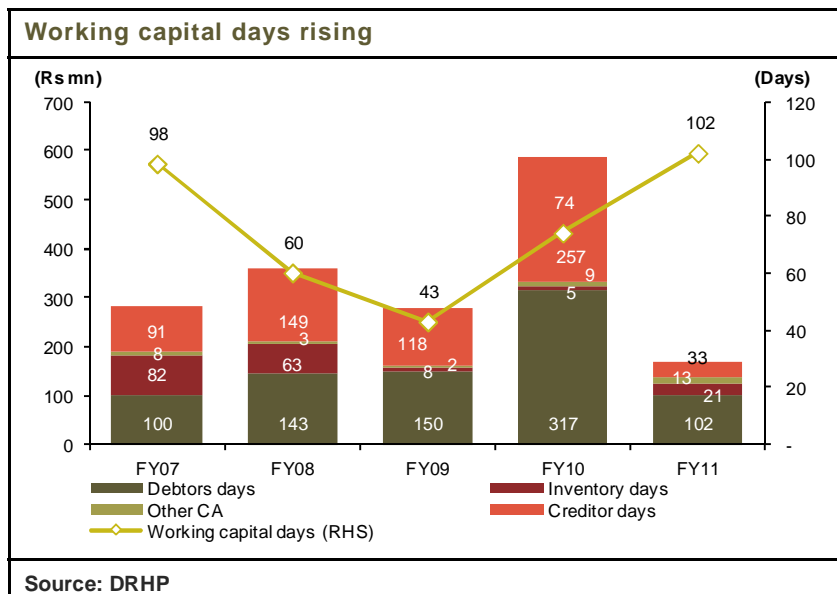


▪ **Absence of price escalation in some projects = risk of margin volatility**

VKS undertakes EPC works mainly for fabrication and erection of plants and machinery for various industrial infrastructure projects. For the projects where the client provides the raw materials, the risk of increase in prices is low; but where the raw materials are not provided by client, the contract value includes the cost of raw materials. Since some of the projects do not have a price escalation clause, fluctuations in prices of raw material in such projects could adversely impact its profitability.

▪ **Increasing working capital requirements**

VKS' working capital requirement has increased given the growing business and the increase in order ticket size. Its working capital days are in the range of 90-100 on account of higher inventory days. As of FY11, the company has inventory worth Rs 34 mn compared to Rs 5 mn in FY10. Owing to higher working capital requirements, debt increased to Rs 132 mn in FY11 from Rs 52 mn in FY10.



▪ **Good execution track record**

However, we note that VKS has a good execution record having executed 40 projects across various states like West Bengal, Karnataka, Punjab, Tamil Nadu, Uttar Pradesh and Uttarakhand; these projects were completed on time and without any major execution hurdles. Currently, it is executing projects in Madhya Pradesh, Maharashtra and Delhi. VKS has strong project management system and safety measures in place, and has been awarded ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certification for the same.

▪ **Net worth is expected to increase post IPO and enhance financial pre-qualifications**

The company has spent the past few years in building its capabilities and obtaining the necessary pre-qualifications, which has led to strong traction in new order flows. The average ticket size for orders has increased from ~ Rs 20-30 mn to ~Rs 400 - 500 mn. The company recently received orders worth Rs 490 mn from Lanco Infra and Rs 450 mn from PACL Ltd. We believe following the IPO the increase in its net worth will strengthen its financial qualifications and help it to bid for large projects; this will place the company on a strong growth trajectory.

## B. Financial Performance

VKS' revenue increased from Rs 33 mn in FY07 to Rs 597 mn in FY11 due to strong inflows of orders. EBITDA margins contracted by 125 bps in FY11 to 11.4% due to higher employee cost. Net profit increased to Rs 27 mn in FY11 from Rs 1 mn in FY07 owing to robust revenue growth. The company's net worth for FY11 was Rs 128 mn compared to Rs 32 mn FY10.

### Financial performance snapshot

Particulars	(Rs mn)				
	FY07	FY08	FY09	FY10	FY11
Total operating income	33	53	102	302	597
EBITDA margin (%)	8.3	6.1	0.8	12.6	11.4
Adjusted Net profit / (loss)	1	1	(3)	20	27
Adjusted Net Margin (%)	2.4	1.7	(3.2)	6.6	4.5
ROCE (%)	36.8	16.9	2.0	74.3	33.6
ROE (%)	44.3	21.9	(58.4)	105.4	33.5
Adjusted EPS (Rs)	3.2	3.6	(12.9)	7.3	3.3
No. of Equity Shares (mn)*	0.3	0.3	0.3	2.8	8.0
Net Worth	4	5	6	32	128
Debt-Equity Ratio	2.5	3.3	1.8	1.6	1.0

**Note:** The financial numbers in this document have been re-classified as per CRISIL standard and hence may not match with the DRHP numbers

\* Adjusted for issue of bonus shares in the ratio of 4:1 in FY11

**Source: DRHP, CRISIL Research**



## C. Management Capabilities and Corporate Governance

- ***Promoter has over two decades of experience in the EPC business***

Founder and managing director Dr V K Sukumaran holds a bachelor's degree in mechanical engineering and has more than two decades of experience in the EPC business. He has good understanding of the various technical aspects of the business. He has been instrumental in shaping the company's growth and taking it to the current stage. Based on our interaction with the management, we believe that the management is constantly exploring new business opportunities and has identified opportunities in the power transmission segment.

- ***Dependence on promoter is high; second line needs to be strengthened***

VKS has been largely a promoter-driven company and the dependence on promoter Dr V K Sukumaran is very high. Mr M Parameswaran (CEO) joined the company in May 2011 and does not have any experience in the construction and engineering business. Prior to joining VKS, he was with UTI Technology. We believe that the company at this stage is highly dependent on Dr Sukumaran and there is a need to rope in more professionals with relevant experience and qualifications to strengthen the second line of management. Though the management has appointed a few key people recently with relevant professional and educational qualifications and is taking steps in this direction, we believe that this is not adequate and there is a need to strengthen it further as the company moves towards the next level of growth.

- ***Concerns on remuneration and responsibility***

Dr Saritha Sukumaran, director, is not actively involved in the business. She lacks technical experience and her involvement is limited to matters related to recruitment and administration. We believe the remuneration of Rs 15,00,000, given to her is not justifiable given her responsibilities and contribution to the business. Moreover, salary paid to senior executives in the company is low; for instance, chief executive officer, Mr Parmeshwaran, despite his experience and qualifications, draws a salary of Rs 12,00,000 per annum. In this scenario, the company's ability to retain key personnel can be challenging.

- ***Independent directors are well qualified but lack experience***

Although the independent directors are well qualified and have been with the company for more than a year, they do not have an understanding of either the commercial or the marketing aspects of the business. We believe that their involvement is not high since they lack adequate industry experience.

- ***Ability to exercise management oversight is limited***

Based on our interaction with the company, we believe that independent directors' involvement with the business is low and, hence, their ability to exercise management oversight may not be adequate.



## Annexure I

### Business Profile

VKS is a Mumbai-based EPC player. It undertakes mechanical and infrastructural construction contracts for fabrication and erection of high pressure piping, fabrication and IBR piping, and heavy equipment erection. The company also has expertise in fabrication and erection of reaction vessels, vacuum tray driers, storage tanks and heat exchangers for industries such as refinery, petrochemicals, dyestuff, pharma and bulk drugs, metallurgy, power and textiles. VKS also undertakes civil and land development contracts.

The company's client portfolio includes Reliance, Thermax, Deepak Fertilizer, RCF and IG Petro. During FY07-09, the company undertook projects with an average ticket size of Rs 20-30 mn. Post FY09, it started taking relatively higher-value projects. Recently, it received an order worth Rs 450 mn from PACL India Ltd and another worth Rs 490 mn from Lanco Infratech for civil work at the Anuppur Thermal Power Plant in Madhya Pradesh.

The company is now eyeing power transmission and has set up a dedicated team to capture business opportunities in this segment.

## Annexure II: Profile of the Directors

Name	Designation	Age (years)	Qualification	Yrs of Experience	Directorships / partnership in other entities
<b>Dr V. K. Sukumaran</b>	Managing Director (Promoter Director)	45	B.Tech (Mech), M.Phil, PhD (Green Construction)	20+	<u>Other directorships:</u> NIL
<b>Dr Saritha Sukumaran</b>	Whole-time Director (Promoter Director)	40	Bachelor in Ayurveda, Medicine and Surgery (BAMS)	7	<u>Other directorships:</u> NIL
<b>Mr Jaywant Bolaikar</b>	Independent Director	38	MBA (Finance)	17+	<u>Other directorships:</u> NIL
<b>Mr Roy Daniel</b>	Independent Director	41	B.Sc	10	<u>Other directorships:</u> NIL
<b>Ms Lakshmi Wasekar</b>	Independent Director	31	B.Pharm., PGDBM (Mktg)	7+	<u>Other directorships:</u> NIL

Source: DRHP

## **Our Capabilities**

### **Making Markets Function Better**

#### **Economy and Industry Research**

- Largest team of economy and industry research analysts in India
- Coverage on 70 industries and 139 sub-sectors; provide growth forecasts, profitability analysis, emerging trends, expected investments, industry structure and regulatory frameworks
- 90 per cent of India's commercial banks use our industry research for credit decisions
- Special coverage on key growth sectors including real estate, infrastructure, logistics, and financial services
- Inputs to India's leading corporates in market sizing, demand forecasting, and project feasibility
- Published the first India-focused report on Ultra High Net-worth Individuals
- All opinions and forecasts reviewed by a highly qualified panel with over 200 years of cumulative experience
- Largest independent equity research house in India, focusing on small and mid-cap companies; coverage exceeds 100 companies
- Released company reports on all 1,401 companies listed and traded on the National Stock Exchange; a global first for any stock exchange
- First research house to release exchange-commissioned equity research reports in India

#### **Funds and Fixed Income Research**

- Largest and most comprehensive database on India's debt market, covering more than 14,000 securities
- Largest provider of fixed income valuations in India
- Value more than Rs.33 trillion (USD 650 billion) of Indian debt securities, comprising 85 per cent of outstanding securities
- Sole provider of fixed income and hybrid indices to mutual funds and insurance companies; we maintain 12 standard indices and over 80 customised indices
- Ranking of Indian mutual fund schemes covering 73 per cent of assets under management and Rs.5 trillion (USD100 billion) by value
- Retained by India's Employees' Provident Fund Organisation, the world's largest retirement scheme
- covering over 50 million individuals, for selecting fund managers and monitoring their performance

#### **Equity and Company Research**

- Largest independent equity research house in India, focusing on small and mid-cap companies; coverage exceeds 100 companies
- Released company reports on all 1,401 companies listed and traded on the National Stock Exchange; a global first for any stock exchange
- First research house to release exchange-commissioned equity research reports in India
- Assigned the first IPO grade in India

## Analytical Contact

Tarun Bhatia,  
Senior Director – Capital Markets  
Phone: +91 22 3342 3226  
Email: tarun.bhatia@crisil.com

Mohit Modi,  
Director – Equity Research  
Phone: +91 22 4254 2860  
Email: mohit.modi@crisil.com

## Media Contact

Mitu Samar,  
Director – Communications & Brand Management  
Phone: +91 22 3342 1838  
Email: mitu.samar@crisil.com

## Contact us

Phone: +91 22 3342 3561/ 62  
Fax: +91 22 3342 3501  
E-mail: clientservicing@crisil.com | research@crisil.com

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CRISIL Limited  
CRISIL House, Central Avenue, Hiranandani Business Park,  
Powai, Mumbai – 400076. India  
Phone: + 91 22 3342 3000 Fax: + 91 22 3342 3001  
Email: [clientservicing@crisil.com](mailto:clientservicing@crisil.com)  
[www.crisil.com](http://www.crisil.com)

**ANNEXURE II**

**Disclosure of Price Information of Past Issues Handled By Aryaman Financial Services Limited**

**TABLE 1:**

Sr. No	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)
1	Midvalley Entertainment Limited	60	70	Jan 27, 2011	73.00	58.05	(17.07)	18684.43	58	18008.15	60.55	18273.80	86.05	17700.91
2	BCB Finance Limited	8.85	25	March 13, 2012	27.00	25.70	2.80	17813.62	25.27	17361.74	25.35	17478.15	25.00	17332.62

Note: In case the 10<sup>th</sup>, 20<sup>th</sup> and 30<sup>th</sup> calendar day from the date of listing fall on a holiday, the closing share price of the immediately preceding day has been taken into consideration.

**TABLE 2: Summary Statement of Disclosure**

Financial Year	Total no. of IPOs	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2011-12	1*	8.85	-	-	-	-	-	1	-	-	-	-	-	-
2010-11	1	60.00	-	-	1	-	-	-	-	-	-	-	-	1
2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* As on the 30<sup>th</sup> Calendar day from the listing day the price of BCB Finance Limited is exactly equal to its Issue Price and hence it is neither trading at Premium nor Discount.