

## RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956, Dated March 10, 2005  
(The Red Herring Prospectus will be updated on RoC filing and  
become a Prospectus on the date of filing with RoC)

**100% Book Building Issue**



### IVRCL INFRASTRUCTURES & PROJECTS LIMITED

(The Company was originally incorporated on November 16, 1987 as I. Venku Reddy Constructions Private Limited. It was renamed as I. Venku Reddy Constructions Limited, then renamed as IVR Constructions Limited and subsequently as IVRCL Infrastructures & Projects Limited on April 7, 1999)

**[Registered Office:** M-22/3 RT, Vijayanagar Colony, Hyderabad – 500 057  
Head Office: 8-2-596, IVth Floor, IVRCL Towers, Road No. 10, Banjara Hills, Hyderabad – 500 034  
Tel: +91 40 23343678; Fax: +91 40 23345004]

Website: [www.ivrcl.com](http://www.ivrcl.com); Email: [ivrcl.issue@ivrinfra.com](mailto:ivrcl.issue@ivrinfra.com)

**PUBLIC ISSUE OF [●] EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. 1260 MILLION (REFERRED TO AS THE "ISSUE") INCLUDING RESERVATION FOR EMPLOYEES OF [●] EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. 75 MILLION. THERE WILL ALSO BE A GREEN SHOE OPTION OF [●] EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. 189 MILLION. THE ISSUE AND THE GREEN SHOE OPTION AGGREGATE RS. 1449 MILLION.**

**THE ISSUE WOULD CONSTITUTE [●] % OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY ASSUMING THAT THE GREEN SHOE OPTION IS NOT EXERCISED AND [●] % ASSUMING THAT THE GREEN SHOE OPTION IS EXERCISED.**

The Issue is being made through the 100% book building process wherein upto 50% of the Issue shall be offered on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% 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.

**PRICE BAND: RS. 385 TO RS. 415 PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH**

**THE ISSUE PRICE IS 38.5 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 41.5 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

#### RISK IN RELATION TO THE ISSUE

The Issue Price (as determined by IVRCL Infrastructures & Projects Limited in consultation with the Book Running Lead Manager ("BRLM") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. The market price of the existing Equity Shares of IVRCL Infrastructures & Projects Limited could affect the price discovery through book building and vice versa. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS



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

#### COMPANY'S ABSOLUTE RESPONSIBILITY

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

#### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on The Stock Exchange, Mumbai ("BSE") and the National Stock Exchange of India Limited ("NSE"), the Designated Stock Exchange, where the Equity Shares of the Company are already listed. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated February 24, 2005 and February 09, 2005 respectively.

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE	
	<b>Enam Financial Consultants Private Limited</b> 801, Dalamal Tower, Nariman Point, Mumbai – 400 021 Tel: +91 22 56381800 Fax: + 91 22 22846824 Email: <a href="mailto:ivrcl.issue@enam.com">ivrcl.issue@enam.com</a>		<b>Karvy Computershare Private Limited</b> Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad: 500 034 Tel: +91 40 2331 2454 Fax: +91 40 2332 0251/751/752 Email: <a href="mailto:ivrcl.issue@karvy.com">ivrcl.issue@karvy.com</a>
ISSUE PROGRAM			
<b>BID/ISSUE OPENS ON : MARCH 18, 2005</b>		<b>BID/ISSUE CLOSURES ON : MARCH 23, 2005</b>	

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## DEFINITIONS AND ABBREVIATIONS

### Definitions

Term	Description
"IVRCL", the "Company" and "our Company", "our Group", "we", "us" or "IVRCL and its subsidiaries"	Unless the context otherwise requires, refers to, IVRCL Infrastructures & Projects Limited, a public limited company incorporated under the Companies Act, together with its subsidiaries IVRCL PSC Pipes (P) Ltd., IVRCL Enviro Projects Ltd., IVR Prime Urban Developers Ltd. and First STP (P) Ltd.

### Issue Related Terms and Abbreviations

Term	Description
AGM	Annual General Meeting
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in Date after deducting any Bid Amounts that may already have been paid by such Bidder
Articles/ Articles of Association	Articles of Association of IVRCL
AS	Accounting Standards as issued by the Institute of Chartered Accountant of India
Auditors	Statutory auditors of IVRCL, M/s. Chaturvedi & Partners and M/s. Deloitte Haskins & Sells jointly, being Chartered Accountants for Indian GAAP.
Bid	An offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount / Bid Price	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of this Red Herring Prospectus
Bid / Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper
Bid / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding Period/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Board of Directors/ Board	The Board of Directors of IVRCL or a committee thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
BRLM	Book Running Lead Manager to the Issue, in this case being ENAM Financial Consultants Pvt. Limited/Enam
BSE	The Stock Exchange, Mumbai



Term	Description
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
CDSL	Central Depository Services (India) Limited
ChrysCapital	ChrysCapital II, LLC
CIFC	Citicorp International Finance Corporation
Cap Price	The higher end of the price band above which the Issue price will not be finalized and above which no bids will be accepted.
Companies Act	The Companies Act, 1956, as amended from time to time
CSE	Coimbatore Stock Exchange
Cut-off	Any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant / DP	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies ("RoC"), following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	The National Stock Exchange of India Limited
Directors	The directors of our Company
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue.
EGM	Extraordinary General Meeting
Employee Reservation Portion	The portion of the Issue being [-] Equity Shares of Rs. 10 each available for allocation to Permanent Employees aggregating upto Rs. 75 million
ENAM/Enam	ENAM Financial Consultants Pvt. Limited
EPS	Earnings per Equity Share
Equity Shares	Equity shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation Amount paid thereafter
Escrow Agreement	Agreement entered into by our Company, the Registrar, BRLM, the Syndicate and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders.

Term	Description
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account for the Issue will be opened
ESOP	The Employee Stock Options Scheme ESOP-2000 as adopted by the resolution of the Board of Directors of our Company on February 11, 2000 and by the shareholders of our Company on March 17, 2000 and formulated by our Company and the ESOP-2004 as adopted by the resolution of the Board of Directors of our Company on December 11, 2003 and by the shareholders on January 5, 2004 and formulated by our Company.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FERA	Foreign Exchange Regulation Act, 1973, now repealed
FI	Financial Institutions
FII/ Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial year/fiscal/FY	The twelve months ended March 31 of a particular year
FIPB	Foreign Investment Promotion Board, Ministry of Finance and Company Affairs, Government of India
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	Price advertised by our Company prior to the Bid / Issue Opening date, below which the Issue Price will not be finalized and below which no Bids will be accepted
FVCI	Foreign venture capital investor, registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GIR Number	General Index Registry Number
Green Shoe Lenders	IVR Finlease Private Limited, S.V.Equities Limited and Mr. E Sudhir Reddy.
Green Shoe Option/GSO	An Option to the BRLM and our Company in consultation with the Stabilising agent, to allocate equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilization mechanism in accordance with Chapter VIII-A of the SEBI Guidelines.
Green Shoe Option Portion	The portion of the Issue being [●] Equity Shares aggregating upto Rs. 189 million if exercised in full.
GSO Bank Account	The bank account opened by the Stabilising agent under the Stabilising Agreement.
GSO Demat Account	The demat account opened by the Stabilising agent under the Stabilising Agreement.
HSE	Hyderabad Stock Exchange
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India



Term	Description
IRR	Internal rate of return
Issue / Public Issue	Public Issue of [●] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [●] for cash aggregating Rs. 1260 million by our Company under this Red Herring Prospectus
Issue Period	The period between the Bid / Issue Opening date and the Bid / Issue Closing date and both these days inclusive
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
I.T. Act	The Income-Tax Act, 1961, as amended from time to time, except as stated otherwise
J V	Joint Venture
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Memorandum / Memorandum of Association	The Memorandum of Association of our Company
NAV	Net Asset Value
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 50,000
Non Institutional Portion	The portion of the Issue being [●] Equity Shares of Rs. [●]/- each available for allocation to Non Institutional Bidders
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI/ Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose payment has not been waived by the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose payment has been initially waived by the Syndicate and are therefore not required to pay the Bid Amount into the Escrow Account on or prior to the Bid/ Issue Closing Date, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date

Term	Description
Permanent Employees	Permanent employees of our Company or a Director of our Company whether a wholetime director or not or Permanent employees or a Director of the subsidiaries
Price Band	Price band of a minimum price (floor of the price band) of Rs. 385 and the maximum price (cap of the price band) of Rs. 415 and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLM finalizes the Issue Price
Promoter / Sponsor	Collectively Mr.E. Sudhir Reddy, Mr.E.Sunil Reddy, E. Sudhir Reddy (HUF), E.Sunil Reddy (HUF), Ms. E. Sujatha Reddy, Master E. Siddhanth Reddy, Master E. Sunjeeth Reddy, Miss E. Soma Reddy, Miss E. Suha Reddy, Ms. E. Indira Reddy, IVR Finlease Pvt Ltd., SV Equities Ltd., Mr.V.Thirumala Reddy, Mr.V.Rajamohan Reddy and Mr.V.Madhusudhan Reddy
Prospectus	The Prospectus to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Public Issue Committee	A committee of the Board of Directors comprising Mr. E. Sudhir Reddy, Mr. K Ashok Reddy and Mr. R. Balarami Reddy, appointed for the purpose of carrying out various actions in relation to the Issue
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
QIB Portion	The portion of the Issue being [●] Equity Shares of Rs.[●]/- each available for allocation to QIBs
RBI	Reserve Bank of India
RHP or Red Herring Prospectus	Means this Red Herring Prospectus issued in accordance with on 60 B of the Companies Act, which does not have complete particulars on the Price at which the equity shares are offered and the price of the Issue. It carries the same obligation as are applicable in case of a Prospectus and will be filed with RoC. Atleast three days before the opening of the Issue, it will become a Prospectus after filing with RoC after the pricing and allocation.
Registered Office of our Company	M22/3-RT, Vijayanagar Colony, Hyderabad - 500057
Registrar to the Issue/Karvy	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its registered office as indicated on the cover page of this Red Herring Prospectus
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 50,000, in any of the bidding options in the Issue



Term	Description
Retail Portion	The portion of the Issue being [●] Equity Shares of Rs. [●]/- each 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)
RoC	Registrar of Companies, Andhra Pradesh, at Hyderabad.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stabilising Agent or SA	Enam Financial Consultants Private Limited
Stabilising Agreement	Agreement entered into by our Company, the Green Shoe Lenders and the Stabilising Agent on January 27, 2005 in relation to the Green Shoe.
Stock Exchanges	NSE and BSE
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate, and our Company
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM. In this case [●] are Syndicate Members
TRS / Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters and our Company to be entered into on the Pricing Date

## GLOSSARY OF TECHNICAL AND INDUSTRY TERMS

Term	Description
AC	Asbestos Cement
ACE	Accepted Cost Estimate
AOA	Articles Of Association
AOP	Association of Persons
APTRANSCO	Transmission Corporation of Andhra Pradesh Limited
BC	Bituminous Concrete
BOOT	Build Own Operate and Transfer
BOQ	Bill of Quantities
BOT	Build Operate and Transfer
BWSC	Bar Wrapped Steel Cylindrical
C&R	Control & Relay Panel
CI	Cast Iron
CWS	Circulating Water System
DBM+PCC	Dense Bituminous Macadam
DBOOT	Design, Build, Own, Operate and Transfer
DCDB	Direct Current Distribution Board
DI	Ductile Iron
EMD	Earnest Money Deposit
EPC	Engineering Procurement and Commissioning
FEED	Front End Engineering and Designing
HDPE	High Density Poly Ethelene
HT	High Tension
HVDS	High Voltage Distribution System
LIC	Life Insurance Corporation of India
LSTK	Lumpsum Turn Key
LT	Low Tension
MIS	Monthly Operational Reports
MOU	Memorandum Of Understanding
MS	Mild Steel
MSS	Mixed Sealed Surface
NABARD	National Bank for Agricultural and Rural Development

Term	Description
NHAI	National Highways Authority of India
Ni-Cd	Nickel-Cadmium
O&M	Operations and Maintenance
PCA	Project Cost Analysis
PHED	Public Health Engineering Department
PLC	Programmable Logic Controller
PM&C	Project Monitoring & Contracts Cell
PPCS	Project Planning and Control System
PPP	Public Private Partnership
PC	Premix Carpet
PSC	Pre Stressed Concrete
PSU	Public Sector Undertakings
PVC	Poly Vinyl Chloride
PWD	Public Works Department
R&B	Roads and Bridges department
RFP	Request for Proposal
RFQ	Request for Qualification
SCADA	Supervisory Control and Data Acquisition
SDBC	Semi Dense Bituminous Concrete
SEB	State Electricity Board
SPV	Special Purpose Vehicle
SWG	Stone Ware Grade
VCB	Variable Circuit Breaker
WB	World Bank
WBM	Wet Bituminous Macadam
WMM/CRB	Wet Mix Macadam/Crushed Rock Base
WRD	Water Resource Department



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## **CERTAIN CONVENTIONS ; USE OF MARKET DATA**

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh” or “Lac” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in million unless otherwise stated

All references to “India” contained in this Red Herring Prospectus are to the Republic of India.

For additional definitions used in this Red Herring Prospectus, see the section “Definitions and Abbreviations” on page i of this Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association” on page 182 of this Red Herring Prospectus, defined terms have the meaning given to such terms in our Articles of Association.

Industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources,

### **Currency of Presentation**

In this Red Herring Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India,



## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also 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, among others:

- General economic and business conditions in India;
- Our ability to successfully implement our strategy, our research and development efforts, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Government;
- Changes in laws and regulations that apply to our customers and the infrastructure and construction industry;
- Increasing competition in and the conditions of our customers and the infrastructure and construction industry; and
- Changes in political conditions in India.

For further discussion of factors that could cause our actual results to differ, please see the section entitled “Risk Factors” beginning on page xi of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section:

### INTERNAL RISK FACTORS

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

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

- 2. In fixed price contracts, any increase in the price of raw material such as steel, cement and other project costs and conditions, may have an adverse effect on our profitability.**

As on January 31, 2005, approximately 23% of balance value of works on hand are fixed price contracts awarded following competitive bidding. The cost and gross profit realized on such contracts may vary from original estimates because of, among other things, changes in project conditions, fluctuations in the cost of raw material, variation in labour and equipment costs which are beyond our control. Such variations may result in reduced profitability or losses for our Company.

- 3. Our business is dependant on the implementation of the central and state budget allocations to the infrastructure sector. We derive the bulk of our revenue from contracts awarded to us by the central and state governments and their agencies.**

As on January 31, 2005, 38% of our order book is derived from contracts backed by central or state budget allocations. It may be that in certain cases implementation of budgetary allocation (including external funding) may get delayed and consequently we would receive payments against running account bills in a delayed manner, rather than specified payment conditions. The delay in payment could be on account of a change in the government, changes in any policies impacting the public at large and/or changes in external budgetary allocation or delay due to insufficiency of funds.

- 4. The projects sub-contracted by us could get delayed on account of the sub-contractors performance, resulting in delayed payments.**



As on January 31, 2005 we have sub-contracted approximately 13% of our balance value of works on hand and the payment of such contracts would depend upon the performance of the sub-contractor. In the event of a delay on the part of a sub-contractor to complete the project in time, for any reason, could result in delayed payment to us.

**5. We are dependent on our Water Supply and Environmental Projects Division which generates 54% of our revenue.**

For half year ended, September 30, 2004, 54% of our revenue was generated through our Water Supply and Environmental Projects Division. The number and nature of infrastructure projects that are being undertaken at any given time, depends upon factors such as budgetary allocation, development objective of the government, amongst others. Additionally, competitors, in future, may gain the necessary prequalification to bid for such projects. Therefore, there can be no assurance of a steady income from this division. In the event the budgetary allocation or external funding for projects in this division is reduced or removed, or our bids for water projects are rejected, our business and financials will be affected.

**6. Claims under the Land Acquisition Act, 1894.**

Our Roads and Bridges Division is handling major and small road projects. All contracts expressly mention that the responsibility for getting the Right of Way lies with the respective Client, in many cases, the Government. While these Clients may have obtained land clearances on which these projects are being constructed, we may not have copies of supporting documentation for the land acquisition. In the event that these landowners make claims such claims would lie only against the Client and it is possible that the landowners may also make claims against us or join us as parties to these proceedings. In case of such claims, while we are not liable to pay any compensation (as right of way is to be provided by the Client), the company faces a risk of delay in project implementation.

**7. We depend on forming successful joint ventures to qualify for the bidding process.**

To bid for certain infrastructure projects, which require higher capital adequacy or technical expertise, we have to meet certain pre-qualifications pertaining to capital adequacy and technical requirements. In order to meet these pre-qualifications, we enter into joint ventures / memorandum of understanding with other companies. In case we are unable to forge an alliance with other companies to meet the prequalification requirements we may lose out on the opportunity to bid.

Where we have formed the joint venture and being awarded the project the credit for the project will be that of the joint venture. Our Company can claim credit to the extent of its share in the joint venture as is agreed to upfront in the Joint Venture Agreement. However, since the liability of the joint venture partners is joint and several, implying thereby that in case the joint venture partner fails to discharge his obligation under the contract, our Company is liable to get the entire contract performed to the satisfaction of the client.

**8. We have made substantial investments in our subsidiaries, associate companies and joint ventures and any losses incurred by these entities would adversely impact our business.**

At present we have five subsidiaries, two associate companies and five joint ventures through which we undertake certain of our projects and in which we have made substantial investments. Losses suffered by our subsidiaries, associate companies and joint ventures may affect our business and financials. Of



these six entities have accumulated losses and of which three have suffered losses in FY 03-04 as under. For further details please refer to page 114 of this Red Herring Prospectus.

(Rs. in million)

Name of the Company	Profit / (Loss) After Tax				Accumulated losses			
	2001-02	2002-03	2003-04	September 30, 2004	2001-02	2002-03	2003-04	September 30, 2004
IVRCL PSC Pipes (P) Ltd.,	(0.49)	(0.42)	1.31	0.20	2.21	2.63	1.32	1.12
IVR Enviro Projects Pvt. Limited	(1.39)	(0.51)	(1.01)	(0.47)	-	0.51	1.52	1.99
IVR Prime Urban Developers Ltd.	(2.92)	(18.69)	4.37	6.44	2.49	21.18	16.81	10.37
Hope IVRCL E-Service Pvt. Limited	NA	NA	(0.07)	Not available	NA	NA	0.07	Not available
VIVA Infrastructure Pvt Ltd.	NA	(0.18)	0.01	Not available	NA	0.18	0.17	Not available
Bhanu- IVRCL Associates	(37.65)	(7.68)	(0.26)	Not available	37.65	45.32	45.59	Not available

NA: stands for not applicable since the company was not incorporated in that year

Not available: Since September accounts are not audited figures are not available.

#### 9. Our business needs substantial working capital and financing in the form of debt and/or equity to meet our requirements

Our business demands substantial working capital. We have borrowings in the form of loans for an amount aggregating Rs. 1901.27 million as on September 30, 2004. Working capital requirement is also partially met through internal accruals. Generally, payments from Clients are linked to completion milestones/monthly payments, which are spread out over the execution period of the contract. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments. In which case, additional funding can be raised through commercial borrowings, vendor financing or issue of fresh capital. In this event, the interest obligations would increase and we may be subject to additional covenants. In case we decide to raise additional capital, the shareholding pattern could change. However, we have to manage our working capital carefully. In the event that we do not receive timely payment from our clients, we may have to delay payments to creditors or lenders.

#### 10. We and our subsidiaries are subject to restrictive covenants in certain long-term debt facilities provided to us by our lenders.

The covenants in borrowings from banks, among other things, require us or our subsidiaries to obtain the approval of these banks, namely for, issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends at any time while we are in default, undertaking material diversification in the



business of those companies or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit our ability or our subsidiaries' ability to borrow additional money. We cannot assure you that our lenders will provide us with these approvals in the future.

**11. Risks on account of our Investment Agreement.**

Our Company and our Promoters have entered into an Investment Agreement with CIFC and ChrysCapital ("Investors") on April 2, 2004 for financial investment in our Company by way of subscription to our Equity Shares. As on January 21, 2005, these Investors hold 36.75% of the paid up equity capital of our Company. The Investors have certain rights under the Investment Agreement and the Articles of Association of our Company.

For further details on the Investment Agreement please refer to the section "Our History and Corporate Matters" and "Main Provisions of Articles of Association" on page 82 and 182 respectively of this Red Herring Prospectus.

**12. Some of our projects are not insured as required by the client. We have insurance claims amounting to Rs. 13.70 million as on January 31, 2005.**

Under our contracts/sub-contracts, we are required to take insurance for each project undertaken by us. As on January 31, 2005, there are 59 projects under execution aggregating Rs.27,777.72 million of which 24 projects aggregating Rs. 17,909.95 million are covered under the Contractor's All Risk Insurance Policies and remaining 35 projects aggregating Rs. 9867.77 million are not adequately insured. Consequently, loss if any arising out of uncovered risks would have to be absorbed by us.

**13. There is litigation pending against us, our Directors and our Promoters.**

**(1) Contingent Liability**

**We have contingent liabilities under Indian GAAP, and our profitability could be adversely affected if any of these contingent liabilities materializes.**

Contingent liabilities not provided for as of September 30, 2004:

Serial no.	Particulars	Amount in Million
1.	Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company, Net of margins aggregating Rs. 251.82 million (Rs. 228.99 million)	Rs. 3703.58
2.	Corporate guarantees issued by the Company on behalf of its subsidiaries	Rs. 688.10
3.	Income tax matters contested in appeals*	Rs. 124.42
4.	Claims against the Company not acknowledged as debts	Rs. 18.50

\* The Income Tax authorities have disallowed the deduction under chapter – VIA claimed by the Company for the assesment years 2001-02 and 2002-03. The Company is confident of getting the said deductions allowed in the appeals preferred. Hence the tax effect amounting to Rs. 124.42 million in respect of those disallowance upto September 30, 2004 has not been provided.

**If any of these contingent liabilities materializes, our profitability could be adversely affected.**

(2) Litigation against us

**We are defendants in a number of legal proceedings that if determined against us, could have a material adverse impact on our results or operations and financial condition.**

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as change in India law or rulings against us by appellate court or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if any claims are determined against us and we are required to pay all or a portion of the disputed amounts as determined, it would have a material adverse affect on our business and profitability.

Material litigation:

- There is a case filed against Mr. E. Sudhir Reddy in his capacity as the managing director for and on behalf of Y.K. Reddy & Company before the Chief Judicial Magistrate First Class at AUSA alleging that Mr. E. Sudhir Reddy has contravened the provisions of the Child Labour (Prevention and Regulation) Act, 1986.
- The Company has received summons under section 11 (3) of SEBI Act, 1992 seeking production of certain details with regard to the transaction involving credit of Rs. 50 million to the Company from Gammon India Ltd., and payment (by way of debit) of similar amount in favour of Reliance Silicones India Ltd., Mumbai.
- There is a claim against us for an amount of Rs. 298,500/- as damages for allegedly acting contrary to the terms of lease deed by cutting down standing trees.
- There is a claim against us for an amount of Rs. 28,169,836.77/- for use of equipments and services pending before the City Civil Court at Hyderabad. (1)
- The Company has filed an application before the High Court at Madras for the appointment of an arbitrator for adjudicating its claim amounting to Rs. 12,414,000/- against the CMWSSB in execution of the water distribution system project at Choolaimedu, Chennai.
- There are cases wherein the claimants are seeking compensation aggregating to Rs. 527,500 as a result of the loss suffered due to the acts of the workmen of the Company.
- The Company has been set ex-parte in three Motor Accidents Claims wherein the amount claimed is a sum of Rs. 470,000/-.
- Other claims filed against the Company in the Motor Vehicles Tribunal aggregate to Rs. 2,180,000.
- There is a claim for payment of compensation of Rs. 300,000/- by a workman before the Deputy Commissioner of Labour II, Chennai.
- The Company has filed an appeal in the Supreme Court against the order of the Central Excise & Service Tax Appellate Tribunal, New Delhi confiscating its consignment of Hot Mix Plant

- There is a claim for the recovery of a sum of Rs. 1,115,977 paid by the Company to one of its sub-contractors.
- The Company has filed a suit against M/s. Technocraft Industries (India) Limited and Tamilnadu Mercantile Bank Limited restraining them from invoking the bank guarantees of Rs. 2,140,000 and Rs. 670,000 furnished by it.
- The Company has been made a party in 4 cases wherein the aggregate amount claimed is Rs. 3,769,183.
- The Company has also received notice for payment of Rs. 3,232,019/- from Shivas Projects and Infrastructure Pvt. Ltd under a sub-contract agreement.
- Our Joint Venture Company Bhanu IVRCL Associates has appealed against the order of the Commissionerate I, Hyderabad withdrawing the exemption under notification 108/95 CE and imposing a duty of Rs. 9,163,005.
- There is a suit for the recovery of a sum of Rs. 354,300 against our subsidiary IVRCL PSC Pipes Private Limited.

For further information regarding litigation involving our Company and its subsidiaries see "Outstanding Litigation" on page 134 of this Red Herring Prospectus.

#### 14. Provision for taxes not provided for.

The Income Tax authorities have disallowed the deduction under chapter – VIA claimed by the Company for the assesment years 2001-02 and 2002-03. Hence the tax effect amounting to Rs. 124.42 million in respect of those disallowance upto September 30, 2004 have not been provided for as follows:

**Rs. In Million**

	<b>2000-2001</b>	<b>2001-2002</b>	<b>2002-2003</b>	<b>2003-2004</b>	<b>6-months ended September 30, 2004</b>	<b>Total</b>
Tax not provided for	42.58	46.72	22.54	12.58	0	124.42

#### 15. Our operations are subject to employee, health and safety laws and regulations.

We are subject to laws and regulations governing, (a) relationships with employees in such areas as minimum wages and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits, (b) environmental, health and safety legislations. The success of our strategy to modernise and optimise our existing operations, in various divisions, is contingent upon, among other things, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits and environmental, health and safety permits.

**16. Our operations may suffer a temporary setback if any of our key managerial personnel were to leave.**

We rely on our key employees. If these particular employees cease to be employed by us, this could adversely affect our operations. Successful performance of the business operations depends on our trained key managerial personnel and any sudden disruption in the services of these personnel may have an adverse impact temporarily affecting the smooth operation of the business.

**17. Adverse weather conditions can delay the implementation of our projects.**

Implementation of the projects undertaken may get delayed due to adverse weather conditions. Consequently, this may result in a delay in the execution of our contractual obligations thereby affecting our business.

**18. Our clients have the right to unilaterally terminate our contracts for convenience.**

One of the standard conditions in contracts awarded by the Government (Client) is that the Client has the right to terminate the contract for convenience, without any reason, at any time after providing us with notice that may vary from a period of 30-90 days. In the event that a contract is so terminated for convenience, our revenues may be adversely affected.

**19. Objects of the Issue**

We have not placed orders for the capital expenditure to be financed from the proceeds of the issue other than that mentioned under "Objects of the Issue" as stated on page 40 of the Red Herring Prospectus. For the estimates where orders are yet to be placed we have relied on quotations received over the past six months and on our past experience. Our Company has yet to take a decision to finalize the suppliers for the equipments.

**20. Entry into BOT/BOOT projects**

Our Company has not undertaken any BOT/BOOT projects earlier on its own.

**21. No bank or financial institution has appraised the use of proceeds of the Issue and therefore, no independent body will be monitoring the use of proceeds.**

The deployment of funds of the Issue is entirely at the discretion of our Company and is not subject to monitoring by any independent agency.

**22. Our Company has not met with some of the listing requirements of the stock exchanges we are listed on.**

For further details, please refer to the section "Terms of the Issue" on page 149 of the Red Herring Prospectus.

**23. The Indian Infrastructure Industry is very competitive**

The Indian Infrastructure Industry is very competitive with a large number of players. We face competition from big players such as international companies and major domestic construction companies who operate at the national level, to numerous smaller localized contractors/companies. We bid from contracts based on bidding process and the one who quotes the lowest is awarded the contract.



We have strategy in place to deal with this competition

- Leverage specialization to tap growth in related areas such as water road, power and building projects.
- Gain access to more complex project roles by building our in-house design capabilities, enhancing our internal capabilities and PPP type projects for infrastructure and working with specialized project consultants to enable us to assess project risks for BOT/BOOT projects.
- Strengthen pre-qualifications.
- Build execution Capability
- Growth through inorganic means including acquisitions of companies that have:
  - Pre qualifications in niche areas
  - Excellent execution capabilities in related areas
  - Complementary geographical locations

For further details please refer to page 5 of this Red Herring Prospectus.

## **EXTERNAL RISK FACTORS**

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

The Indian economy has shown sustained growth over the last few years with real GDP growing at 4.3% in fiscal 2003, 5.6% in fiscal 2002 and 4.4% in fiscal 2001. Any slowdown in the Indian economy or future volatility in global commodity prices, in particular steel, cement and prices of other construction material, could adversely affect our business.

### **2. Our performance is linked to the stability of policies and the political situation in India**

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The present Government of India, which was formed in May 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our shares. We cannot assure you that these liberalization policies will continue under the newly elected government. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

**3. The price of our Equity Shares may be highly volatile.**

The prices of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- a) Volatility in Indian and global securities market;
- b) Our results of operations and performance;
- c) Performance of our competitors and perception in the Indian market about investment in the infrastructure sector;
- d) Adverse media reports on the Company or the Indian infrastructure industry;
- e) Changes in the estimates of our performance or recommendations by financial analysts;
- f) Significant development in India's economics liberalization and de-regulation policies; and
- g) Significant development in India's fiscal and environmental regulations.

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

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

The Issue price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section "Basis of Issue Price" on page 174 of this Red Herring Prospectus ) and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue price. We cannot assure you that you will be able to resell your shares at or above the Issue price. Among the factors that could affect our share price are:

- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- general market conditions; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

**5. Terrorist attacks, civil disturbances and regional conflicts in South Asia could adversely affect the Indian economy and the market for our securities, disrupt our operations and cause our business to suffer.**

Terrorist attacks, such as the September 11, 2001 attacks in the United States, the attack on the Indian Parliament on December 13, 2001, and the bomb blasts in Mumbai on August 25, 2003 and such other acts of violence or terrorism may negatively affect the Indian markets where our shares will trade and also adversely affect the worldwide financial markets.

South Asia has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, such as between India and Pakistan. In recent years there have been military confrontations along the India-Pakistan border. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our shares and on the market for our services.

**6. Future sales by current shareholders could cause the price of our shares to decline.**

If our existing shareholders sell a substantial number of our Equity Shares in the public market, the market price of our Equity Shares could fall. Sales or distributions of substantial amounts of our shares by existing holders, or the perception that such sales or distributions could occur, could adversely affect prevailing market prices for our shares.

**7. Our business and activities will be regulated by the Competition Act, 2002 as and when it is notified.**

The Parliament has enacted the Competition Act, 2002 (the "Act") for the purpose of preventing practices having an adverse effect on competition under the auspices of the Competition Commission of India, which has not yet come into force. Under the Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement inter alia which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Act and Competition Commission of India will affect industries in India.

**NOTES TO RISK FACTORS**

- The net asset value per Equity Share of Rs. 10 each was Rs. 135.08 and Rs. 198.98 as at September 30, 2004 and as at March 31, 2004, respectively, as per our restated unconsolidated financial statements under Indian GAAP.
- The net worth of our Company was Rs. 2272.67 million and Rs. 2104.93 million as at September 30, 2004 and as at March 31, 2004, respectively, as per our restated unconsolidated financial statements under Indian GAAP.
- Public Issue of [●] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [●] for cash aggregating Rs. 1260 million by our Company under this Red Herring Prospectus.
- The average net cost of acquisition of our Equity Shares by our Promoters, E. Sudhir Reddy is Rs. 9.88, Mr. E. Sunil Reddy is Rs. 12.87, E. Sudhir Reddy (HUF) is Rs. 2.86, E. Sunil Reddy (HUF) is Rs. 30.27, Ms. E. Sujatha Reddy is Rs. -7.98, Mr. E. Siddhanth Reddy is NIL, Mr. E. Sunjeeth Reddy is NIL, Ms. E. Soma Reddy is NIL, Ms. E. Suha Reddy is NIL, Ms. E. Indira Reddy is Rs. 32.84, IVR Finlease Pvt Ltd. is Rs. 27.88, SV Equities Ltd. is Rs. 84.46, Mr. V. Thirumala Reddy is Rs. 47.11, Mr. V. Rajamohan Reddy is Rs. 8.58 and Mr. V. Madhusudhan Reddy is Rs. 21.40.
- For related party transactions, please refer to the section entitled "Related Party Transactions" beginning on page 116 of this Red Herring Prospectus.



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- Investors may note that in case of over-subscription in the Issue, allotment to Non Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see “Basis of Allotment” beginning on page 176 of this Red Herring Prospectus.
  - Investors are free to contact the BRLM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
  - Investors may contact the BRLM for any complaints pertaining to the Issue.
  - Investors are advised to refer to the paragraph entitled “Basis for Issue Price” beginning on page 174 of this Red Herring Prospectus before making an investment in this Issue.
  - Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
  - All information shall be made available by the BRLM and our Company 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.
  - For details of transactions of in the securities of our Company by the Promoters, member of the Promoter group or Directors of the Promoters, please refer to the section entitled “Capital Structure” on page 22 of this Red Herring Prospectus.



## SUMMARY

***You should read the following summary with the Risk Factors included from page numbers xi to xxi and the more detailed information about us and our financial statements included in this Red Herring Prospectus.***

Our Company was incorporated in 1987 and we commenced operations as Class I Contractor, by undertaking small projects for hospital buildings, roads in the interiors and buildings for industrial purposes. We forayed into water projects in 1992 and implemented our first cross-country Oil and Gas Pipeline project in 1999. Our entry into highways began in 2000. We formed four divisions to concentrate on the respective sectors we operate in namely: Water Supply and Environmental, Roads and Bridges, Buildings and Industrial Structures and Power. We have three other common services divisions namely; Mechanical Division, Design division and Project Monitoring & Contracts Cell for supporting our four main operating divisions.

Our constant focus on the water projects has helped us attain necessary expertise and pre-qualifications required to implement contracts of various types which include amongst others, item rate contracts, EPC and LSTK contracts relating to water transmission & distribution systems which encompass raw-water in-take systems, pumping system, raw-water transmission system, water treatment plant, water distribution system, water reservoirs, water storage systems, sewage systems, underground drainage systems, and solid waste recycling plants. With respect to water related projects our Company has developed in-house pipe manufacturing capability and maintains a mobile manufacturing unit which results in cost competitiveness both on account of transportation and conversion vis-à-vis complete pipe procurements. The contribution of water related projects to our order book and sales is the maximum. The Roads and Bridges division has expanded its operations to include additional activities such as construction of toll plazas, bridges, tunnels and O&M. The Electrical department of our Company, initially formed as a support division was converted to Power Division that executes transmission lines up to 400KV, sub-stations up to 220KV, and other HVDS works.

In order to meet the threshold pre-qualifying criteria for a project (that allows for association of more than one company to participate in the contract) we have entered into Joint Venture agreements with local and international companies. These are project specific or generic JV/ MOUs. Currently we have 45 live JVs / MOUs of which 5 are executing 28% of the balance value of works.

Our Company has made strategic investment in four subsidiary companies. IVR Prime Urban Developers Limited has been incorporated as a special purpose vehicle for the purpose of development of infrastructural facilities for National Games 2002 at Hyderabad for the Government of Andhra Pradesh. IVRCL PSC Pipes Private Limited was formed with a view to fulfil the prequalification requirements as to capacity to produce PSC pipes for captive use in the water related infrastructure projects undertaken by our Company. FIRST STP Private Ltd is a joint venture between VA TECH WABAG of Austria and our Company presently engaged in Operation and Maintenance of Sewerage Treatment Plant of 12 MLD Capacity to treat Municipal Sewer Water. IVR Enviro Projects Private Limited was formed to undertake BOOT project to process and make solid waste manure out of municipal solid wastes supplied by the municipality. The Company implemented Municipal Solid Waste Recycling Project is concentrating on operations and maintenance of the same.

We have 1354 employees working with us that are classified into nine grades from G1 to G9. From 2002-03 to the current year, our employee strength has grown 40% and the turnover has reduced significantly from 42% to 15% during the same period.

We have an ISO 9001:2000 Quality Certificate awarded to us on February 10, 2003 from ISC Private Ltd., Australia. Dun & Bradstreet has rated the company as 5A1. This rating is for companies that have a tangible networth of Rs. 645.95 million and above. 1 in the rating indicates that the overall condition of our Company is strong. Our Company was adjudged as Winner of Best Safety Performance Competition by Rajasthan Urban Infrastructure Development Corporation Project.

Our focus today is on bidding for BOT/BOOT in water and environmental sectors. We shall actively pursue options in the Operations and Maintenance of water projects. We may look into opportunities that help us participate in the infrastructure growth through inorganic routes. These may include acquisitions of companies.

Our unconsolidated restated total income and profit after tax for the half year ended September 30, 2004 was Rs. 4230.91 million and Rs. 181.23 million respectively. For details on our financials statements, refer to the section "Financial Information" on page 202 of this Red Herring Prospectus.



The contribution to gross work bills from each of our four divisions is as follows:

Divisions	2001-02		2002-03		2003-04		Half Year Ended September 30, 2004	
	Gross Work Bills Recieved	EBDIT (%)	Gross Work Bills Recieved	EBDIT (%)	Gross Work Bills Recieved	EBDIT (%)	Gross Work Bills Recieved	EBDIT (%)
Water	2,135.46	9.96	1,723.65	10.87	5,258.58	7.49	2,298.32	8.69
Roads	539.64	11.67	1,434.57	9.56	1,674.83	7.6	724.27	7.05
Buildings	1,182.90	7.79	1,192.08	8.39	730.30	13.69	930.99	5.94
Power	52.93	-2.43	17.45	8.08	52.05	7.16	262.93	3.94
<b>Total</b>	<b>3,910.93</b>	<b>9.42</b>	<b>4,367.75</b>	<b>10.25</b>	<b>7,715.76</b>	<b>8.51</b>	<b>4,216.51</b>	<b>7.50</b>



## SUMMARY FINANCIAL DATA

### Summary of Profit & Loss Account, as Restated

(Rs in million)

Particulars	For the half year ended September 30,2004	For the Financial Years Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>INCOME</b>						
Income from Operations	4,223.13	7,734.53	4,403.49	3,922.29	2,671.93	2,116.36
Other Income	7.78	21.13	10.54	3.74	9.60	8.61
<b>Total</b>	<b>4,230.91</b>	<b>7,755.66</b>	<b>4,414.03</b>	<b>3,926.03</b>	<b>2,681.53</b>	<b>2,124.97</b>
<b>EXPENDITURE</b>						
Construction Expenditure	3,685.90	6,707.48	3,711.28	3,355.45	2,190.73	1,782.39
Personnel Expenses	98.48	196.07	155.03	120.69	84.87	61.86
Administrative and Other Expenses	130.14	195.34	99.85	81.29	105.28	42.15
<b>Total</b>	<b>3,914.52</b>	<b>7,098.89</b>	<b>3,966.16</b>	<b>3,557.43</b>	<b>2,380.88</b>	<b>1,886.40</b>
Operating Profit before Finance cost, Amortisation & Depreciation and Prior period expenses	316.39	656.77	447.87	368.60	300.65	238.57
Interest and Financial charges	101.21	219.90	128.81	123.74	109.77	76.61
Depreciation and obsolescence	39.21	97.80	79.00	45.46	33.72	23.12
Operating profit before Prior Period Expenditure	175.97	339.07	240.06	199.40	157.16	138.84
Prior Period Expenses	-	-	-	0.18	3.38	2.25
Profit before tax & Extraordinary Items	175.97	339.07	240.06	199.22	153.78	136.59
Add: Tax provision for earlier years written back	-	88.05	-	-	-	-
Profit before tax	175.97	427.12	240.06	199.22	153.78	136.59
Current	16.47	45.66	38.71	23.48	25.73	48.29
Deferred Tax	(16.26)	(10.35)	46.26	44.80	-	-
Net Profit after tax (A)	<b>175.76</b>	<b>391.81</b>	<b>155.09</b>	<b>130.94</b>	<b>128.05</b>	<b>88.30</b>
Impact of material adjustments for restatement in corresponding years(B)	<b>5.47</b>	<b>(80.17)</b>	<b>6.86</b>	<b>20.73</b>	<b>22.09</b>	<b>(11.49)</b>
<b>Adjusted Profit (A + B)</b>	<b>181.23</b>	<b>311.64</b>	<b>161.95</b>	<b>151.67</b>	<b>150.14</b>	<b>76.81</b>
Carry Forward Profit from Previous Year	318.96	295.36	277.65	190.47	97.57	44.24
<b>Total</b>	<b>500.19</b>	<b>607.00</b>	<b>439.60</b>	<b>342.14</b>	<b>247.71</b>	<b>121.05</b>
<b>APPROPRIATIONS</b>						
Proposed Dividend	-	50.59	31.49	31.33	31.33	11.23
Dividend Tax	-	6.48	4.03	-	3.20	2.25
General Reserve	-	230.97	108.72	33.16	22.71	10.00
<b>Profit/(Loss) carried forward to Balance Sheet</b>	<b>500.19</b>	<b>318.96</b>	<b>295.36</b>	<b>277.65</b>	<b>190.47</b>	<b>97.57</b>

## Summary of Assets & Liabilities, as Restated

(Rs. in million)

Particulars	As at September 30, 2004	As at Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Fixed Assets</b>						
Gross Block	1,036.81	964.35	898.61	755.19	496.64	333.74
Less: Depreciation	330.37	291.37	218.16	160.06	112.83	93.67
Net Block	706.44	672.98	680.45	595.13	383.81	240.07
Less: Revaluation Reserve	28.65	28.67	28.70	28.74	7.76	7.76
Net Fixed Assets after adjustment of Revaluation Reserve	677.79	644.31	651.75	566.39	376.05	232.31
Capital Work in Progress	50.05	7.63	1.14	31.01	6.11	-
<b>Total-A</b>	<b>727.84</b>	<b>651.94</b>	<b>652.89</b>	<b>597.40</b>	<b>382.16</b>	<b>232.31</b>
<b>Investments-B</b>	<b>316.47</b>	<b>96.47</b>	<b>97.04</b>	<b>38.42</b>	<b>17.32</b>	<b>6.63</b>
<b>Deferred Tax Assets -C</b>	<b>43.60</b>	<b>29.67</b>	<b>13.31</b>	<b>1.35</b>	<b>1.02</b>	<b>1.20</b>
<b>Current Assets, Loans &amp; Advances</b>						
Inventories	175.36	184.78	253.65	335.52	158.10	114.58
Sundry Debtors	2,249.65	1,744.29	1,227.81	802.08	1,067.99	417.30
Cash & Bank Balances	496.58	1,233.98	262.27	322.76	188.73	106.27
Loans & Advances	942.19	916.48	730.51	630.57	431.33	190.35
Other Current Assets	1,969.98	1,695.98	691.26	344.14	205.80	80.30
<b>Total -D</b>	<b>5,833.76</b>	<b>5,775.51</b>	<b>3,165.50</b>	<b>2,435.07</b>	<b>2,051.95</b>	<b>908.80</b>
<b>Total Assets (A+B+C+D)=E</b>	<b>6,921.67</b>	<b>6,553.59</b>	<b>3,928.74</b>	<b>3,072.24</b>	<b>2,452.45</b>	<b>1,148.94</b>
<b>Less: Liabilities and Provisions</b>						
Secured Loans	1,453.65	1,533.34	872.42	851.99	642.85	288.13
Unsecured Loans	447.62	187.94	27.68	-	1.37	123.35
Deferred Tax liabilities	101.65	109.45	172.08	116.32	71.19	50.98
Current Liabilities	2,633.07	2,549.98	1,754.88	1,140.86	894.61	411.98
Provisions	13.01	67.95	44.48	37.48	39.40	22.02
<b>Total Liabilities=F</b>	<b>4,649.00</b>	<b>4,448.66</b>	<b>2,871.54</b>	<b>2,146.65</b>	<b>1,649.42</b>	<b>896.46</b>
<b>NET WORTH (E-F)</b>	<b>2,272.67</b>	<b>2,104.93</b>	<b>1,057.20</b>	<b>925.59</b>	<b>803.03</b>	<b>252.48</b>
<b>REPRESENTED BY</b>						
Share Capital	168.63	106.19	104.97	104.44	104.44	61.44
Advance Against Share Application Money	5.00	785.01	0.09	-	-	-
Reserve & Surplus	2,127.69	1,242.40	980.84	849.89	706.36	198.80
Less: Revaluation Reserve	28.65	28.67	28.70	28.74	7.76	7.76
<b>Net Reserves &amp; surplus</b>	<b>2,099.04</b>	<b>1,213.73</b>	<b>952.14</b>	<b>821.15</b>	<b>698.59</b>	<b>191.04</b>
<b>NET WORTH</b>	<b>2,272.67</b>	<b>2,104.93</b>	<b>1,057.20</b>	<b>925.59</b>	<b>803.03</b>	<b>252.48</b>



## OUR STRATEGY

We recognize the tremendous potential of the infrastructure construction industry in India – specially given the high impetus given by the Government of India to making up deficits in infrastructure rapidly. This gives us access to continued growth opportunity.

At the same time, we also recognize that the “construction” industry is very broad in its scope (covering construction of various sub-types of infrastructure – including water utilities, roads, ports, buildings, industrial structures, etc) and that there’s need for specialization in order to develop real depth of expertise in any of these sub-areas. We believe this to be specially true given the largely fragmented nature of construction players in India.

We are cognizant that our growth in the past has been rapid and the construction industry is fraught with several risks – including financial risks, political risks, contractual risks, project risks, etc. Therefore, our strategy to grow rapidly needs to be very carefully balanced with the corresponding systems and processes to manage risks.

The following key strategies allow us to participate in infrastructure growth actively and pro-actively manage our business risks:

### Strategy 1 : Leverage specialization to tap growth in related areas

- Water infrastructure construction is our forte that we have developed after years of dedicated work. We will continue to bid aggressively for water related infrastructure projects – leveraging and building on our past qualifications and participating in more states and regions.
- We’re also increasingly participating in road, power and building projects. We recognize these as growth areas which we can easily tap by leveraging our existing capabilities. In these areas, however, we’re generally cautious to take on relatively smaller projects in order to contain their risks and possibly to partner with infrastructure players who have previous knowledge of these types of projects.

### Strategy 2 : Gain access to more complex project roles

- We continue to seek means to build our in-house design capabilities (by organic or inorganic means). This gives us the ability to broaden our role in construction contracts from item-rate contractors to turn-key solution providers and also gives us the ability to participate in more complex projects. We recognize that playing a larger role for more complex projects enhances our own value creation.
- While in water we’re in a position today to provide LSTK services, we’re constantly looking at enhancing our internal capabilities to be able to provide such services even for other infrastructure construction (ie roads, buildings and power transmission)
- We recognise that the PPP type projects as highly relevant to the Indian context (there being significant infrastructure gap and limited fiscal funds). In order to address PPP type projects for infrastructure, we’re working with specialized project consultants to enable us to assess project risks for BOT/BOOT projects.

### Strategy 3 : Strengthen prequalifications

- Prequalification is critical in our industry because it allows us to participate in the financial bidding for projects (and conversely can reduce competition for some projects)
- In the water area, currently our current pre-qualifications are strong enough to allow us to participate in bidding for construction of most water related projects. We’re also leveraging these pre qualifications by bidding for selective water projects abroad
- For other infrastructure areas (viz road, power and buildings) we continue to enter into Joint Ventures which allow us to tap into knowledge and pre-qualifications of other players (from India or overseas) for suitable commercial consideration. This will allow us to build our capabilities and pre-qualifications.

### Strategy 4 : Build execution Capability

- Our ability to manage projects well on the ground in all regions well is critical to our continued success as a high-credibility national-level infrastructure player. We’ve recently restructured our company to add a zonal structure which strengthens our regional presence and gives us the ability to manage our business environment in a larger set of regions. This re-inforces our ability to be within time and within cost for all types of contractual commitments that we enter into.

- While we have a team of sub-contractors who we prefer to work with several contracts and prolonged periods of time, we continue to closely monitor our sub-contractors and their performance. We recognize their output quality needs to match our internal quality standards. We also continue to remain actively engaged in the project management of contracts which are executed by our sub contractors.

#### Strategy 5 : Financial Management and Closure

- We have internal reporting systems that allow us to carefully monitor cash flows on a project by project basis. This ensures that we're never "over-invested" in any project and at the same time that cash flows never dampen progress rates for our projects.
- We are mindful that capital is not cheap and we constantly negotiate cost of debt to reduce overall cost of capital for our business.
- We continue to monitor our order book to ensure that the book is spread over several categories of funding agencies (viz Global multilateral agencies, Indian financial institutions, State and Central budgetary allocations, etc.). This will reduce financing risks to our order book.

#### Strategy 6 : Growth through inorganic means

- We may look into opportunities that help us participate in the infrastructure growth through inorganic routes also.
- These may include acquisitions of companies that have any or a combination of the following factors-
  - o Pre qualifications in niche areas
  - o Excellent execution capabilities in related areas
  - o Complementary geographical locations

#### Strategy 7 : New Focus Areas

- We shall actively pursue options in the Operations and Maintenance projects in water and environment areas, independently or with joint venture partnership of international companies with relevant experience.



## THE ISSUE

Public Issue of Equity Shares	[●] Equity Shares aggregating Rs. 1260 million
Of which:	
Reserved for Allotment to our Permanent Employees	[●] Equity Shares aggregating Rs. 75 million
Therefore	
Net Issue to the Public	[●] Equity Shares aggregating Rs. 1185 million
of which:	
Qualified Institutional Buyers portion (Allocation on a discretionary basis)	Upto [●] Equity Shares aggregating Rs. 592.5 million
Non Institutional portion (Allocation on a proportionate basis)	Atleast [●] Equity Shares aggregating Rs. 592.5 million
Retail portion (Allocation on a proportionate basis)	Atleast [●] Equity Shares aggregating Rs. 296.25 million
Green Shoe Option Portion	[●] Equity Shares aggregating upto Rs.189 million to be allocated to Qualified Institutional Buyers, Non Institutional Bidders and Retail Individual Bidders in the ratio of 50:25:25.
Equity Shares outstanding prior to the Issue	16,979,700 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Objects of the Issue	The net proceeds of the Issue after deducting the Issue related expenses payable by us would be used for in investments for BOT/BOOT projects, purchases of capital equipment and repayment of Debt / Loan. For further details please see the section entitled "Objects of the Issue" on page 40 of this Red Herring Prospectus.

## GREEN SHOE OPTION

Our Company intends to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Issue in consultation with the BRLM/Stabilizing Agent to operate a price stabilization mechanism in accordance with the applicable Guidelines. The Green Shoe Lenders namely Mr. E. Sudhir Reddy, IVR Finlease Pvt. Ltd. and S.V. Equities Ltd. will lend the Equity Shares to the Stabilizing Agent. Upon exercise of the Green Shoe Option, our Company shall issue the Over Allotment Shares.

We have appointed Enam as the Stabilizing Agent, for performance of the role of Stabilizing Agent as envisaged in Chapter VIIIA of the Guidelines, including price-stabilizing post listing, if required. There is no obligation to conduct stabilizing measures. If commenced, stabilization will be conducted in accordance with applicable laws and regulations and such stabilization may be discontinued at any time and will not continue for a period exceeding 30 days from the date when trading permission is given by the Stock Exchanges. The Stabilising Agent will borrow Equity Shares from the Green Shoe Lenders. The Equity Shares borrowed from Green Shoe Lenders or purchased in the market for stabilizing purposes will be in demat form only. On January 27, 2005, we entered into a Stabilization Agreement with the Green Shoe Lenders and Enam as the Stabilising Agent. The Green Shoe Lenders have agreed to lend the Equity Shares aggregating upto Rs. 189 million, not exceeding 15% of the Issue size, for the purpose of the Green Shoe Option.

The terms of the Stabilization Agreement provide that:

### Stabilisation Period

“Stabilisation Period” shall mean the period commencing from the date we are given trading permission from the Stock Exchanges and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent.

### Procedure for Over Allotment and Stabilisation

- (i) The monies received from the applications for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account, which is a distinct account separate from the Public Issue Account and shall be used only for the purpose of stabilization of the post listing price of the Equity Shares.
- (ii) The allocation of the Over Allotment Shares shall be done in conjunction with the allocation of Issue so as to achieve pro-rata distribution. The Equity Shares available for allocation under the Green Shoe Option will be available for allocation to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 50:25:25 assuming full demand in each category.
- (iii) Upon such allocation, the Stabilising Agent shall transfer the Over-Allotment Shares from the GSO Demat Account to the respective depository accounts of successful Bidders.
- (iv) For the purpose of purchasing the Equity Shares from the market, the Stabilizing Agent shall use the funds lying to the credit of GSO Bank Account.
- (v) The Stabilising Agent shall solely determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilization of the post-listing price of the Equity Shares.
- (vi) The Equity Shares purchased from the market by the Stabilising Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lenders immediately on the expiry of the Stabilisation Period but in no event later than the expiry of two working days thereafter.
- (vii) In the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilisation Period but before the transfer to the Green Shoe Lenders is less than the Over Allotment Shares, upon being notified by the Stabilising Agent and the equivalent amount being remitted to us from the GSO Bank Account, we shall within four (4) days of the receipt of notice from the Stabilising Agent of the end of the Stabilisation Period allot new Equity Shares in dematerialized form in an amount equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares shall be returned by the Stabilising Agent to the Green Shoe Lenders in final settlement of Equity Shares borrowed, within two (2) working days of them being credited into the GSO Demat Account, time being of essence in this behalf.



- (viii) Upon the return of Equity Shares to the Green Shoe Lender(s) pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilising Agent shall close the GSO Demat Account.
- (ix) The Equity Shares returned to the Green Shoe Lender(s) under this clause shall be subject to remaining lock-in-period, if any, as provided in the Guidelines.

### **GSO Bank Account**

The Stabilising Agent shall remit from the GSO Bank Account to the Company, an amount, in Indian Rupees, equal to the number of Equity Shares allotted by us to the GSO Demat Account at Issue Price. The amount left in this account, if any, after this remittance and deduction of expenses including depository, brokerage and transfer fees and net of taxes, if any, incurred by the Stabilising Agent in connection with the activities under the Stabilization Agreement, shall be transferred to the Investor Protection Fund of the Stock Exchanges in equal parts. Upon the return of Equity Shares to the Green Shoe Lender(s), the Stabilising Agent will close the GSO Bank Account.

### **Reporting**

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

### **Rights and obligations of the Stabilising Agent**

- (i) Open a special bank account "Special Account for GSO Proceeds of IVRCL Infrastructures & Projects Limited" or GSO Bank Account and deposit the money received against the over-allotment in the GSO Bank Account.
- (ii) Open a special account for securities "Special Account for GSO Shares of IVRCL Infrastructures & Projects Limited" or GSO Demat Account and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.
- (iii) Stabilize the market price only in the event of the market price falling below the Issue Price as per Guidelines, including determining the price at which Equity Shares to be bought, timing etc.
- (iv) On exercise of Green Shoe Option, to request the Company to issue Equity Shares and to transfer funds from the GSO Bank Account to the Company within a period of five days of close of the Stabilisation Period.
- (v) On expiry of the Stabilisation Period, to return the Equity Shares to the Green Shoe Lenders either through market purchases as part of stabilizing process.
- (vi) To submit daily reports to the Stock Exchanges during the Stabilisation Period and to submit a final report to SEBI.
- (vii) To maintain a register of its activities and retain the register for three years. Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund of the Stock Exchanges.

### **Rights and obligations of the Green Shoe Lenders**

- (i) The Green Shoe Lenders undertake to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances.
- (ii) Before the opening of the Issue, to transfer the Loaned Shares to the GSO Demat account.
- (iii) The Green Shoe Lenders will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the Stabilization Agreement.

## **Fees and Expenses**

Our Company shall pay to Green Shoe Lenders a fee of Re. 1

Our Company will pay the Stabilising Agent a fee of 0.5% of Greenshoe Option that may be exercised plus applicable service tax for providing the stabilizing services.

The Stabilising Agent shall deduct from the GSO Bank Account the following expenses:

- Demat and transfer cost;
- Brokerage / underwriting fee and selling commission;

However, these expenses would be subject to availability of any proceeds in the GSO Bank Account and as per the guidelines of SEBI in this regard.

## **Procedure for exercise of Green Shoe Option**

The primary objective of the Green Shoe mechanism is stabilization of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares fall below the Issue Price, then the Stabilisation Agent, at its sole and absolute discretion, may start purchasing Equity Shares from the market with the objective of stabilization of the market price of the Equity Shares. The Stabilising Agent, at its sole and absolute discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilisation Agent, at its sole and absolute discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of Equity Shares may not result in stabilization of market price.

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

**The funds lying to the credit of GSO Bank Account would be utilized by the Stabilisation Agent to purchase the Equity Shares from the market and such Equity Shares would be credited to GSO Demat Account. The operations of GSO Demat Account and GSO Bank Account are explained in the paragraphs above.**



## GENERAL INFORMATION

### Authority for the Issue

The Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the annual general meeting of the shareholders of our Company held on September 17, 2004. The Board of Directors has pursuant to a resolution dated August 18, 2004 authorized the Issue, and by resolution dated September 17, 2004 has authorized a committee of its Directors referred to as the Public Issue Committee to take decisions on behalf of the Board in relation to the Issue.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our subsidiaries, our group companies, other companies promoted by our Promoters and companies with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.3 of the SEBI Guidelines as set out below:

#### "2.3. Public Issue by Listed Companies

2.3.1 A listed company shall be eligible to make a public Issue of equity shares or any other security which may be converted into or exchanged with equity shares at a later date.

Provided that the aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), Issue size does not exceed 5 times its pre-Issue networth as per the audited balance sheet of the last financial year.

Provided that in case there is a change in the name of the issuer company within the last 1 year (reckoned from the date of filing of the offer document), the revenue accounted for by the activity suggested by the new name is not less than 50% of its total revenue in the preceding 1 full-year period."

### Disclaimer Clause

**AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER ENAM FINANCIAL CONSULTANTS PVT. LTD. HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PVT. LTD. HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 28, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS: "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 RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

**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, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE**

**ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

**WE CONFIRM THAT:**

- (A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
- (D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
- (E) WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- (F) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART 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 RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS. - *NOT APPLICABLE TO THIS ISSUE.*
- (G) ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH AT HYDERABAD, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE.

SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS."

**Caution**

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, [www.ivrcl.com](http://www.ivrcl.com) would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and us.

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.

**Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered 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 Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Disclaimer Clause of the NSE**

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter dated February 9, 2005, permission to the Company to use the NSE's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The NSE has scrutinized this 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 to mean that this 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 Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

"It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Prospectus. The investors are advised to refer to the Prospectus for the full text of the 'Disclaimer Clause of NSE'".

### **Disclaimer Clause of BSE**

As required, a copy of this Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated February 24, 2005 permission to this Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- 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 to mean that this Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

## **Filing**

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC. A copy of this Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

## **Listing**

Applications have been made to the NSE and BSE for permission to further list our Equity shares. Our existing Equity Shares are listed on NSE and BSE. NSE will be the Designated Stock Exchange for the Issue.

Pursuant to delisting application made by us, our equity shares have been delisted from the Hyderabad Stock Exchange and the Coimbatore Stock Exchange effective March 31, 2004 and May 21, 2004 respectively. Therefore the Equity Shares shall not be listed on these stock exchanges.

If the permissions to further list our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

## **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."**

## **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the net issue to public, including devolvement of underwriters/ members of the Syndicate if any within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

## **Withdrawal of the Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefore.

## **Letters of Allotment or Refund Orders**

We shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the



SEBI Guidelines, we further undertake that:

- Allocation/Transfer Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/ transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.
- We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

### Issue Program

<b>BID/ISSUE OPENS ON</b>	<b>: FRIDAY</b>	<b>MARCH 18 2005</b>
<b>BID/ISSUE CLOSES ON</b>	<b>: WEDNESDAY</b>	<b>MARCH 23 2005</b>

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between **10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the NSE and BSE on the Bid/Issue Closing Date.

**In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the NSE and BSE, by issuing a press release, and also by indicating the change on the web site of the Company and/or the BRLM and at the terminals of the members of the Syndicate.**

### Book Running Lead Manager

#### ENAM Financial Consultants Pvt. Limited

801, Dalamal Tower,  
Nariman Point,  
Mumbai – 400 021  
Tel: +91 22 56381800  
Fax: + 91 22 22846824  
Email: ivrcl.issue@enam.com

**Statement of Inter-Se Allocation of Responsibility The responsibilities and co-ordination for various activities in this Issue to be carried out by the BRLM are as under: Sr. No. Activities Responsibility Co-**

No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Enam	Enam
2.	Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	Enam	Enam
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.	Enam	Enam

No.	Activity	Responsibility	Coordination
4.	Primary coordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.	Enam	Enam
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	Enam	Enam
6.	Appointing the Registrars	Enam	Enam
7.	Appointing Bankers to the Issue	Enam	Enam
8.	Appointing other intermediaries viz. printers and advertising agency.	Enam	Enam
9.	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>Finalizing media &amp; public relations strategy,</li> <li>Finalizing centers for holding conferences for press and brokers, etc.,</li> <li>Finalizing collection centers,</li> <li>Following-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Issue material, and</li> <li>Preparing all roadshow presentations.</li> </ul>	Enam	Enam
10.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company, finalizing the Prospectus and RoC filing.	Enam	Enam
11.	Co-ordinating post bidding activities including management of escrow accounts, coordinating Non-Institutional allocation, intimating allocation and despatch of refunds to Bidders, etc.  The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and despatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	Enam	Enam

The Selection of various agencies like Registrars to the Issue, Bankers to the Issue, Bank Collection Centres, Legal Counsels to the Issue, Underwriters to the Issue, Advertising Agencies and Public Relations Agencies etc. will be finalised by our Company in consultation with the BRLM.



## **Syndicate Members**

### **Enam Securities Pvt. Ltd.,**

44B Khatau Building,  
2<sup>nd</sup> Floor, Bank Street,  
Off Shaheed Bhagat Singh Road,  
Fort, Mumbai – 400 023  
Tel.: +91 22 2267 7901;  
Fax : +91 22 2265 5613

## **Registered Office of the Company**

M-22/3 RT, Vijayanagar Colony,  
Hyderabad – 500 057  
Tel: +91 40 23343678;  
Fax: +91 40 23345004.

## **Company Secretary and Compliance Officer**

### **Mr. G.Ramakrishna Rao,**

M-22/3 RT, Vijayanagar Colony,  
Hyderabad – 500 057  
Tel: +91 40 23343678, 55109990;  
Fax: +91 40 23345906.

## **Registrar to the Issue**

### **Karvy Computershare Private Limited**

“Karvy House”, 46, Avenue 4,  
Street No. 1, Banjara Hills  
Hyderabad – 500 034  
Tel: 91- 40- 2331 2454  
Fax: 91- 40- 2331 1968

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

## **Legal Counsel to the Issue**

### **Amarchand & Mangaldas & Suresh A. Shroff & Co.**

5<sup>th</sup> Floor, Peninsula Chambers,  
Peninsula Corporate Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai – 400 013.  
Tel: +91 22 24964455  
Fax: +91 22 24963666

## **Auditors to the Company**

### **M/s. Chaturvedi & Partners**

203, Kusal Bazar, 43 Nehru Place,  
New Delhi 110 019  
Tel: +91 11 26432388, 26433013  
Fax: +91 11 26467586

### **M/s. Deloitte Haskins & Sells**

7<sup>th</sup> Floor, Lingapur House,  
Amrutha Estates, Himayatnagar,  
Hyderabad 500 029  
Tel: +91 40 2322209  
Fax: +91 40 23223221

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

### **HDFC Bank Limited**

HDFC Bank House,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai - 400013  
Tel: +91 22 24988484/24963871  
Fax: +91 22 24963871

### **ICICI BANK Limited**

Capital Markets Division  
Mumbai Samachar Marg,  
Mumbai 400001  
Tel: + 91 22 22655285  
Fax: + 91 22 22611138

### **Standard Chartered Bank**

23-25, M.G. Road,  
Fort, Mumbai 400001  
Tel: + 91 22 22670162/0706  
Fax: + 91 22 22690232

### **IDBI Bank Limited**

Cash Management Services,  
2<sup>nd</sup> Floor, 224-A, Mittal Court,  
A wing, Nariman Point,  
Mumbai 400021  
Tel: + 91 22 56588273/100  
Fax: + 91 22 22880131

### **Centurion Bank Limited**

Advanced House,  
4B Tardeo Road,  
Tardeo, Mumbai 400034  
Tel: + 91 22 23528800  
Fax: + 91 22 23528828

### **Citibank NA**

Citigroup Center,  
C 61, Bandra Kurla Complex,  
G Block, Bandra (E),  
Mumbai 400051  
Tel: +91 22 26535681  
Fax: + 91 22 26535868

## **Bankers to the Company**

### **Andhra Bank**

Specialized Corporate Finance Branch,  
6-3-648, 3<sup>rd</sup> Floor,  
Padmaja Land Mark,  
Adj. RTA Office, Somajiguda,  
HYDERABAD- 500 082  
Tel: +91 40 23392138  
Fax: +91 40 23378068

### **Bank of India**

Khairatabad Branch,  
P.T.I. Building,  
A.C. Guards,  
Hyderabad – 500 004  
Tel / Fax: +91 40 23321594

### **Canara Bank**

Industrial Finance Branch,  
T.S.R. Complex,  
Sardar Patel Road  
Secunderabad – 500 003  
Tel / Fax: +91 40 23438639

### **Central Bank of India**

Corporate Finance Branch,  
Addison Building,  
803, Anna Salai,  
Chennai – 600 002  
Tel: +91 44 28521517  
Fax: +91 44 28588946

### **Citibank N.A.**

Citigroup, Ground Floor,  
Pullareddy Building,  
Greenlands Road,  
Begumpet,  
Hyderabad – 500 016  
Tel: +91 40 23407403  
Fax: +91 40 23410722

### **Corporation Bank**

No: 3-6-285, Ground Floor,  
Ameer Mahal Apartments,  
Hyderguda,  
Hyderabad - 500029  
Tel: +91 40 55627591  
Fax: +91 40 23227774

### **Development Credit Bank Ltd.**

Corporate Banking South (CBS)  
9-1-125/3-1, 4<sup>th</sup> Floor,  
Siddharth Plaza,  
44, SD Road,  
Secunderabad -500 003  
Tel: +91 40 27700156  
Fax: +91 40 27806428 / 26

### **Oriental Bank of Commerce**

9-1-129/1, Oxford Plaza,  
Sarojini Devi Road,  
Secunderabad – 500 003  
Tel: +91 40 27704935  
Fax: +91 40 27705898

**ICICI Bank Ltd.**

ICICI Bank Towers  
Fourth Level, Begumpet,  
Hyderabad  
Tel: +91 40 27784511 /27784000  
Fax: +91 40 55335811

**IDBI Bank Ltd.**

Mahavir House,  
Basheerbagh Square,  
Hyderabad – 500 029  
Tel: +91 40 23260000  
Fax: +91 40 23329673

**Indian Overseas Bank**

R.P. Road Branch,  
Secunderabad, 500 003  
Tel: +91 40 27714851  
Fax: +91 40 27711225

**IndusInd Bank Ltd.**

100, "LAXMI"  
S.P.Road, Begumpet,  
Secunderabad  
Tel: +91 40 27907660/64/65, 27904663  
Fax: +91 40 27907673

**ING Vysya Bank Ltd.**

Aditya Enclave, Ameerpet,  
Hyderabad 500 016  
Tel: +91 40 23442212  
Fax: +91 40 23442211

**Karnataka Bank Ltd.**

Raj Bhavan Road, Bhupal Towers,  
Somajiguda, Hyderabad- 500 082  
Tel: +91 40 23320642/23744128  
Fax: +91 40 23744128

**State Bank of Indore**

Post Bag No.29, 4-1-971/974  
Abid Road, Hyderabad  
Tel: +91 40 24760398  
Fax: +91 40 24760548

**State Bank of Hyderabad**

Credit Department, Head Office,  
Gunfoundry, Hyderabad- 500 001  
Tel: +91 40 23387765/55664969  
Fax: +91 40 23387766

**State Bank of Mysore**

Industrial Finance Branch,  
My Home Jupally,  
Ameerpet,  
Hyderabad- 500 016  
Tel: +91 40 23401909/23410910  
Fax: +91 40 23400899

**Syndicate Bank**

Nizam Shahi Road Branch,  
Hyderabad- 500001  
Tel: +91 40 24618271/24600245  
Fax: +91 40 24600451

**Tamilnad Mercantile Bank Ltd.**

15-2-696, First Floor,  
Siddiamber Bazar,  
Hyderabad 500 012  
Tel: +91 40 24617541  
Fax: +91 40 24617543

**The Lakshmi Vilas Bank Ltd.**

Main Road, KPHB Colony,  
Kukatpally Branch,  
Hyderabad.  
Tel: +91 40 23160067  
Fax: +91 40 23067430

**Union Bank of India**

Ramkote Branch,  
Tilak Road,  
Hyderabad  
Tel: +91 40 24752091  
Fax: +91 40 24752419

**United Bank of India**

Hyderabad Branch,  
Bank Street,  
Koti  
Hyderabad 500 195  
Tel: +91 40 24756994  
Fax: +91 40 24756811

**United Western Bank Ltd.**

Balaji Market,  
Sultan Bazar,  
Hyderabad – 500 195  
Tel: +91 40 24658416 /24657515  
Fax: +91 40 24653064

## **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.

## **Book Building Process**

Book Building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Managers;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM to appoint Syndicate Members.

[The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein upto 50% of the Issue shall be allocated on a discretionary basis to QIBs. Further, not less than 25% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and not less than 25% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.] We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.

Please see the section entitled "Terms of the Issue" on page 149 of this Red Herring Prospectus for more details.

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

## **Underwriting Agreement**

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



The Underwriters have indicated their intention to underwrite the following number of Equity Shares: (This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

<b>Name and Address of the Underwriters</b>	<b>Indicated Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (Rs. In million)</b>
<b>Enam Financial Consultants Pvt. Ltd.,</b> 801, Dalamal Tower, Nariman Point, Mumbai – 400 021	[●]	[●]
<b>Enam Securities Pvt. Ltd.,</b> 44B Khatau Building, 2 <sup>nd</sup> Floor, Bank Street, Off Shaheed Bhagat Singh Road, Fort, Mumbai – 400 023	[●]	[●]

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation.

The above Underwriting Agreement is dated [●].

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allotment to QIBs is discretionary as per the terms of this Red Herring Prospectus and may not be proportionate in any way and the patterns of allotment to the QIBs could be different for the various Underwriters.

## CAPITAL STRUCTURE

Share capital as at the date of filing of Red Herring Prospectus with SEBI (before and after the Issue) is set forth below. (Rs. in million, except share data)

	Nominal Value	Aggregate Value
<b>A. Authorised Capital</b>		
35,000,000 Equity Shares of Rs. 10/- each	350.00	
5,000,000 Preference Share of Rs. 10/- each	50.00	
<b>B. Issued, Subscribed And Paid Up Capital</b>		
16,979,700 Equity Shares of Rs. 10/- each fully paid up	169.80	
<b>C. Present Issue to the Public in Terms of this Red Herring Prospectus Issue</b>		
[●] Equity Shares of Rs. 10/- each fully paid up	[●]	1260.00
<b>Out of which</b>		
[●] Equity Shares of Rs. 10/- each fully paid up are reserved for allotment to Permanent Employees on a competitive basis	[●]	75.00
<b>D. Net Issue to the Public in Terms of this Red Herring Prospectus</b>		
[●] Equity Shares of Rs. 10/- each fully paid up	[●]	1185.00
<b>E. Green Shoe Option Pursuant to this Red Herring Prospectus</b>		
[●] Equity Shares of Rs. 10/- each fully paid up	[●]	189.00
<b>F. Post Issue Paid Up Equity Share Capital</b>		
[●] Equity Shares of Rs. 10/- each fully paid up	[●]	[●]
<b>G. Share Premium Account</b>		
Before the Issue	1169.08	
After the Issue	[●]	



## Notes to the Capital Structure

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

Date on which Equity Shares were allotted and made fully paid up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Conside-	Reasons for Allotment	Cumulative Paid -up Capital	Cumulative Share Premium
November 16, 1987	20	Rs. 100*	Rs. 10	Cash	Subscribers to the memorandum	2,000	
March 31, 1988	60	Rs. 100*	Rs. 10	Cash	Allotment to Promoters, friends and associates.	8,000	
March 28, 1991	9,220	Rs. 100*	Rs. 10	Cash	Allotment to Promoters, friends and associates.	930,000	
March 25, 1992	15,700	Rs. 100*	Rs. 10	Cash	Allotment to Promoters, friends and associates.	2,500,000	
September 30, 1993	25,000	Rs. 100*	Rs. 10	Cash	Allotment to Promoters, friends and associates.	5,000,000	
Shares split from Rs. 100/- to Rs. 10/-							
August 16, 1994	50,000	Rs. 10	Rs. 10 + 40	Cash	Allotment to Promoters	5,500,000	2,000,000
December 7, 1994	660,000	Rs. 10	Rs. 10	Bonus	Bonus to Promoters in the ratio of 5:6	12,100,000	
June 10, 1995	290,000	Rs. 10	Rs. 10 + 40	Cash	Allotment to Promoters, Directors, friends and associates.		
	315,000	Rs. 10	Rs. 10 + 50	Cash	Firm allotment to Tamilnad Mercantile Bank Limited and Indian Mutual Funds		
	52,500	Rs. 10	Rs. 10 + 40	Cash	Preferential allotment to employees.		

	1204,600	Rs.10	Rs.10+ 40	Cash	Net offer to the Public		
<b>Sub Total</b>	<b>1,862,100</b>	<b>Rs.10</b>		<b>Cash</b>	<b>Initial Public Offering</b>	<b>30,721,000</b>	<b>79,634,000</b>
December 06, 1999	3500	Rs.10	Rs.10 + 194-40	Cash	Reissue of forfeited shares <sup>@</sup>		80,173,000
January 12, 2000	3,072,100	Rs. 10	NIL	Bonus	Bonus in the ratio of 1:1. ~	61,442,000	
June 16, 2000	680,000	Rs. 10	Rs.10 + 95	Cash	Preferential Issue to Burlington Finance Ltd. and Global Trust Bank Ltd (now Oriental Bank of Commerce). ^	68,242,000	144,773,000
July 19, 2000	3,620,000	Rs. 10	Rs.10 + 95	Cash	Preferential Issue to Burlington Finance Ltd., Winson Brothers Private Ltd., Shanker Sales Promotion Pvt. Ltd., Toplight Vinimay Pvt. Ltd., Yashodham Merchants Pvt. Ltd., Kalyan Vyapar Pvt. Ltd., Vaibha Credit & Portfolio Pvt. Ltd., Gulnar Industries Ltd., Apex Enterprises (India) Ltd., Amrit Sales Promotion Pvt. Ltd., Baldev Commercial Pvt. Ltd., and Global Trust Bank Limited (now Oriental Bank of Commerce). ^	104,442,000	488,673,000

March 24, 2003	52,530	Rs. 10	Rs.10+ 48	Cash	ESOP - 2000	104,967,300	491,194,440
September 27, 2003	108500	Rs. 10	Rs.10+ 25.90	Cash	ESOP - 2000	106,052,300	494,004,590
September 27, 2003	13670	Rs. 10	Rs. 10+ 48.00	Cash	ESOP - 2000	106,189,000	494,660,750
April 2, 2004	6,240,000	Rs. 10	Rs.10+ 115	Cash	Preferential Issue to CIFC and ChrysCapital**	168,589,000	1,212,260,750
April 30, 2004	1,000	Rs. 10	Rs. 10+ 29.70	Cash	ESOP - 2000	168,599,000	1,212,290,450
June 10, 2004	1,000	Rs.10	Rs. 10+ 52	Cash	ESOP - 2000	168,609,000	1,212,342,450
September 17, 2004	1,500	Rs. 10	Rs. 10+ 47.90	Cash	ESOP - 2000	168,634,000	1,212,479,800
	1000		Rs. 10+ 65.50				
October 19, 2004	1,16,300	Rs. 10	Rs. 10+ 71.95	Cash	ESOP - 2000	169,797,000	1,220,847,585 ##

Note: \*These shares which were originally of Rs.100/- each were sub-divided into Shares of Rs.10/- each vide Resolution passed at the Extra ordinary General Meeting on April 14, 1994.

Note:\*\*On April 2, 2004 our Company and our Promoters have entered into an Investment Agreement with CIFC and ChrysCapital, pursuant to a preferential allotment of 6,240,000 equity shares of Rs. 10/- each at a premium of Rs. 115 amounting to 37.01% of the total paid up capital of our Company. In terms of Regulation 10 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Regulations"), CIFC and ChrysCapital had made an Open Offer to the remaining equity shareholders of our Company to acquire 3,373,180 equity shares representing 20% of the post-preferential allotment paid up share capital of our Company at a price of Rs. 128.15/- payable in cash. We have received listing and trading permissions from NSE, vide letter dated February 22, 2005 w.e.f February 24, 2005. We have received FIPB approval and RBI permission for the preferential allotment and subsequent Open Offer and have also complied with RBI and FIPB reporting requirement. Application to Reserve Bank of India for transfer of 832 equity shares accepted in the Open Offer has been made vide letter dated December 29, 2004 jointly by Citicorp International Finance Corporation and Chryscapital II LLC and have received the same on January 27, 2005.

The preferential issue has been complied with under Chapter XIII of SEBI Guidelines and as certified by Chaturvedi & Partners, Chartered Accountants.

Note# ROC Compliance: Our Company and our subsidiaries have been submitting all the necessary filings and returns under the provisions of the Companies Act, 1956 from time to time. Certain filings have been delayed and hence the same were filed with the additional fees as prescribed.

Note## An expense of Rs. 51,768,113 was charged to the share premium account resulting in Net amount of share premium of Rs. 1169,079,472.

Note® Our Company forfeited 3500 shares vide resolution dated October 29, 1999 on account of non payment of call moneys against Initial Public Offering vide prospectus dated March 22, 1995 and reallocated the same on December 06, 1999 at the rate of Rs. 204/- each i.e. at a net premium of Rs. 154 (Rs. 40 has been accounted in the Initial Public Offering share premium account).

Note ^ Chaturvedi & Partners, Chartered Accountants certified that the private placement of 43,00,000 equity shares has been made and monies received by the respective parties.

Note ~ The Bonus issue has been complied with Chapter XV of SEBI Guidelines.

2. Our authorised share capital was increased to Rs. 400,000,000 divided into 35,000,000 Equity Shares of Rs. 10/- each and 5,000,000 Preference Shares of Rs. 10/- each from Rs. 200,000,000 divided into 17,000,000 Equity Shares of Rs. 10/- each and 3,000,000 Preference Shares of Rs. 10/- each, which was approved by our shareholders at the AGM held on September 29, 2003.
3. At the Extraordinary General Meeting held on March 17, 2000 our shareholders approved the grant of 300,000 options underlying 300,000 Equity Shares under ESOP 2000 scheme to the Permanent Employees of our Company and subsidiaries. Of the above all the options were exercised except 4500 options which are under the vesting period. These shares and options were issued only to Permanent Employees of our Company and Subsidiaries. For details, please refer to "Notes to the Capital Structure" at page 22 of this Red Herring Prospectus.
4. Our Company approved 400,000 options under the ESOP 2004 Scheme vide resolution passed by our members on January 5, 2004. The Compensation Committee of the Board of Directors on January 30, 2004 approved the grant of 370,200 options to Permanent Employees of our Company and Subsidiaries. For details, please refer to "Notes to the Capital Structure" at page 22 of this Red Herring Prospectus.
5. The current authorised capital is sufficient to meet the requirements of the Issue and the ESOP Scheme.
6. The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.
7. Promoters' shareholding built up as on January 21, 2005 the latest beneficiary position:

Name of the Promoter	Date on which Equity Shares were allotted/ transferred and made fully paid-up	Nature of payment of consid-eration	Number of Equity Shares	Par Value	Issue/ Transfer Price / Average Cost Rs.	Consideration	Average cost of acquisition	Percentage of Paid-up Capital	
								Pre-Offer	Post Offer
<b>E Sudhir Reddy</b>									
	November 16 1987	Cash	100	10	10	1,000			
	March 31, 1988	Cash	300	10	10	3,000			
	March 28, 1991	Cash	9,,100	10	10	91,000			
	December 7, 1994	Bonus	8,300	10	Nil	Nil			
	December 7, 1994	Bonus	3,100	10	Nil	Nil			
	July 24, 1999	Cash	34,000	10	22	748,000			
	July 24, 1999	Cash	20,000	10	22	440,000			
	July 24, 1999	Cash	4,000	10	22	88,000			
	August 24,1999	Cash	300	10	52	15,600			
	September 15, 1999	Cash	7,500	10	22	165,000			
	November 25, 1999	Cash	17,500	10	22	385,000			
	November 25, 1999	Cash	9,000	10	22	198,000			
	November 25, 1999	Cash	11,600	10	22	255,200			
	November 25, 1999	Cash	1,300	10	22	28,600			
	November 25, 1999	Cash	-2,600	10	22	-57,200			
	November 25, 1999	Cash	-6,400	10	22	-140,800			
	January 12, 2000	Bonus	117,100	10	Nil	Nil			
	September 26, 2000	Cash	2,500	10	90	225,000			

	May 9, 2002	Cash	720	10	80	57,600			
	October 14, 2003	Cash	5,000	10	86	430,000			
	October 2, 2004	Cash	1,500	10	211.47	317,208			
	October 12, 2004	Cash	1,000	10	240.97	240,970			
	March 31, 2004	Gift	108,400	10	Nil	Nil			
			<b>353,320</b>			<b>3,491,178</b>	<b>9.88</b>	<b>2.08</b>	
<b>E Sudhir Reddy (HUF)</b>									
	March 25, 1992	Cash	44,000	10	10	440,000			
	September 30, 1993	Cash	24,000	10	10	240,00			
	December 7, 1994	Bonus	22,600	10	Nil	Nil			
	December 7, 1994	Bonus	59,000	10	Nil	Nil			
	June 10, 1995	Cash	4,000	10	50	200,000			
	January 12, 2000	Bonus	153,600	10	Nil	Nil			
			<b>307,200</b>			<b>880,000</b>	<b>2.86</b>	<b>1.81</b>	
<b>E Sunil Reddy</b>									
	March 28, 1991	Cash	5,000	10	10	50,000			
	December 7, 1994	Bonus	1,600	10	Nil	Nil			
	December 7, 1994	Bonus	4,400	10	Nil	Nil			
	November 25, 1999	Cash	35,300	10	22	776,600			
	November 25, 1999	Cash	7,300	10	22	160,600			
	November 25, 1999	Cash	4,900	10	22	107,800			
	November 25, 1999	Cash	1,200	10	22	26,400			
	November 25, 1999	Cash	9,200	10	22	202,400			
	November 25, 1999	Cash	2,800	10	22	61,600			
	January 12, 2000	Bonus	71,700	10	Nil	Nil			
	September 25, 2000	Cash	14,300	10	45	643,500			
			<b>157,700</b>			<b>2,028,900</b>	<b>12.87</b>	<b>0.93</b>	
<b>E Sunil Reddy (HUF)</b>									
	June 10, 1995	Cash	8,900	10	50	445,000			
	January 12, 2000	Bonus	8,900	10	Nil	Nil			
	October 16, 2001	Cash	1,570	10	90	141,300			
			<b>19,370</b>			<b>586,300</b>	<b>30.27</b>	<b>0.11</b>	
<b>E Indira Reddy</b>									
	June 10, 1995	Cash	9,300	10	50	465,000			
	June 10, 1995	Cash	1,800	10	50	90,000			
	January 12, 2000	Bonus	11,100	10	Nil	Nil			
	September 25, 2000	Cash	14,300	10	45	643,500			
			<b>36,500</b>			<b>1,198,500</b>	<b>32.84</b>	<b>0.21</b>	

<b>E Sujatha Reddy</b>									
	March 28, 1991	Cash	5,000	10	10	50,000			
	March 25, 1992	Cash	9,000	10	10	90,000			
	September 30, 1993	Cash	30,000	10	10	300,000			
	December 7, 1994	Bonus	14,600	10	Nil	Nil			
	December 7, 1994	Bonus	38,200	10	Nil	Nil			
	June 10, 1995	Cash	3,800	10	50	190,000			
	January 12, 2000	Bonus	100,600	10	Nil	Nil			
	November 25, 1999	Cash	-13,000	10	110	-1,430,000			
	March 31, 2004	Gift	-44,000	10	Nil	Nil			
	March 31, 2004	Gift	-44,000	10	Nil	Nil			
			<b>100,200</b>			<b>-800,000</b>	<b>-7.98</b>	<b>0.59</b>	
<b>V. Madhusudan Reddy</b>									
	March 28, 1991	Cash	4,000	10	10	40,000			
	December 7, 1994	Bonus	1,300	10	Nil	Nil			
	December 7, 1994	Bonus	3,500	10	Nil	Nil			
	January 12, 2000	Bonus	8,800	10	Nil	Nil			
	August 29, 2002	Cash	3,800	10	110	418,000			
			<b>21,400</b>			<b>458,000</b>	<b>21.40</b>	<b>0.13</b>	
<b>V. Rajmohan Reddy</b>									
	March 28, 1991	Cash	6,000	10	10	60,000			
	December 7, 1994	Bonus	1,900	10	Nil	Nil			
	December 7, 1994	Bonus	5,300	10	Nil	Nil			
	November 25, 1999	Cash	1,600	10	22	35,200			
	November 25, 1999	Cash	10,600	10	22	233,200			
	November 25, 1999	Cash	5,400	10	22	118,800			
	January 12, 2000	Bonus	30,800	10	Nil	Nil			
	August 29, 2002	Cash	1,000	10	90	90,000			
			<b>62,600</b>			<b>537,200</b>	<b>8.58</b>	<b>0.37</b>	
<b>V. Thirumala Reddy</b>									
	March 28, 1991	Cash	3,000	10	10	30,000			
	December 7, 1994	Bonus	2,700	10	Nil	Nil			
	December 7, 1994	Bonus	900	10	Nil	Nil			
	January 12, 2000	Bonus	16,200	10	Nil	Nil			
	November 25, 1999	Cash	6,700	10	22	147,400			
	November 25, 1999	Cash	1,500	10	22	33,000			
	November 25, 1999	Cash	1,400	10	22	30,800			
	August 29, 2002	Cash	2,000	10	105	210,000			
	April 15, 2004	Cash	8,800	10	180	1,584,000			
			<b>43,200</b>			<b>2,035,200</b>	<b>47.11</b>	<b>0.25</b>	

<b>E. Siddhanth Reddy</b>									
	April 15, 2004	Gift	114,700	10	Nil	Nil	Nil	0.68	
<b>E. Sunjeeth Reddy</b>	<b>June 22, 2004</b>	<b>Gift</b>	<b>114,700</b>	<b>10</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	0.68	
<b>E. Soma Reddy</b>	March 31, 2004	Gift	44,000	10	Nil	Nil	Nil	0.26	
E. Suha Reddy	March 31, 2004	Gift	44,000	10	Nil	Nil	Nil	0.26	
<b>IVR Finlease Pvt Ltd</b>									
	March 14, 1998	Cash	122,800	10	10.05	1,234,140			
	March 31, 1999	Cash	34,400	10	10.9	374,960			
	December 6 1999	Cash	22,800	10	74.6	1,700,880			
	January 12, 2000	Bonus	180,000	10	Nil	Nil			
	March 31, 2001	Cash	6,000	10	66.67	400,020			
	March 31, 2002	Cash	5,300	10	49.62	262,986			
	March 31, 2003	Cash	80,000	10	67.32	5,385,600			
	April 21, 2003	Cash	20	10	67.32	1,346			
	March 12, 2004	Cash	10,000	10	120.9	1,209,000			
	March 31, 2004	Other than cash	44,000	10	80	3,520,000			
			<b>505,320</b>			<b>14,088,932</b>	<b>27.88</b>	<b>2.98</b>	
<b>S.V. Equities Ltd.</b>									
	March 31, 2003	Cash	125,550	10	66.72	8,376,696			
	April 23, 2003	Other than cash	34,400	10	80	2,752,000			
	January 9, 2004	Cash	14,300	10	129.4	1,850,420			
	March 17, 2004	Other than cash	71,235	10	80	5,698,800			
	April 1, 2004	Other than cash	20,000	10	80	1,600,000			
	April 10, 2004	Cash	26,503	10	169.66	4,496,499			
	April 15, 2004	Other than cash	20,520	10	80	1,641,600			
	April 29, 2004	Other than cash	5,000	10	80	400,000			
			<b>317,508</b>			<b>26,816,015</b>	<b>84.46</b>	<b>1.87</b>	

8. Shareholding pattern of our Company as on February 25, 2005 the latest beneficiary position before and after the Issue

Category of Shareholder	Pre-issue		Post-issue *			
	Number of Equity Shares	%	If Green Shoe Option is not exercised		If Green Shoe Option exercised in full	
			No. of Equity Shares	%	No. of Equity Shares	%
Promoters						
E. Sudhir Reddy	353,320	2.08				
E. Sunil Reddy	157,700	0.93				
E. Sujatha Reddy	100,200	0.59				
E. Indira Reddy	36,500	0.21				
E. Sudhir Reddy (HUF)	307,200	1.81				
E. Sunil Reddy (HUF)	19,370	0.11				
E. Siddhanth Reddy	114,700	0.68				
E. Sanjeeth Reddy	114,700	0.68				
E. Soma Reddy	44,000	0.26				
E. Suha Reddy	44,000	0.26				
V. Raja Mohan Reddy	62,600	0.37				
V. Madhusudhan Reddy	21,400	0.13				
V. Thirumala Reddy	43,200	0.25				
IVR Finlease Private Limited	505,320	2.98				
S.V. Equities Limited	317,508	1.87				
	<b>2,241,718</b>	<b>13.20</b>				
Relatives of Promoters	8,000	0.05				
<b>Promoter Group @</b>	<b>2,249,718</b>	<b>13.25</b>				
<b>Directors</b>	<b>25,185</b>	<b>0.15</b>				
<b>Mutual Funds</b>	<b>1,696,621</b>	<b>9.99</b>				
<b>Banks, Financial Institutions, Insurance Companies</b>						
<b>(Central / State Govt. Institutions/ Non-government Institutions</b>	<b>112,143</b>	<b>0.66</b>				
<b>Foreign Institutional Investors</b>	<b>2,913,034</b>	<b>17.16</b>				
<b>Other Bodies Corp.</b>	<b>1,269,672</b>	<b>7.48</b>				
<b>Indian Public</b>	<b>2,329,456</b>	<b>13.72</b>				
<b>NRIs/OCBs</b>	<b>63,311</b>	<b>0.37</b>				
<b>Any other</b>						
Foreign Corporate Bodies #	6,240,000	36.75				
Persons acting in concert	80,560	0.47				
<b>Grand Total</b>	<b>16,979,700</b>	<b>100.00</b>				



@ The Promoter holding is pre warrant conversion as detailed in point no. 13 below.

\* Post Issue Shareholding pattern will be determined after the Book-Building Process.

# RBI clearance vide letter dated January 27, 2005 was received for 832 shares acquired under the Open Offer are yet to be credited to their account.

**9. Our top ten shareholders and the number of Equity Shares of Rs. 10 each held by them on February 25, 2005 the latest beneficiary position is as follows:**

S.NO.	Name	No. of Shares
1	Citicorp International Finance Corporation #	3120000
2	ChrysCapital #	3120000
3	GMO Emerging Markets Fund	1078450
4	IVR Finlease Private Limited	505320
5	ABN Amro Asia (Mauritius) Limited - Class-D	500000
6	Emerging Markets Management, L.L.C. A/C The Emm Umbrella Funds	443753
7	E. Sudhir Reddy	353320
8	S.V.Equities Limited	317508
9	Merrill Lynch Capital Markets Espana S.A. Svb	310000
10	E. Sudhir Reddy [H U F]	307200

# RBI clearance vide letter dated January 27, 2005 was received for 416 shares each and are yet to be credited to their account.

**10. Our top ten shareholders and the number of Equity Shares of Rs. 10 each held by them 10 days prior to February 25, 2005 the latest beneficiary position is as follows**

S.NO.	Name	No. of Shares
1	Citicorp International Finance Corporation #	3120000
2	ChrysCapital #	3120000
3	GMO Emerging Markets Fund	1078450
4	IVR Finlease Private Limited	505320
5	ABN Amro Asia (Mauritius) Limited - Class-D	500000
6	Emerging Markets Management, L.L.C. A/C The Emm Umbrella Funds	443753
7	E. Sudhir Reddy	353320
8	S.V.Equities Limited	317508
9	E. Sudhir Reddy [H U F]	307200
10	Sbimf Magnum Sector Fund Umbrella Contra	264607

# RBI clearance vide letter dated January 27, 2005 was received for 416 shares each and are yet to be credited to their account.



11. Our top ten shareholders and the number of equity shares held by them two years prior to February 25, 2005 the latest beneficiary position is as follows:

Sl.No.	Name	No. of Shares
1.	IVR Finlease Private Limited	451,300
2.	Rakesh Radheshyam Jhunjhunwala	375,000
3.	Shankar Sales Promotion Pvt Ltd	350,000
4.	Toplight Vinimay Pvt Ltd	350,000
5.	Vinsan Brothers Pvt Ltd	350,000
6.	Kalyan Vyapaar Pvt Ltd	350,000
7.	Apex Enterprises (India) Ltd	350,000
8.	Burlington Finance Ltd	350,000
9.	Gulnar Industries Ltd	350,000
10.	Yashodham Merchants Pvt Ltd	350,000

12. Details of the capitalization of the reserves by our Company in the past

Date of Allotment of Bonus Shares by Board of Directors	Date of approval to the Bonus Issue by members	Ratio of Bonus Issue	Number of Equity Shares Issued as Bonus	Amount of Reserves Capitalized (Rs)
December 7, 1994	November 2, 1994	5:6	660,000	6,600,000
January 12, 2000	September 15, 1999	1:1	3,072,100	30,721,000

13. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments in our Equity Shares except (1) 4,500 options under ESOP 2000 scheme and 366,280 options under ESOP 2004 scheme as described on page 34 of this Red Herring Prospectus and (2) 400,000 warrants issued to the Promoters on April 2, 2004 under the Investment Agreement at an exercise price of Rs. 125/- per warrant wherein part payment has been made at Rs. 12.5/- per warrant aggregating Rs. 5 million on March 31, 2004 as shown in the table below. The Promoters shall, within 18 months of the date of the Investment Agreement i.e. April 02, 2004, exercise all the warrants and deposit the balance exercise price with our Company.

Sl. No.	Name of Promoter	Number of warrants to be subscribed
1.	E. Sudhir Reddy	258,000
2.	E. Sunil Reddy	100,000
3.	E. Sudhir Reddy (HUF)	7,500
4.	E. Sunil Reddy (HUF)	500
5.	E. Sujatha Reddy	2,500
6.	E. Sidhanth Reddy	3,000
7.	E. Sunjeeth Reddy	3,000
8.	E. Soma Reddy	1,000
9.	E. Suha Reddy	1,000
10.	E. Indira Reddy	1,000
11.	IVR Finlease Pvt. Ltd.	12,000
12.	S.V. Equities Ltd.	7,500
13.	V. Tirumala Reddy	1,000
14.	V. Rajamohan Reddy	1,500
15.	V. Madhusudan Reddy	500
	<b>Total</b>	<b>400,000</b>



14. None of our Promoters, members of our promoter group or our Directors have purchased or sold any Equity Shares, during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI, except as stated below:

**I. For Promoters:**

**Mr. E. Sudhir Reddy**

**Purchases**

Maximum Price	Date	Minimum Price	Date	Aggregate Purchases (No. of shares)
240.79	11/10/04	210.99	01/10/04	2500

**Sales**

Maximum Price	Date	Minimum Price	Date	Aggregate Purchases (No. of shares)
NIL				

**S. V. Equities**

**Purchases**

Maximum Price	Date	Minimum Price	Date	Aggregate Purchases (No. of shares)
197.61	15/9/04	195.36	15/9/04	5000

**Sales**

Maximum Price	Date	Minimum Price	Date	Aggregate Sales (No. of shares)
192.39	15/9/04	191.14	15/9/04	5000

**II. For Directors:**

**Mr. E. Ella Reddy**

**Purchases**

Maximum Price	Date	Minimum Price	Date	Aggregate Purchases (No. of shares)
279.70	17/11/04	278.75	17/11/04	2000

**Sales**

Maximum Price	Date	Minimum Price	Date	Aggregate Sales (No. of shares)
280.55	18/11/04	280.30	18/11/04	2000

**Mr. G. Seetharam**

**Purchases**

Maximum Price	Date	Minimum Price	Date	Aggregate Purchases (No. of shares)
298.69	07.12. 04	229.26	14.10.04	8200

**Sales**

Maximum Price	Date	Minimum Price	Date (No. of Shares)	Aggregate Sales
327.30	14.12.04	230.72	18.10.04	12200

## 15. Employee Stock Options

### IVRCL ESOP: 2000 Scheme (ESOP 2000)

Our Company approved 300,000 options under "IVRCL-ESOP:2000 Scheme" at the Extraordinary General Meeting held on March 17, 2000 and authorized the Compensation Committee to fix the exercise price. The Compensation Committee fixed Rs. 10/- as the exercise price. In accordance with the said Special Resolution, the Compensation Committee of the Board of Directors granted all the options. Of the above all the options were exercised except 4500 options which are under the vesting period. These shares and options were issued only to Permanent Employees of our Company and Subsidiaries. SEBI vide its letter dated May 21, 2003 directed that the exercise price of Rs.10/- fixed by the Compensation Committee should be ratified by the shareholders. Accordingly, an Extraordinary General Meeting was called on July 19, 2003, and the above price was approved by the shareholders.

Of the above options that were granted, the employees were allotted 52,530 shares on March 24, 2003; 122,170 shares on September 27, 2003; 1000 shares on April 30, 2004; 1000 shares on June 10, 2004; 2500 shares on September 17, 2004 and 116,300 shares on October 19, 2004 aggregating to 295,500 shares and the balance 4,500 options which are under the vesting period and are yet to be exercised.

Listing cum trading permission has been received from BSE on various dates and the final permission for all shares received with effect from December 01, 2004 under letter dated November 30, 2004.

Listing cum trading permission has been received for 174,700 shares from NSE on various dates and the last permission with effect from February 16, 2004 under letter dated February 12, 2004 for the above.

For the balance 120,800 shares listing and trading permission has been received on February 25, 2005 from NSE.

### IVRCL ESOP: 2004 Scheme (ESOP 2004)

Our Company approved 400,000 options under the "IVRCL -ESOP: 2004 Scheme" at the Extraordinary General Meeting held on January 5, 2004. The Compensation Committee of the Board of Directors approved the grant of 370,200 options to the Permanent Employees of our Company and Subsidiaries at an exercise price of Rs. 100/- per option.

Of the above options that were granted 3,920 options lapsed due to resignations and balance 3,66,280 are outstanding.

We have filed the in principle listing application with BSE and NSE on December 02, 2004. We have been informed by NSE vide letter dated December 17, 2004 that the issue of in principle listing has been referred to SEBI seeking advice on the non-disclosure of information as per ESOP 2004 Scheme.

Our Company is managing the ESOP Schemes on its own and not through a Trust.

The following table sets forth the particulars of the options under both the schemes as follows:

Particulars	First Grant ESOP-2000	Second Grant ESOP-2004	TOTAL
Options approved by Members, of which	300,000	400,000	700,000
a. Options Granted	300,000	370,200	670,200
b. Exercise price	Rs. 10/-	Rs.100/-	
c. Options exercised	295,500	Nil	295,500
d. Options running vesting period (vested)	4,500	366,280	370,780
Options forfeited /lapsed	39,310	3,920	43,230
Of which, reissued	39,310	Nil	39,310
e. Variation of terms of options	Nil	Nil	Nil
f. Money realized by exercise of options	Rs. 2,955,000	Nil	2,955,000
g. Total number of options in force	4,500	400,000	404,500
h. Person-wise details of options granted to			
1) Directors and key managerial personnel	In terms of Note 1 given below	In terms of Note 1 given below	
2) any other employee who received a grant of options in any one year amounting to 5% or more of options granted during that year :	Nil	Nil	
i. Diluted Earning Per Share (EPS) diluted for effect of potential shares out of stock options/warrants etc outstanding on exercise of options (for the unconsolidated financial statement of our Company) (Rs.)		(FY 2003-04 audited)  36.97	As on September 30, 2004 audited figures  10.30
j. Employee compensation cost using (Rs.)			
Intrinsic value		7,033,113	15,752,240
Fair value		5,419,660	11,663,987
Difference between employee compensation cost using fair value method		1,613,453	4,088,253
The impact of above difference on the EPS of our Company		0.15	0.24
k. Vesting schedule	The vesting period is one year for existing employees and two years for new employees. All the options are to be exercised in one lot.		
l. Lock-in	Except as stated in point k above no further lock-in period applicable.		



Note: 1 Grants made to directors and key managerial personnel

Sl. No.	Name	ESOP:2000	ESOP:2004	Total	Outstanding grants
1.	Mr. D.Devaraja Rao	13000	12000	25000	12000
2.	Mr. R.Balarami Reddy (Director)	19300	8000	27300	8000
3.	Mr. K.Ashok Reddy (Director)	17700	5600	23300	5600
4.	Mr. K.H.K.Prasad	16700	7200	23,900	7200
5.	Mr.Rajkumar Singh	17000	8400	25,400	8400
6.	Mr. A.Krishna Reddy	17000	9000	26,000	9000
7.	Mr. M.Nagireddy	8000	4800	12,800	4800
8.	Mr. J.L.Vidyasagar	15500	4800	20,300	4800
9.	Mr. S.Ramachandran	9600	3000	12,600	3000
10.	Mr. Sanjay Moharir	9900	3600	13,500	3600
11.	Mr. G.Ramakrishna Rao	6700	2400	9,100	2400
12.	Mr. G.Seetharam	5000	1800	6,800	1800
13.	Mr. N.P.Haran	3300	3000	6,300	3000
14.	Mr. R.Venkatraghavan	6500	1800	8,300	1800
15.	Mr. M.S.Rao	3000	600	3,600	2100
16.	Mr. T.Nagarjuna	2500	Nil	2,500	1500
17.	Mr. B.Venkat Reddy	3160	1500	4660	1500
18.	Mr. D Venkata Subrahmanyam	7300	2800	10100	2800

16. The Promoters/Directors/BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of our Company with any person
17. In this Issue, in case of over-subscription in all categories, upto 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% 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. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
18. Only our Permanent Employees /during the period commencing from the date of filing the Red Herring Prospectus with RoC and upto the Issue Closing Date would be eligible to apply in this Issue under reservation for employees on a competitive basis.. Separate Bid Applications can be made by Permanent Employees under the Net Issue to Public category as well and such Bids will not be treated as multiple bids. The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Permanent Employees of our Company, under C above on page 22, will be added back to the Net Issue to the Public under (D) above.
19. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
20. In this Issue, we in consultation with the BRLM, will have the discretion to allocate to any of the investors, who have bid at or above the Issue Price.



21. We have not issued Equity Shares for consideration other than cash except to the extent of bonus shares issued to the existing shareholders by capitalization of free reserves as described in the table on page 32 of this Red Herring Prospectus. All the bonus shares issued by us in the past are by capitalizing free reserves only.

22. Details of Promoters shares pledged with Banks/Financial Institutions are as under:

Name of Promoter	No of pledged shares	Pledgee	Reason
E. Sudhir Reddy (HUF)	100,000	Tamilnad Mercantile Bank Consortium	As security for the working capital limits sanctioned by the Tamilnad Mercantile Bank Consortium
E. Sujatha Reddy	42,000	IDBI	As security for the term loan of Rs. 50 million.
E. Sudhir Reddy (HUF)	59,000	IDBI	As security for the term loan of Rs. 50 million.

23. We have revalued our assets as detailed hereunder:

Rs. In Million

Date of Valuation	Description Of Asset	Value As Per Revaluation Report	Original Value	Increase In Value
August 05, 1994	Land at Peddakancherla	8.06	0.30	7.76
September 30, 2001	Flat 502 Vijayasri Apartments Ward NO,12 Block 2, Gudimalkapur 1100 sq. ft	1.09	0.83	0.26
September 30, 2001	Flat 506 Vijayasri Apartments Ward No. 12 Block 2, Gudimalkapur 1072 sq. ft	1.11	0.81	0.30
September 30, 2001	Flat 407 Vijayasri Apartments Ward No. 12 Block 2, Gudimalkapur 1082 sq. ft	1.12	0.88	0.24
September 30, 2001	Vijaymanor Apartments Flat 503, Gudimalkapur 1245 sq. ft	1.28	0.82	0.46
September 30, 2001	Vijaymanor Apartments Flat No. 504, Gudimalkapur 1245 sq. ft	1.30	0.82	0.48
September 30, 2001	Keerthi Apartments Flat No. 504, Shantinagar 1235 sq. ft.	1.39	1.10	0.29
September 30, 2001	Keerthi Apartment Flat 503, Shantinagar 1211 sq. ft.	1.38	1.10	0.28

September 30, 2001	Shubh Enclave (Plot 16 Under Sy No.69/2 Kasavanahalli Village Varthur Hobli, Bangalore 9890 sq.ft.	1.98	9.08	10.90
	Munnekollala Bangalore South Taluk, Near Bangalore Airport 50000 sq.ft.	18.00		
September 30, 2001	Stock Yard at Patencheru Sheds	8.88	0.97	7.91
		2.32	2.40	-0.08
Total		47.91	19.11	28.80

24. Annualised Post Issue diluted EPS for the six month ended September 30, 2004 will be Rs. [●] and assuming Green Shoe Option is fully exercised will be Rs. [●].
25. **As on February 25, 2005 (the latest beneficiary position) we have a total of 6806 members.**
26. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue, or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares issued have been listed.
27. We have not raised any Bridge Loan against the proceeds of this Issue.
28. We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to a new employee stock option plan or the existing ESOP-2000 and ESOP-2004 Schemes. We may consider raising additional capital to fund for acquisition or participation in joint ventures.
29. There shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law.
30. An over-subscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of 15 Equity Shares while finalising the basis of allotment.
31. We will not issue further capital whether by way of bonus shares, rights issue or preferential allotment or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed except against exercise of ESOPs .
32. As per Chapter VIIIA of the SEBI Guidelines, we have decided to avail of the Green Shoe Option for stabilising the post-listing price of the Equity Shares. We have appointed Enam Financial Consultants Pvt. Ltd. as the Stabilising Agent. The Green Shoe Option consists of option to over allot up to [●] Equity Shares of Rs. 10 each at a price of Rs. [●] per share aggregating Rs. 189 million representing 15% of the Issue, exercisable during the period commencing from the date of obtaining trading permission from the Designated Stock Exchanges for the Equity Shares in the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.



The terms of the Green Shoe Option are as follows:

The maximum number of shares	[●] Equity Shares of Rs. 10 each at a price of Rs. [●] per Equity Share aggregating upto Rs. 189 million representing 15% of the Issue Size
The maximum increase in paid-up capital in case of full exercise of the Green Shoe Option	Rs. [●]
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Designated Stock Exchange for the Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.

## OBJECTS OF THE ISSUE

We intend to deploy the net proceeds from the Issue of Rs. 1197 million after meeting issue expenses of Rs. 63 million, (5% of 1260 million) in investments for BOT/BOOT projects, purchases of capital equipment and repayment of Debt / Loan.

In the event of a shortfall in procuring Issue proceeds towards Objects of the Issue, the extent of repayment of debt/loan will be reduced. In case of surplus the same will be used for further repayment of debt/loan.

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

## FUNDS REQUIREMENT

The estimated funds requirement for the above objects is set forth below:

		Amount (in Rs. million)
Sl. No.	Particulars	Fund requirement
1.	Investment in BOT/BOOT projects	400
2.	Purchases of Capital Equipment	300
3.	Repayment of Debt / Loan	497
4.	Issue Expenses	63
	<b>Total</b>	<b>1260</b>

## SCHEDULE OF IMPLEMENTATION/UTILIZATION OF ISSUE PROCEEDS

Break up of utilization of Issue proceeds and the year wise deployment over the coming three years is given below:

		Amount (in Rs. million)			
Sl. No.	Particulars	Year ending March 31,			
		2005	2006	2007	Total
1.	Investment in BOT/BOOT Projects	0	300	100	400
2.	Purchases of Capital Equipment	0	200	100	300
3.	Repayment of Debt / Loan	497	0	0	497
4.	Issue Expenses	63	0	0	63
	<b>Total</b>	<b>560</b>	<b>500</b>	<b>200</b>	<b>1260</b>

## DETAILED BREAK UP OF FUNDS REQUIREMENT

### 1. Investment in BOT/BOOT projects

Government has framed policies and ways to channelize private investment in infrastructure development projects. To make this possible the government has started floating tenders inviting Public Private Partnership ("PPP"), which is typically an arrangement between the government and private sector entities for the purpose of providing public infrastructure facilities and related services. Among these National Highways Authority of India is proposing participation in road projects involving widening of existing two lane to four lane highways /laying of new roads on BOT/BOOT basis. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue . In addition, Chennai Metropolitan Water Supply and Sewerage Board had invited tenders for Design, Build, Own, Operate and Transfer (DBOOT) 100/200 MLD Desalination plants to supply drinking water to Chennai city. We have participated in the Bids and



are awaiting results.

Most of the construction companies are bidding for such projects. Entry into BOT/BOOT projects would help us augment pre-qualification in this area.

Typically BOT/BOOT projects are high value contracts having tenure of 20-30 years. For us to undertake BOT/BOOT projects we need to form a project specific Special Purpose Vehicle ("SPV") to facilitate execution of the project.

As per our estimate we intend to use Rs. 400 million from the proceeds of the Issue, which will form part of the initial share capital for the SPV. Future dividend proposed by the SPV are not assured to us.

## 2. Purchases of Capital Equipment

Our business of infrastructure development requires investment in capital equipments on a regular basis.

Our projects in each of these four divisions Water Supply and Environmental, Roads and Bridges, Buildings and Industrial Structures and Power require capital equipments. Presently our investment in equipments for the half year ended September 30, 2004 aggregates Rs. 873.01 million. We intend to deploy Rs. 300 million for purchase of capital equipments from the proceeds of the Issue to reduce dependence on hired equipment.

To meet our project requirements we have projected a capital expenditure plan of Rs. 300 million based on our order book position.

**The details of the items and estimated costs are covered under the capital expenditure plan provided in the tables below.**

Sl. No	Machinery/ Equipment Name	Quantity	Purchase Value (In Rs. million) (Rounded Off)
1	Motor Grader GD 511	2	10.78
2	Rock Breaker	2	2.81
3	Excavator EX-210LC Tata Hitachi	10	45.97
4	Excavator EX-110LC	3	9.08
5	JCB 3D (Backhoe Loader)	2	3.35
6	Mobile Tower Crane Trailor Mounted	2	4.48
7	Hydraulic Crane 16 Ton	3	5.99
8	Hydraulic Crane 10 Ton	2	1.81
9	Tractors	6	1.92
10	Trailors 20 Tons	3	2.45
11	Concrete Mixer-10/7 with weigh batcher	9	1.07
12	DG Set 180 KVA	1	0.69
13	DG Set 125 KVA	4	1.43
14	DG Set 63 KVA	2	0.65
15	Builder Hoist 20 Meter Height	50	6.14
16	Tippers 6 Cum	34	26.69
17	Transit Mixers 6 Cum	9	7.89
18	Concrete Pump	3	4.20

19	Concrete Boom Placer	1	11.50
20	Concrete Batching Plant 30 Cum	4	13.20
21	Light Vehicle ( Bollero )	7	3.39
22	Crushing Plant 120 TPH	2	66.29
23	Crushing Plant 60 TPH	1	16.33
24	Wet Short Creting Machine	1	4.36
25	Transmission Line & Stringing Machine	1	20.82
26	Water Tanker	2	2.18
27	Dozer	3	14.82
28	Caterpillar	2	10.12
	Grand Total Amount		300

For the above estimates where orders are yet to be placed we have relied on quotations received over the past six months and on our past experience. For the above quotations there could be more than one quotation sought and in all such cases the lowest of the quotation has been indicated above. Our Company has yet to take a decision to finalize the suppliers for the equipments.

### 3. Repayment of Debt / Loan

Our Company has entered into a Working Capital arrangement with a Consortium of nine banks, headed by Tamilnad Mercantile Bank. The Consortium has sanctioned the following working capital limits: Fund Based (in the form of Cash Credit and Working Capital Demand Loan) aggregating Rs. 750 million and Non Fund Based (in the form of Bank Guarantees and Letters of Credit) aggregating- Rs. 3000 million for year ended March 04-05. As on January 31, 2005 the amount outstanding was Rs. 715.45 million and Rs. 2696.91 million for Fund and Non-fund based facility respectively. Bank wise outstanding details have been shown in the table below. Our Company intends to utilize the proceeds of the Issue towards repayment of its fund based facility. We would give preference to repay the high cost debt first.

Sl. No	Bank Name	Total Amount of limits Sanctioned		Outstanding as on January 31, 2005	
		Fund based Facility	Non Fund Based Facility	Fund based facility	Non Fund Based Facility
1	Tamilnad Mercantile Bank (Consortium Leader)	150.00	650.00	139.57	633.28
2	Canara Bank	116.30	600.00	117.15	560.17
3	Indian Overseas Bank	137.50	440.10	147.39	426.37
4	ING Vysya Bank	45.00	225.00	26.74	171.47
5	Andhra bank	43.70	266.70	43.45	174.15
6	United Western Bank	45.00	154.00	34.85	142.99
7	Corporation Bank	82.50	266.10	77.73	205.65
8	State Bank of Indore	50.00	200.00	48.57	185.13
9	State Bank of India	80.00	198.10	80.00	197.70
	<b>Total</b>	<b>750.00</b>	<b>3,000.00</b>	<b>715.45</b>	<b>2,696.91</b>



#### 4. Expenses of the Issue

The Issue expenses consists of underwriting fees, fees payable to BRLM to the Issue, selling commission, legal counsels, Bankers to the Issue, Escrow Bankers, Registrars to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. We intend to use about Rs. 63 million towards these expenses for the Issue. All expenses with respect to the Issue will be borne out of Issue proceeds.

(Rs. in million)	
Category	Approximate Cost
Marketing costs (advertising expenses, road shows)	5.80
Printing, Registrar costs, stamp duty, listing, depository costs and other expenses	15.23
Fees payable to the BRLM, legal counsel, Auditors	42.10

#### MEANS OF FINANCING

We intend to fund our requirements through the proceeds of this Issue.

#### INTERIM USE OF ISSUE PROCEEDS

We have not incurred any expenditure on the utilization of funds till date.

The Issue proceeds would be used to meet all of the Objects described above. Pending any use as described above, we intend to invest the Issue proceeds in high quality, interest bearing liquid investments including deposits with banks for the necessary duration. Such investments would be in accordance with the investment policies as approved by the Board of Directors from time to time.

No part of the Issue proceeds will be paid by us as consideration to Promoters, Directors, key management personnel, subsidiaries, associate or group companies.

#### MONITORING OF UTILIZATION OF FUNDS

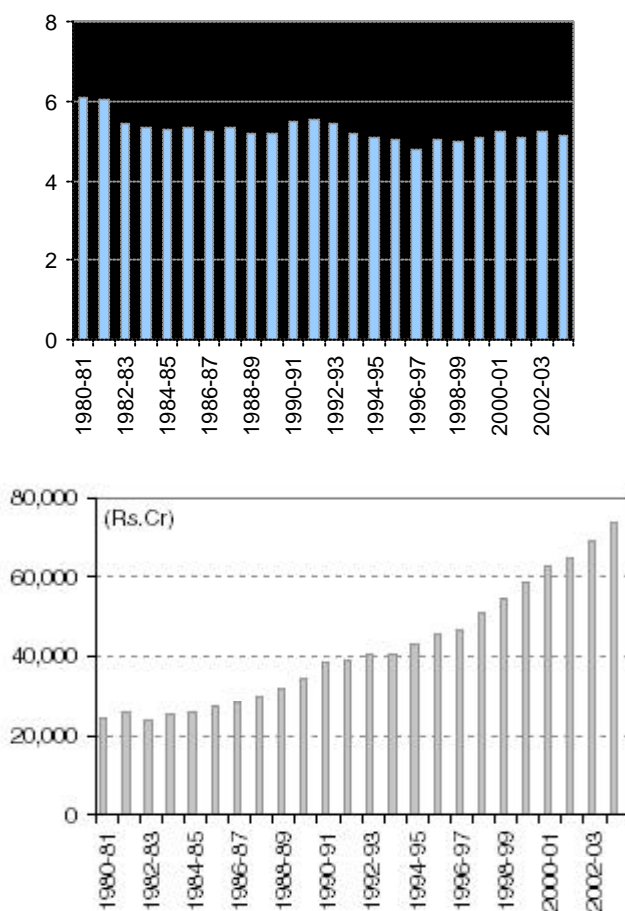
The Audit Committee appointed by the Board of Directors will monitor the utilization of the Issue proceeds.

## INDUSTRY OVERVIEW

### India's construction Industry: An overview:

The infrastructure sector covers the services of transportation (railways, roads and road transportation, ports, and civil aviation), communications (telecommunications and postal services), electricity and other services such as water supply and sanitation, solid waste management, and urban transport. Construction activity is an integral part of a country's infrastructure and industrial development and hence can rightly be termed as the basic input for socio-economic development. Its presence and contribution is immense in terms of providing huge opportunities for direct and indirect employment. Construction sector has grown at ~6.3% between FY95-FY03. It contributes about ~ 5.2% of the GDP. (Source: CMIE)

### Construction Sector as a % of GDP and value:



Source: CMIE

The lack of adequate infrastructure has been not only constraining the growth performance of the economy, but has also induced significant costs in terms of welfare loss (for example, morbidity and water-borne disease). In the last decade, however, there has been a significant evolution of the nature of State intervention in this sector. Post liberalization of the Indian economy, Government has accorded highest priority for infrastructure development. The financing of infrastructure development has rightly shifted to the private sector as public sector resources are unlikely to finance such huge capital expenditures due to



budgetary pressure. In line with this evolving policy direction, Budget 2003-04 undertook to provide a major thrust to infrastructure, principally to roads, railways, airports, and seaports, through innovative funding mechanisms. The initiative covers:

- 48 new road projects at an estimated cost of around Rs.400, 000 million; with a quarter of them being made of cement concrete;
- National Rail Vikas Yojana projects worth Rs. 80,000 million;
- Renovation/modernization of two airports, and two seaports at an estimated cost of Rs. 110,000 million; and establishing two global standard international convention centers at an estimated cost of Rs. 10,000 million.

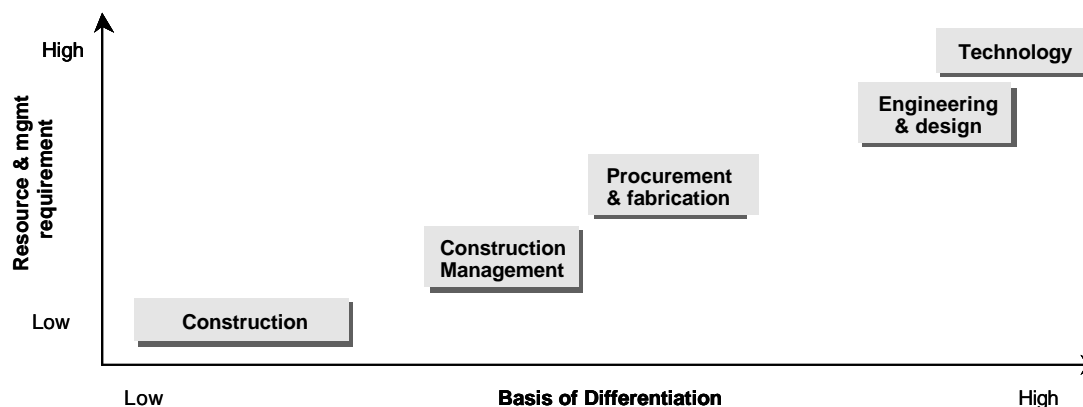
The total cost of the above projects is estimated at about Rs. 600,000 million. In addition, the Budget also announced the funding of the North-South and East-West corridors through an additional levy of a cess of 50 paise per litre of diesel and motor spirit. This levy was expected to contribute a further Rs. 26,000 million for highway development. The essence of the new funding mechanisms announced in Budget 2003-04 was to leverage public money through private sector partnership, wherever possible. The three critical components of the scheme are: Release of public funds only when linked to specific and well-defined milestones in completion of the project, in physical terms; a sharing of the risks with the private promoters and financiers; but no open-ended Government guarantees at any stage.

This important Budget announcement, along with some major initiatives in 2003-04 and April-May 2004 in infrastructure adequately reflected this change in the nature of State intervention.

### Construction Value chain

The construction value chain has to be dissected into various subparts. At the lowest level, the contractors are engaged in plain-vanilla construction, which progresses into design, engineering, fabrication and use of technology. The complexity increases across each of these stages, as do the margins. Simple construction is at the lowest level. This doesn't involve any design, engineering work or any fabrication. Most Indian players operate at this level.

Source: **The ET Knowledge Series**



## **Urban and Rural infrastructure: Water supply, Sanitation and Irrigation – An overview**

Water needs to be managed as an economic asset rather than a free commodity. India, which has 16 per cent of the world's population, has only 2.45 per cent of the world's land resources and 4 per cent of the world's fresh water resources. Monsoon rain is the main source of fresh water, with 76 per cent of the rainfall occurring between June and September under the influence of the southwest monsoon. The average annual precipitation in volumetric terms is 4,000 billion cubic metres (BCM). The average annual flow out of this is 1,869 BCM, the rest being lost in infiltration and evaporation. Due to topographical and other constraints, only 690 BCM can be utilised. (Source: 10<sup>th</sup> Five Year Plan)

Water related infrastructure facilities are the backbone of any civilization. Also, water requirements for human consumption are continuously increasing due to increasing population, rise in the living standards and rapid industrialization. Water shortages have almost become a way of life in most large Indian cities. No major Indian city has 24 hour supply of water, with 4 to 5 hours of supply per day being the norm. This compares to the Asian-Pacific average of 19 hours per day supply, with both Bangkok and Beijing having 24 hour coverage. (Source: The ET Knowledge Series)

Rainfall in India, as in all tropical countries, is confined mainly to the southwest monsoon months of June to September. The all India annual average rainfall is 1,170 mm. Irrigation constitutes the main use of water and is thus the focal issue in water resources development. As of now, irrigation use is 84 per cent of the total water use. However, due to growing population, the per capita availability of water is steadily going down, declining from 5,000 cubic metres a year at the time of Independence to about 2,000 cubic metres as of now. This, coupled with urbanisation and industrialisation, has raised concerns about the deteriorating quality of surface and ground water. (Source: 10<sup>th</sup> Five Year Plan)

According to the 54th round of National Sample Survey (NSS) an estimated 70 per cent of urban households reported being served by tap and 21 per cent by tube well or hand pump. Sixty-six per cent of urban households reported having their principal source of drinking water within their premises, while 32 per cent had it within 0.2 km. Forty-one per cent had sole access to their principal source of drinking water, which means that 59 per cent were sharing a public source. Fifteen per cent of households did not get sufficient drinking water from their principal source, between April and June, May being the worst month. The general financial position of the urban water supply and sewerage sector is very poor. Only a few providers in large urban areas generate sufficient revenues to make any contribution to investment. In medium and small towns these entities typically do not collect sufficient revenue to cover operating expenses. There is no matching of revenues against expenditures. Collection efficiency is very low. A major cause of poor financial health is low tariff, resulting in direct subsidy. There is an attempt at cross subsidization from commercial and industrial consumers to domestic consumers. According to one study, 76 per cent of the responding towns did not raise sufficient revenues from water supply to cover the revenue expenditure on the service. The resultant unsatisfactory service standards has now created a vicious circle of poor service—leading to low tariff because of less willingness to pay leading to poor resource position—leading to poor maintenance and poor service. (Source: 10<sup>th</sup> Five Year Plan)

### **Investment Needs of the Water Supply Sector:**

Water supply and sanitation schemes are capital intensive and, consequently, they are financed from the budget, borrowings from financial institutions or the market, and external funding agencies. Most State Governments have a policy relating to the financing pattern of the schemes, with shares for the urban local bodies (ULB), State Government, and institutional finance. HUDCO has been financing water supply projects for the past 30 years, especially those in small and medium towns, against State Government guarantee. As much as 28 per cent of the cumulative loan sanctions for urban infrastructure of HUDCO is towards water supply. During the Ninth Plan period, HUDCO has sanctioned 101 water supply schemes for financial assistance of Rs 48,280 million. However the main problem in financing of urban water supply and sanitation is the sustainability of the present model which is heavily dependent on the State Governments' willingness and capacity to provide guarantees for institutional finance, apart from meeting the agreed state share of the project cost. Inability of the states to provide committed shares of project costs, and the tendency to sanction more works than financially feasible, has led to a situation of large numbers of incomplete works, project delays, and cost over-runs. (Source: 10<sup>th</sup> Five Year Plan)

Assessing investment needs of a sector spread over more than 5000 urban centres, each with its own level of supply and distribution and changing needs, is no easy task. In the absence of a reliable system of collection of urban data, the status and needs of almost all civic amenities is hard to estimate. HUDCO has estimated cost of water supply from surface sources to



range from Rs 8.1 million per mld to Rs 20.3 million per mld at 1998-99 prices. The cost of supply from ground water sources is estimated to range from Rs 20 lakh to Rs 61 lakh per mld. Likewise, HUDCO estimates per capita investment for sanitation to be as follows:

Sewerage augmentation – Rs 1,620

Conventional treatment – Rs 162

Septic tank with soak pit – Rs 4,050

Twin-pit without Superstructure – Rs 377.5 (15 users) to Rs 648 (5 users).

(Source: 10<sup>th</sup> Five Year Plan)

The Central Public Health and Environmental Engineering Organisation (CPHEEO) has estimated that by the end of the year 2007, the urban population of the country is likely to be around 363 million. For achieving 100 per cent coverage by the end of the Tenth Five Year Plan and taking into account the urban population already covered, the requirement of funds has been assessed. In regard to sewerage and sanitation facilities, it is assessed that 57 per cent of the urban population is likely to be covered by end of Ninth Plan. The estimates are based on the proposed coverage of 75 per cent of urban population. Moreover, 35 per cent of population already covered by the end of the Eighth Plan would need augmentation/rehabilitation and is included in calculation of fund requirements. Based on these assumptions of requirements to be met, the CPHEEO has estimated the following requirements during the Tenth Plan:

Water Supply – Rs 282,400 million

Sanitation – Rs 231,570 million

Solid waste management – Rs 23,226 million

Total – Rs 537,198 million

(Source: 10<sup>th</sup> Five Year Plan)

A number of projects have been mooted in various metros to alleviate the water supply situation. Most projects focus on pumping in water from distant sources. Desalination is another option being looked into. There are only seven large desalination plants in India for the conversion for city sewage into process water.

A water augmentation mechanism is a method by which water that would normally run off into rivers or seas, and so would not be accessible for drinking or agriculture, is harvested or stored so that it can be used. Augmentation methods include storing water in underground tanks for use in the dry season; collecting rainwater on the rooftops of homes, schools etc; and watershed-scale rainwater harvesting which can directly be tapped or can recharge the surrounding aquifer. Of these methods, watershed-scale rainwater harvesting has received the most attention in the literature and on the ground in India, and is part of official water policy in at least five states. The simplest and most common method of watershed-scale rainwater harvesting is the construction of a checkdam across a seasonal drainage. During heavy rains the ground becomes saturated and rainwater flows quickly along the surface instead of percolating into the earth, 39 flowing into drainage channels and then into streams, rivers, and ultimately the ocean. A checkdam built across a drainage channel prevents the water from flowing downstream, creating a small reservoir.

(Source: Stanford Center for International Development (SCID)'s Fifth Annual Conference on Indian Economic Policy Reform)

Rainwater harvesting presents a lot of opportunities for players in the construction sector. This has been taken up as a thrust area in Chennai and Delhi and must be given priority in all towns in the country. The Delhi Jal Board has taken up more than 80 works to harvest rain water and intends to cover about 200 buildings. The Delhi Government has approached the Ministry of Urban Development and Poverty Alleviation to amend building bye-laws to make rain water harvesting mandatory in the Capital. (Source: 10<sup>th</sup> Five Year Plan)

## O&M contacts: The Future growth area

The basic principle of this approach is to contract out the operation and maintenance of a water supply and network to a private sector operator. The operator is compensated on the basis of achieving pre agreed operational target levels and would have provision for incentives and penalties for achieving over performance and under performance respectively. A short term contract is a comparatively low risk option as compared to a long term BOT contracts or concession agreements.

## Private Sector Participation

Private sector participation (PSP) incorporates a wide range of levels of private sector involvement. At one end lies contracting out of services to the private sector, such as mains repair, billing and collecting, and meter reading. Such arrangements are relatively straightforward and usually involve short-term renewable contracts. Under a management contract, operation and maintenance of the water network is carried out by a private firm in exchange for a management fee, with a typical contract lasting 3-5 years or more. Leasing and Affermage contracts are similar to management contracts, although the private firms revenue is determined by tariffs collected, resulting in more commercial risk being shared than under a straight management contract. Typical contracts last 8-15 years. More private involvement occurs under concession and Build-own-transfer (BOT) contracts. Under a concession, a private firm manages and operates the whole utility at its own commercial risk and is also required to finance new investment. Contracts tend to be for longer periods, such as 25-30 years. BOT contracts are used for major investment in new facilities. A private firm is selected to build new infrastructure, such as a treatment plant, operate it under license for the contract period, and then transfer it to the Government at the end of the contract. As with concessions, contracts are generally for periods of 20-30 years. At the other end of the public-private spectrum lies full privatization or divestiture, whereby the Government sells the assets of the water supply company to a private firm, who runs it on a permanent basis subject to government regulation.

## TRANSPORTATION INFRASTRUCTURE:

India has 3.3 million kilometers of road network, which is the second largest in the world. Roads now carry 85 per cent of passenger traffic and 70 per cent of freight traffic. While highways make up only 2 per cent of the overall road network by length, they account for around 40 per cent of this traffic. A series of initiatives have been undertaken in recent years, to set the stage for a quantum leap in India's road system. These initiatives combine new institutional arrangements, highway engineering of international standards, founded on a self-financing revenue model comprising tolls and a cess on fuel. Three initiatives in the road sector were begun in recent years: The National Highway Development Project (NHDP), Pradhan Mantri Bharat Jodo Pariyojana (PMBJP) and Pradhan Mantri Gram Sadak Yojana (PMGSY).

National Highways Authority of India (NHAI) is mandated to implement National Highways Development Project (NHDP) which is India's Largest ever highways project with world class roads with uninterrupted traffic flow. A major initiative for capacity enhancement of National Highways Four/Six Laning of around 13,146 Km under NHDP has been undertaken. The total Cost on 1999 prices for the NHDP project is Rs. 540,000 million. In addition to implementation of National Highways Development Projects, the NHAI is also responsible for implementing some projects on National Highways other than NHDP. NHAI is now responsible for implementing on National Highways of length around 10,000 Km.

(Source: [www.nhai.org](http://www.nhai.org))

Indian Road Network	
	Length(In Km)
<b>National Highways</b>	<b>65,569</b>
<b>State Highways</b>	<b>1,31,899</b>
<b>Major District Roads</b>	<b>4,67,763</b>
<b>Village and Other Roads</b>	<b>26,50,000</b>
<b>Total Length</b>	<b>33 Lakhs Kms(Approx)</b>

Source: [www.nhai.org](http://www.nhai.org)



Since National Highways comprise about 2% of the total road lengths in the country and yet carryover 40% of total traffic, the first and the foremost task mandated to the NHAI is the implementation of NHDP- comprising of the Golden Quadrilateral and North-South & East-West Corridors. In addition to the projects under NHDP, the NHAI is also currently responsible for about 1,000 km of Highways connecting major Ports and also on National Highways 8A, 24, 6, 45 & 27. Highways length with NHAI currently is around 14,162 km.

#### The main components of NHDP include:

- 1.) Golden Quadrilateral (GQ):- Length- 5846 km, connecting Delhi, Kolkata, Chennai and Mumbai
- 2.) North-South & East-West Corridors:- Length - 7300 km, Kashmir to Kanyakumari -4000 km (with a spur to Cochin) and Silchar to Porbandar- 3300 km.

Financing of NHDP: Total cost of NHDP has been estimated to be Rs. 540,000 million or US\$ 13.2 billions whose components are as below:-

#### Status of NHDP and other NHAI projects as on January 01, 2005.

	GQ	NS - EW	Port Connectivity	Others	Total by NHAI
Total Length (Km.)	5,846	7,300*	356	777	14,279
Already 4-Laned(Km.)	4,328	675	69	194	5,266
Under Implementation (Km.)	1,518	388	243	121	2,396
Contracts Under Implementation (No.)	73	19	7	3	102
Balance length for award (Km.)	-	5,742	44	371	6,157

Source: www.nhai.org

NHAI proposes to finance its projects by a host of financing mechanisms. Some of them are as follows

#### ● Through budgetary allocations from the Government of India

**Cess:** In a historic decision, the Government of India introduced a Cess on both Petrol and Diesel. This amount at that time (at 1999 prices) came to a total of approximately Rs. 20,000 million per annum. Further, Parliament decreed that the fund so collected were to be put aside in a Central Road Fund (CRF) for exclusive utilization for the development of a modern road network. The developmental work that it could be tapped to fund, and the agencies to whom it was available were clearly defined as:

- Construction and Maintenance of State Highways by State Governments
- Development of Rural Roads by State Governments
- Construction of Rail over- bridges by Indian Railways
- Construction and Maintenance of National Highways by NHDP and Ministry of Road Transport & Highways.

Today, The Cess contributes between Rs 500,000 to 600,000 million per annum towards NHDP.

- **Loan assistance from international funding agencies:** Loan assistance is available from multilateral development agencies like Asian Development Bank and World Bank or Other overseas lending agencies like Japanese Bank of International Co - Operation.
- **Market borrowing.** NHAI proposes to tap the market by securities cess receipts
- **Private sector participation** Major policy initiatives have been taken by the Government to attract foreign as well as domestic private investments. To promote involvement of the private sector in construction and maintenance of National Highways, Some Projects are offered on Build Operate and Transfer (BOT) basis to private agencies. After the concession period ,which can range up to 30 years, this road is to be transferred back to NHAI by the Concessionaries.

NHAI funds are also leveraged by the setting up of Special Purpose Vehicles (SPVs). The SPVs will be borrowing funds and repaying these through toll revenues in the future. This model will also be tried in some other projects. Some more models may emerge in the near future for better leveraging of funds available with NHAI such as Annuity, which is a variant of BOT model.

(Source: [www.nhai.org](http://www.nhai.org))

#### Government Policy Initiatives for Attracting Private Investment

- Government will carry out all preparatory work including land acquisition and utility removal. Right of way (ROW) to be made available to concessionaires free from all encumbrances.
- NHAI / GOI to provide capital grant up to 40% of project cost to enhance viability on a case to case basis
- 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years.
- Concession period allowed up to 30 years
- Arbitration and Conciliation Act 1996 based on UNICITRAL provisions.
- In BOT projects entrepreneur are allowed to collect and retain tolls
- Duty free import of specified modern high capacity equipment for highway construction

Total Cost	Rs.540,000 million	US\$ 13.2 Billion
Likely sources	Rs.million. (On 1999 prices)	US\$ Billions (On 1999 prices )
Cess on Petrol and Diesel	200,000	4.90
External assistance	200,000	4.90
Market borrowings	100,000	2.40
Private Sector Participation	40,000	1.00

Source: [www.nhai.org](http://www.nhai.org)

The financial arrangement for the development of GQ and the corridors has been made as:

	Rs. in Million
<b>Cess</b>	<b>200,000</b>
<b>World Bank/Asian Development Bank Loan Assistance</b>	<b>200,000</b>
<b>Market Borrowings</b>	<b>120,000</b>
<b>Private Sector</b>	<b>60,000</b>
Total	Rs. 580,000 Million \$(12,608) Million

Source: [www.nhai.org](http://www.nhai.org)

#### Buildings and Industrial Infrastructure:

The Working Group on Housing has estimated the urban housing shortage at the beginning of Tenth Plan at 8.89 million units. While this is indeed an alarming number, it includes the 'congestion' needs of joint families, obsolescence and replacement of old houses, and upgrading of all the kutchha houses. The total number of houses required cumulatively during the Tenth Plan period is assessed at 22.44 million.

The Government of India has now permitted 100% FDI for development of townships. However FDI guidelines stipulate that the foreign company should develop a minimum area of 100 acres of land. Such large acquisition is not possible in most cities and providing external infrastructure in small towns and suburbs would pose severe problems.



So more than FDI, what is required is privatization and primarily BOT based projects.

The Indian Railways, with a capital base of about Rs. 550,000 million, is the principal mode of transportation for carrying bulk freight and long distance passenger traffic. The financing pattern of the Railways shows a greater reliance on the gross budgetary support. While the Ninth Plan had emphasised the need for financing the Railway Plan mainly through internal resources, the actual mobilisation of internal resources dropped from Rs. 34,520 million in 1997-98 to Rs. 24,630 million in 2001-02.

Market borrowing is done through three different sources viz. (i) leasing of rolling stock through the Indian Railway Finance Corporation (IRFC); (ii) leasing of wagons under the Own Your Wagon Scheme (OYWS) and (iii) private participation in execution of projects through Build Operate Lease Transfer/ Build Operate Transfer (BOLT/BOT).

#### Resource Mobilisation for the Ninth Five Year Plan

(Rs. in Million)

Year	Internal Resources		Market Borrowings through IRFC, OYWS and BOLT		Capital From General Exchequer		Total
1997-98	34520	42%	27950	34%	19920	24%	82390
1998-99	34550	39%	32170	36%	21850	25%	88570
1999-2000	35500	39%	29190	32%	25880	29%	90570
2000-01	29010	31%	28970	31%	35970	38%	93950
2001-02 (RE)	24630	23%	2750	25%	56410	52%	108570
Total (Provisional)	158210	34%	145810	31%	160030	35%	464050

(Source: 10<sup>th</sup> Five Year Plan)

#### Total Borrowings During The Ninth Five Year Plan

(Rs. in Million)

Year	Borrowing through							
	IRFC		OYWS		BOLT/BOT		TOTAL	
	Amount	%age	Amount	%age	Amount	%age	Amount	%age
1997-98	22360	27	2360	12%	3230	16%	27950	34%
1998-99	29410	33	1930	2%	830	1%	32170	36%
1999-00	27850	31	1340	1%	0	0%	29190	32%
2000-01	28180	30	790	1%	0	0%	28970	31%
2001-02 (RE)	27430	25	100	0%	0	0%	27530	25%

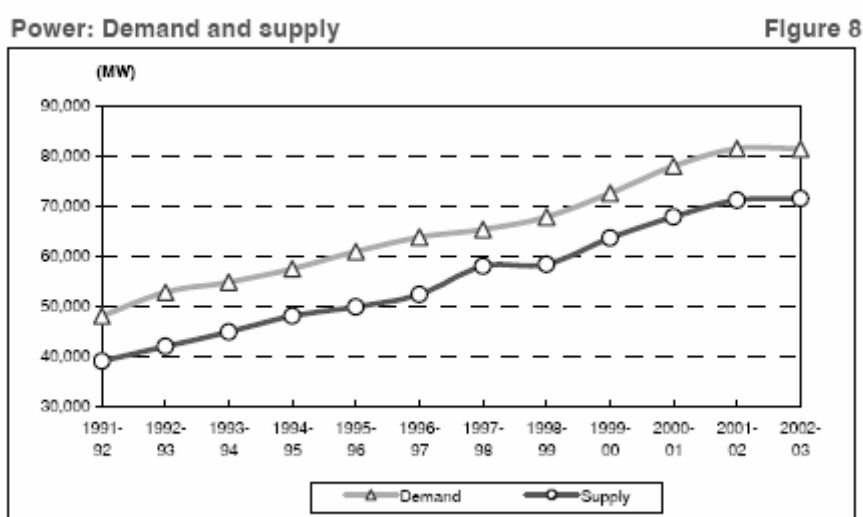
(Source: 10<sup>th</sup> Five Year Plan)

One of the objectives of the 10<sup>th</sup> Five Year plan for Railways is to ensure renewed thrust on modernization and technological upgradation of the Railway System particularly along the Golden quadrilateral and its diagonals. In cities with large populations, the provision of a rail based mass transport system has become a necessity.

(Source: 10<sup>th</sup> Five Year Plan)

## POWER:

Power is one of the prime movers of economic development. The level of availability and accessibility of affordable and quality power is also one of the main determinants of the quality of life. The Government has, since Independence, been giving priority to this sector while fixing the Plan Outlays. As a result, the installed generation capacity Has risen from a mere 1,300 megawatt (MW) at the time of Independence to more than 1,00,000 MW today. Along with the growth in installed generation capacity, there has also been a phenomenal increase in the transmission and distribution (T&D) capacity. However, despite these achievements, the power sector has not kept pace with the growth in demand with the result that the country has always faced energy and peaking shortages.



Source: Ministry of Power and Central Electricity Authority

The state electricity boards (SEBs), have, in the past, played a significant role in the generation and supply of power. But the present financial health of the SEBs is not sound, to say the least. This is mainly due to un-economic tariffs for agriculture, lower slabs of domestic consumption and high T&D losses, which often disguise large-scale theft, and low billing and collection efficiency. This is the main roadblock to attracting the much-needed private investment and, in fact, has been one of the main reasons for the shortfall in capacity addition from private sector projects during the Ninth Plan. The actual capacity addition during the Ninth Plan was 19,015 MW against a target of 40,245 MW. The other major reasons for shortfall in the capacity addition were delay in land acquisition and environmental clearances, unresolved issues in fuel linkages, contractual problems, resettlement and rehabilitation (R&R) problems and law and order problems. As far as the Tenth Plan is concerned, the Working Group Report on Power has envisaged a capacity addition requirement of 46,939 MW during the Plan period with 24,405 MW coming from the central sector, 12,033 MW from the sector and 10,501 MW from the private sector. However, keeping in view the status of the ongoing, sanctioned and new projects in the pipeline, the Planning Commission felt that a target capacity addition of 41,110 MW — 18,659 MW from ongoing projects, 9,193 MW from projects cleared by the CEA and 13,258 MW from new schemes — would be more realistic. Even under this lower estimate for capacity addition, only 27,852 MW appears to be firmed up so far.



#### Sector-Wise *Vis-À-Vis* Mode-Wise Capacity Addition during Tenth Plan (Mega Watts)

Source	Central	State	Private	Total
Hydro	8742	4481	1170	14393
Thermal	12790	6676	5951	25417
Nuclear	1300	-	-	1300
<b>Total</b>	<b>22832</b>	<b>11157</b>	<b>7121</b>	<b>41110</b>

Source: 10<sup>th</sup> Five year plan

The Government proposes to enhance public funding for the sector as well as encourage the public sector undertakings (PSUs) to take up projects in joint ventures with private investors and state governments during the Tenth Plan period. As part of these efforts, the Accelerated Generation and Supply Programme (AG&SP) is proposed to be extended during the Tenth Plan to provide funds to critical on-going schemes at subsidised interest rates.

(Source: 10<sup>th</sup> Five Year Plan)

#### Transmission:

The eastern region of the country has strengths in coal-fired generation and the north eastern region has strengths in hydel generation. On the other hand there is strong demand for electricity in the northern, western and southern regions. These 'gains from trade' are being harnessed by strengthening interregional trade in electricity. The Electricity Act has already created the legislative framework through which buyers and sellers of electricity anywhere in the system can be brought together. The national power grid has been strengthened to facilitate transfer the electricity from the surplus regions to the customers elsewhere in the country. From March 2003 onwards, the eastern region and north-eastern region are working in synchronized mode with the Western Regional Grid. Up to 1,500 MW flows into the Western Regional Grid. The present total Inter Regional Transmission capacity available across all regions is 8,100 MW. Another 2,500 MW capacity is under construction. As buyers and sellers of electricity fully exploit the opportunities that have unfolded after the Electricity Act, there will be heightened demand for transactions that span large distances.

In the transmission line business, there are three types of players: the integrated companies that have the capability to design and fabricate the transmission towers and also undertake contracts to put up transmission lines. These are the only firms in India that have the capacity to take up undertake contracts for 400KV and 800KV transmission lines. There are firms that take up EPC contracts for transmission lines but they do not manufacture transmission towers. And finally there are firms that manufacture transmission towers but do not undertake EPC contracts.

#### Distribution:

The current level of T&D losses is very high. Although the all-India T&D loss is reported to be about 28 per cent, actual loss levels are estimated to be in the range of 35-45 per cent. Further, losses in some states are much higher than in others. Losses in Delhi and Jammu & Kashmir were as high as 47 per cent and 56 per cent respectively in 2000-01. While part of the T&D losses are due to technical deficiencies in the system and the extensive low voltage distribution network in rural areas, a large portion of the loss is attributed to theft and pilferage compounded by connivance on the part of line personnel. There are a large number of unmetered connections particularly in the agriculture sector. Even if supply of electricity to agriculture is to be subsidised, it should be metered so that proper accounting can be maintained. Indiscriminate grid extension despite low load densities (as measured by demand in MW divided by the length of the T & D system) has resulted in a high ratio of low tension (LT) to high tension (HT) lines. This has also led to a large amount of pilferage. There is a need to introduce energy audits to help generate reliable data for analyses in a systematic and meaningful manner.

#### Private Sector Participation:

The initial response of domestic and foreign investors to the policy of private participation in the power sector had been encouraging. However, many projects have encountered unforeseen delays in the finalisation of power purchase agreements, guarantees and counter-guarantees, environmental clearances, matching transmission networks and legally enforceable contracts

for fuel supplies One of the most important impediments to private participation was the bankruptcy of the monopoly purchaser – the SEBs. That necessitated complex payment security mechanisms for achieving financial closure. Further, the high tariff of power from some of the commissioned independent power projects (IPPs) due to factors such as high cost of liquid fuels, risk factors involved and unrealistic forecast for future growth of demand etc. have prevented full utilisation of available capacities. With the power sector reforms already set in motion, these problems are expected to be sorted out in due course.

(Source: 10<sup>th</sup> Five Year Plan)



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## BUSINESS

### Evolution

We were originally incorporated on November 16, 1987 as I.Venku Reddy Constructions (P) Ltd. promoted by Mr. E. Sudhir Reddy, Mr. O. Pratap Reddy and Mr. I. Syam Prasad Reddy. We commenced operations with one of the significant building construction works as Class I Contractor, which was a project secured from Ballarpur Industries Ltd.

We initially undertook small projects for hospital buildings, roads in the interiors and buildings for industrial purposes. In 1992, we executed one of our first water projects, which was a circulating water system ("CWS") in Raichur, Karnataka. This was an Item Rate contract. We then undertook our next project, which was for laying of large diameter mild steel piping and steel tanks in 1994 -1995. These projects helped us build our capability in water. We undertook our first Stand Alone Water Supply Scheme ("SWSS") Project on Engineering Procurement and Commission ("EPC") basis for Kochi Refineries Ltd., in the year 1998-1999.

The year 1999 witnessed us implementing a number of projects in the water sector as well as our first cross-country Oil and Gas Pipeline project.

Our entry into highways began in 2000 through our first project in Andhra Pradesh. Successful execution of this project led us to pitch for more contracts and consequently we were awarded the Golden Quadrilateral – AP-2 Package for widening of 4/6 lanes and upgrading of the existing 2- lane Road in Andhra Pradesh from National Highways Authority of India ("NHAI") .

This project was awarded to our joint venture with Shapoorji Pallonji & Company Limited namely SPCL-IVRCL Joint Venture.

EPC water projects involved power related works such as pump houses, sub stations, switch yards and transmission lines. This led to us developing in house power related capabilities. In December 2000 we executed a 400 KV Transmission line System project contract on EPC basis with a joint venture partner.

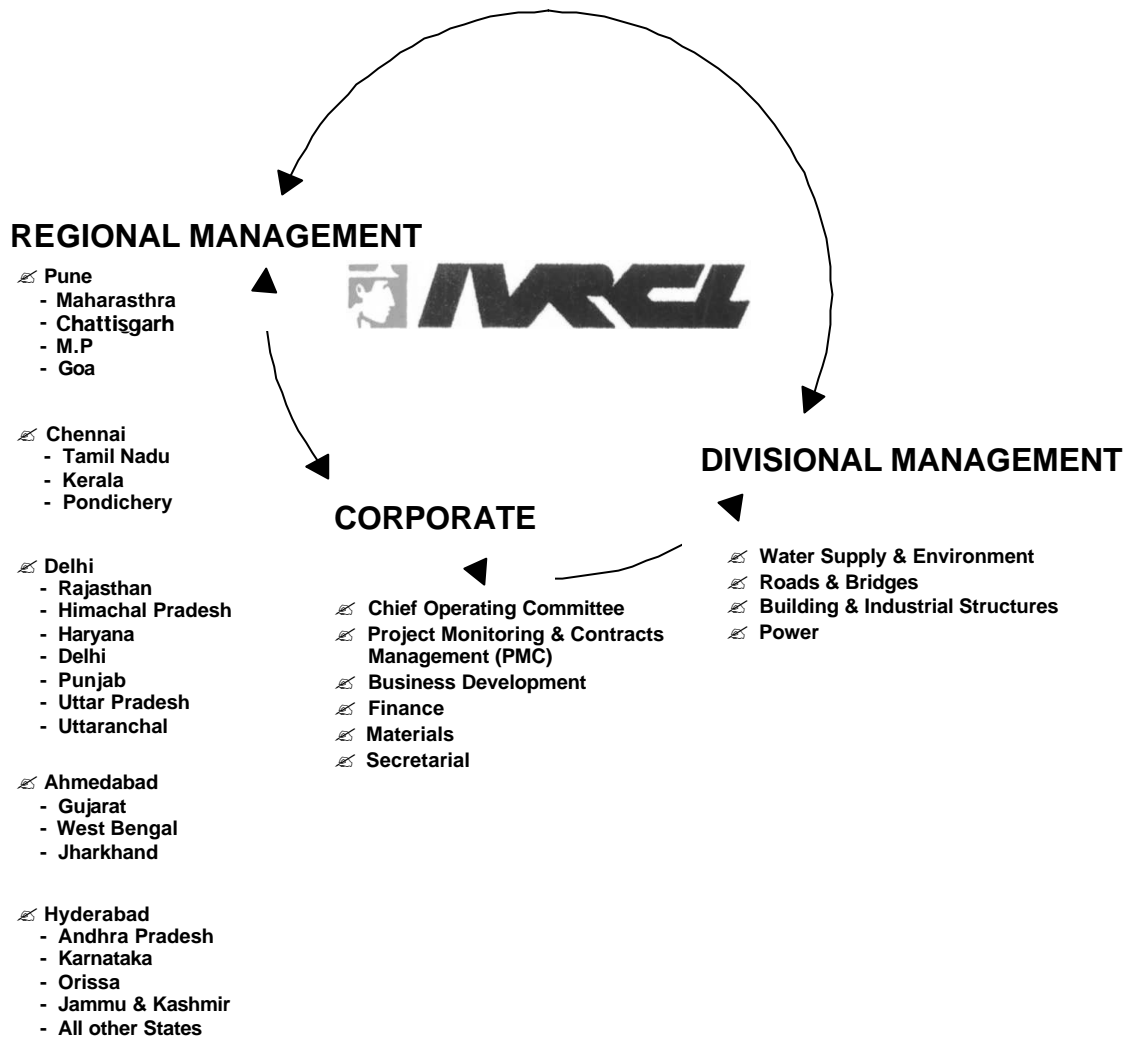
We then decided to leverage our capabilities both project and people related to focus on the four sectors of Water Supply and Environmental, Roads and Bridges, Buildings and Industrial Structures and Power in 2002 with the support of our Zonal offices. These were headed by some of the key people who have contributed to the success of the respective sectors.

We have since then undertaken projects on EPC and Lump Sum Turn Key ("LSTK") basis with front-end engineering capabilities in water and environment sector. Today we have acquired domain knowledge and pre-qualification in water and environment sector, roads and bridges, buildings and industrial structures and power and transmission sectors and are one of the leading players in EPC contract implementation.

### Introduction

The focus of the Central and State governments on infrastructure coupled with intense competition led us to introspect our operations and we restructured our four business sectors to form four divisions in 2002 from the then existing set of zonal offices handling all sectors. These divisions are headed by divisional heads and supported by our three common services divisions namely, Mechanical Division, Project Monitoring and Control Division and Design Division. We further restructured our operations by introducing regional heads in 2004. The regional heads interact with respective division heads for business development and are responsible for all works relating to the divisions in the regions under their control as depicted by the

diagram below:



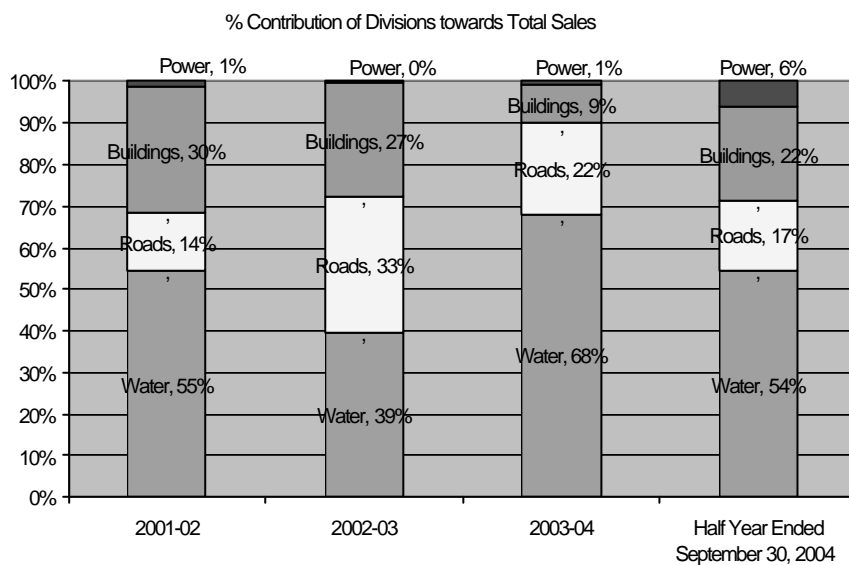


Currently, we operate our business through the following four divisions.

1. Water Supply and Environmental ("Water")
2. Roads and Bridges ("Roads")
3. Buildings and Industrial Structures and ("Buildings")
4. Power

The contribution to turnover from each of our four divisions is as follows;

Divisions	2001-02		2002-03		2003-04		Half Year Ended September 30, 2004	
	Gross Work Bills Recieved	EBDIT (%)	Gross Work Bills Recieved	EBDIT (%)	Gross Work Bills Recieved	EBDIT (%)	Gross Work Bills Recieved	EBDIT (%)
Water	2,135.46	9.96	1,723.65	10.87	5,258.58	7.49	2,298.32	8.69
Roads	539.64	11.67	1,434.57	9.56	1,674.83	7.6	724.27	7.05
Buildings	1,182.90	7.79	1,192.08	8.39	730.30	13.69	930.99	5.94
Power	52.93	-2.43	17.45	8.08	52.05	7.16	262.93	3.94
<b>Total</b>	<b>3,910.93</b>	<b>9.42</b>	<b>4,367.75</b>	<b>10.25</b>	<b>7,715.76</b>	<b>8.51</b>	<b>4,216.51</b>	<b>7.50</b>



Our contribution to total sales from water related projects is the highest across all four divisions consistently since the past three years and for the current half year too.



The order book has grown over the last three years and the summary for the same period and as on January 31, 2005 is as follows;

All figures, except number of works, are in million.

Division	March 31, 2002		March 31, 2003		March 31, 2004		January 31, 2005	
	No.	B.V.	No.	B.V.	No.	B.V.	No.	B.V.
Water & Environment	35	6228.8	32	10177.0	48	9982.0	66	16,244.27
Roads & Bridges	7	3681.0	10	2698.0	13	4394.0	25	2,769.56
Buildings & Industrial Structures	18	1086.9	26	1763.0	26	1618.0	50	5,834.39
Power	0	0	1	10.0	12	402.0	7	606.01
<b>Total</b>	<b>60</b>	<b>10996.7</b>	<b>69</b>	<b>14648.0</b>	<b>99</b>	<b>16396.0</b>	<b>148</b>	<b>25,454.23</b>

No.: Number of works

B.V.: Balance Value

The projects currently under execution are funded by the following agencies as mentioned below:

Rs. in million					
Sr. No.	Funding Arrangement	No. of Orders	%age to total	Balance Value	%age share
1	World Bank/ADB/JBIC etc	26	17.57%	1,609.63	6.32%
2	HUDCO/NABARD/LIC etc	30	20.27%	6,240.98	24.52%
3	Navaratna Cos./PSU's/Top Indian Cos.	35	23.65%	4,393.83	17.26%
4	Financially closed with Banks/FIs	19	12.84%	3,539.98	13.91%
5	Budgetary Allocation/State Govt/ Municipalities etc.	38	25.68%	9,669.81	37.99%
	<b>TOTAL</b>	<b>148</b>	<b>100.00%</b>	<b>25,454.23</b>	<b>100.00%</b>

Our projects are largely concentrated in the West and Southern Regions. We have a broad presence across 17 states in the country today with the North making up for 8.05%, the East, 0.49%, the West 52.06% and the South 39.40%.



As on January 31, 2005, the Geographical Break up of the balance value of works is as follows:

Sl. No.	Region/State of Presence	% share
	<b>Southern Region</b>	
1	Andhra Pradesh	28.54%
2	Karnataka	7.36%
3	Kerala	0.30%
4	Tamil Nadu	3.20%
	<b>Sub Total (a)</b>	<b>39.40%</b>
	<b>Western Region</b>	
5	Chhatisgarh	5.02%
6	Goa	0.00%
7	Gujarat	23.29%
8	Maharashtra	21.23%
9	Rajasthan	0.98%
10	Madhya Pradesh	1.54%
	<b>Sub Total (b)</b>	<b>52.06%</b>
	<b>Northern Region</b>	
11	Haryana	1.00%
12	Jammu & Kashmir	3.60%
13	Uttar Pradesh	0.34%
14	Uttaranchal	2.19%
15	Punjab	0.92%
	<b>Sub total ©</b>	<b>8.05%</b>
	<b>Eastern Region</b>	
16	Sikkim	0.03%
17	Jharkhand	0.46%
	<b>Sub Total (d)</b>	<b>0.49%</b>
	<b>Total</b>	<b>100.00%</b>

Contracts we undertake may either be as a main contractor or subcontractor. Further we may outsource our work to our subcontractor. This may be done in two ways. Either a part/portion of the work may be sub contracted or the entire contract, in which case it is a back-to-back subcontract. When only part of the work is subcontracted it may broadly be in the nature of civil / technical works. When the main contractor sub contracts the work on a back-to-back basis, sub contractor is fully responsible for execution of the project. Our company normally sub contracts works which are smaller in value. Of the current order book as on January 31, 2005 nearly 13.16% of the contracts received by the company have been given on sub contract basis and approximately 3% of the balance works are the areas where we are a sub contractor.

Further contracts we undertake can be classified into Item Rate Contracts, LSTK/EPC, Front End Engineering and Designing ("FEED"), Annuity and Operations and Maintenance ("O&M"). The nomenclatures have been explained below:

1. Item rate contract:

It is also known as Unit-price contract or schedule contract. For item rate contracts, contractors are required to quote rates for individual items of work on the basis of schedule of quantities (Bill of Quantities – BOQ) furnished by the department. This schedule indicates full nomenclature of the items as per client's estimate. The design and drawings will be provided by the client.

2. LSTK / EPC:

In this form of contract contractors are required to quote a fixed sum for execution of a work complete in all respects, i.e., design engineering, execution as per the drawing, design and specifications submitted by the contractor and approved by the client. The department will provide the tentative quantities involved and any increase or decrease of the quantities will have to be absorbed by the contractor.

3. BOT / BOOT:

It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and power. The premise a BOT/BOOT is based on is:

Build - The contractor (or consortium) agrees with a government to invest in a public infrastructure project (such as a road or power station). The company then secures their own financing to construct the project.

Own - The contractor (or consortium) is the owner of the asset during the agreed concessionary period.

Operate - The contractor then owns, maintains and manages the facility for an agreed concessionary period (eg. 20 years) and recoups the investment through charges or tolls (eg. road tolls or electricity sales).

Transfer - After the concessionary period the contractor transfers ownership and operation of the facility to the government or relevant state authority.

However, in BOT the contract between the BOT concessionaire (it means the contractor who has been given the responsibility to operate and maintain the facility for the agreed period) and the utility is at times on a take or a pay basis. This effectively means that even if the user does not utilize the facility during the period of operation and maintenance, a fixed amount of revenue is collected by the concessionaire from the utility/client.

4. Annuity:

In annuity type of contracts the facility is being constructed and maintained by the contractor out of his finances, however, the contractor is not the owner of the facility. The client is the owner of the facility and he pays the contractor the agreed upon charges through out the concession period.

5. O & M:

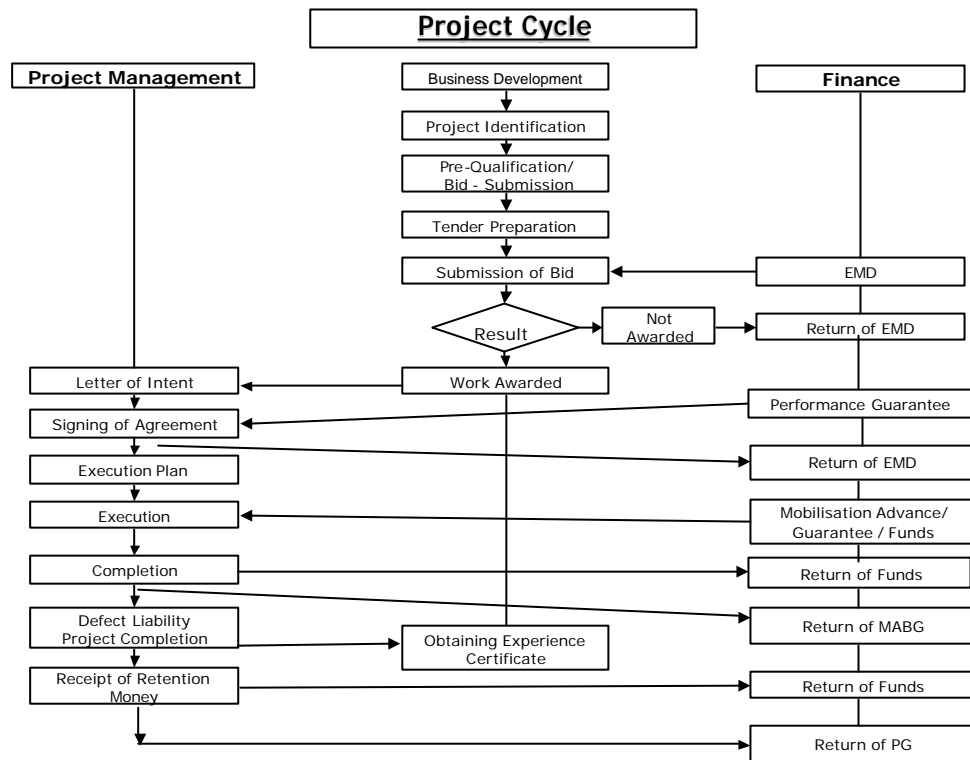
Typically an O&M contract is issued for operating and maintaining capital facilities. This could be in any of the sectors such as water, highways, buildings and power. The contract specifies routine maintenance activities to be undertaken at a predetermined frequency as well as break down maintenance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

6. FEED

Normally this work is carried out either as a part of consultancy where in the consultant company provides FEED data to the project owner to enable them to take a decision on floating the tender for construction. In addition to this FEED is also a pre requisite for a contractor to enable him to bid for EPC projects. A FEED project by itself can generate revenue as consultancy work or is a part of expense in the bidding procedure of an EPC contract.

## Project Cycle

A typical project cycle can be accounted for in two distinct phases. The first phase relates to identification of the opportunity and leading to receipt of a contract through a series of activities. Once the contract is received, the second phase of project management and execution commences as depicted below. During both these phases, the finance activity interfaces at various stages with corresponding inputs of guarantees, cash flow and fund management.



The various stages involved in the two phases namely: Phase I (business opportunity leading upto the order) and Phase II (project management and execution) are further detailed below.

### Phase I:

- Awarding the contract
  - Expression of interest - called for by the project owner
  - Request for Qualification (RFQ) or Pre-qualification
  - Invitation to tender /request for proposal/ (RFP)
  - Obtain Document- purchase of tender document
  - Site Visit and Pre-Bid Queries
  - Post-qualification / Technical Documentation and Financial Bid
  - Submission of the tender along with Earnest Money Deposit ("EMD").
  - Award of the contract to the lowest bidder and issue of Letter of Intent
  - Signing of the contract along with submission of performance securities and refund of EMD

#### Phase II:

- Execution of the project
  - Prepare the Project Cost and Analysis for execution, detailed execution plan, detailed resource plan and expenditure plan
  - Kick-off meetings
  - Mobilization of resources
  - Purchase of materials required in the project
  - Execution of the project as per execution plan
  - Raising monthly (as per tender condition) Running Account Bills
- Project closure
  - Implement all project completion activities to the satisfaction of the client.
  - Receipt of final bill
  - Taking substantial completion certificate
  - Taking handing over certificate
  - Implementing Defect Liability/ O&M period, if there is any
  - Receive the final retention money after Defect Liability Period
- Defect Liability Period
  - Normally all projects stipulate a defect liability period of 12 months from the date of handing over. Contractor is responsible to make good any defects that may arise as a consequence of inadequate quality of supplies and workmanship during this period. The retention money / bank guarantee of equivalent amount which is held by the client (approximately 5-10%) is returned to the contractor on successful completion of the defect liability period.

#### Business Model

For our business, there are two necessary requirements, which determine our ability to undertake and execute projects. These are pre-qualification parameters and bidding strategy. These are explained as follows:

##### a) Pre qualification parameters

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

At the next level the project owner invites pre-qualifications from prospective bidders to assess and identify contractors who are capable of bidding for the project and subsequently implementing the same, if awarded. The detailed project report data is utilized to define the pre-qualification criteria by the project owner.

For projects across the various infrastructure sectors, the project owner /client normally specify the qualifying criteria, which include:

- Technical Capability: The company should have the experience of having implemented projects of similar nature, necessary manpower with a relevant profile to suit the project and the experience to execute it. Depending on the project, relevant machinery as specified by the client should be available with the company. This may be owned or outsourced / hired from a third party.
- Financial Strength: This includes the minimum annual turnover, net worth requirement as well as working capital requirements.



In the event the project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold pre-qualifying criteria, such a method of invitation is known as joint venture participation. Joint Venture participation allows the individual partners of the proposed project to pool in their own resources for pre-qualification as well as submission of the techno-commercial bid. Joint Venture may happen at the time of RFQ (request for qualification) or at tender stage in case of Two bid process. Normally a joint venture memorandum of understanding is signed by the partners, which is in line with the guidelines provided by the client. This Joint Venture agreement could be either project specific or generic.

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

As on January 31, 2005, out of this the company has identified certain potentially developing sectors which call for sector specific specialization.

As our Company does not possess the same skills presently it's has tied up with JV partners/companies which offer such specialization. A list of the general MOUs alongwth the sector specific specialization is indicated below.

JV Name	JV Type	Specialization of the JV partner
(A) Sagar Thermit Corporation Ltd. (STCL), (B) Usha Constructions Co. (UCL)	MOU	Thermit welding process adopted in railway tracks.
Dragomar International AG	MOU	Experienced of having executed EPC projects in marine works and port development.
Stratech Systems Limited	MOU	State of art technology for toll collection systems hardware and software
Jyoti Limited	MOU	High capacity pumps for irrigation systems.
General Electric and Trading Co. LLC (Genetco)	MOU	Execute infrastructure projects in Oman.

Currently we have 45 JVs/MOUs to facilitate our company to prequalify for projects. Out of the above, 5 JVs have running/ executed contracts and account for 28% of the balance value of works on hand as on January 31, 2005.

In addition, there is a third category of association wherein, we have incorporated specific company keeping in view the prospective business and the specialization of our associate. For further details please refer to section "Our Promoters, Subsidiaries, Associate Companies and Joint Ventures" on page 99 of the Red Herring Prospectus.

#### **b) Bidding strategy:**

Our bidding strategy is based on the market opportunities, the competitive environment and new focus areas. Further, for each project we consider the project risks involved, impact of location, local environment, and the availability of existing resources such as manpower, equipments and finance. Our major cost inputs are labour, materials and plant and machinery. Once this is assessed the other costs such as site overheads, corporate overheads, profit margin, interest and taxes are added to arrive at the final cost for bidding.

Based on the result of the tenders normally the lowest bidder is awarded the contract.

## Detailed Business Division

### A. Water Supply and Environment

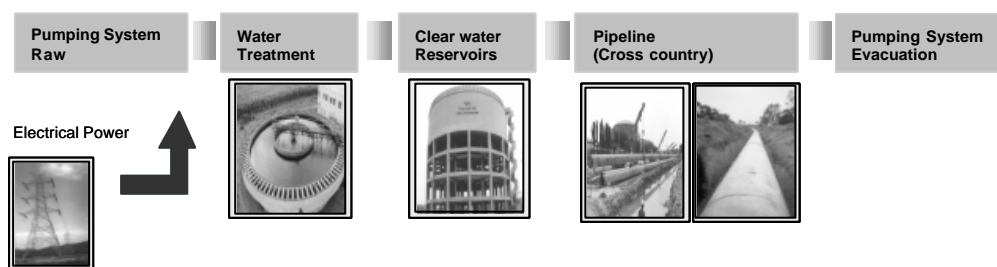
#### Introduction

We began our operations in water projects by executing the supply, laying and jointing of Mild Steel ("MS") Pipelines for a circulating water system in Raichur, Karnataka in the year 1991. In 1994, we executed another project for a circulating water system for the Chandrapur Super Thermal Power Station. We also fabricated the pipes for the project, thereby developing our in-house manufacturing capabilities. Both these were item rate contracts.

In 1998 we executed an SWSS Project for supply of industrial water for Kochi Refineries Limited. In 2000, we executed an EPC contract, the Purandar Lift Irrigation Scheme for Maharashtra Krishna Valley Development Corporation which was of the value of Rs. 2209.1 million. During the same year we also took up execution of a turnkey project, an underground drainage scheme and sewage treatment plant for Alandur Municipality, Chennai.

Our next project was in 2001, the Sardar Sarovar Canal based drinking water supply project, an EPC contract for supply of drinking water. In fact two fast track projects were taken up simultaneously for laying water transmission main from Borda in Bhavanagar upto Rajula bypass in Amreli District, on a LSTK basis. Both these projects were completed simultaneously in the stipulated time period of nine months under the leadership of the current Water Division Head Mr. K. H. K. Prasad.

Today we have attained necessary expertise and pre-qualifications to enable us to implement contracts of various types which include amongst others, item rate contracts, EPC and LSTK contracts relating to water transmission & distribution systems which encompass raw-water in-take systems, pumping system, raw-water transmission system, water treatment plant, water distribution system, water reservoirs and water storage systems. The components of a typical comprehensive water supply scheme is schematically represented as below:



In addition to this, we have also acquired the necessary skills for implementing environmental projects such as sewage systems, underground drainage systems, and solid waste recycling plants. The division has also executed two projects in the Oil and Gas sector, thereby facilitating the prospect to bid for cross-country pipelines associated with Oil and Gas sector. The division has a team of skilled specialists to take up integrated engineering and design works relating to the complete chain of activities in implementing any water project.

Our main business areas and sub-areas within this division are:

- o Water Supply Projects
- o Transmission Mains
- o Distribution Systems
- o Pumping & Re-circulating Systems
- o Storage Systems
- o O&M for water systems

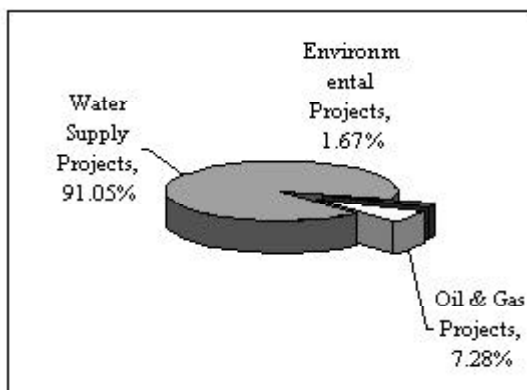
## Environmental Projects

- o Sewage Systems
- o Water Treatment Plants
- o Sewage Treatment Plants
- o Solid Waste Recycling Plants
- Oil & Gas Projects
- o Oil and gas pipelines

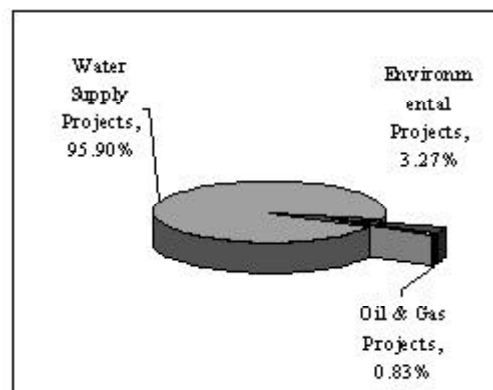
## Equipments

The main equipments required in the water division are submerged arc welding machines with 10 tonne capacity, rotators for sizes upto pipe 3000mm diameters, welding rectifiers, welding transformers, welding diesel generator sets, MS plate bending machine for rolling of pipes, gas cutting sets with all accessories and pug cutting machines. In addition, a large fleet of excavators, dumpers and dozers are required during the process of laying of pipelines. While the equipment requirement for a comprehensive water project is capital intensive in nature, however, basic earth work, land development, etc., are normally sub-vended to the local sub-contractors who provide for the excavation machinery and allied transport vehicles. All our equipment requirements currently are sourced domestically. However depending on the nature of projects there may be a requirement to import the same. These machines are either purchased for long duration projects typically 24 months and above or taken on a hire purchase basis where the duration of projects are short typically 9 months and below.

**Turnover 02-03 (%)**



**Turnover 03-04 (%)**



The water division's scope of work encompasses other activities such as electro mechanical works, instrumentation and controls, erecting transmission lines, substations and civil construction activities. This helped us build our capabilities in the power sector, details of which are mentioned in the section 'Power' on page 70 of the Red Herring Prospectus.

## Projects

Our top 10 projects based on the balance value of works on hand as on January 31, 2005 representing 65.78% value are as under – (Rs. in million)

Sl.No.	Name of the Project/ Client Name	Location	Contract value	Balance value of work to be completed
1	Designing, Planning, and Construction of Intake Well, Approach Channel, Jack Well, Pump house and Dam @ Junone- Bodhwad Parisar Yojana	Maharashtra	1,860.00	1,812.07
2	Polavaram Project Right Main Canal.- Work for conducting detailed investigation, including sub sil exploration, preparation of HP's Designs, Excavation of canal including lining of canal- construction of Cross Masonry & Cross Drainage Works of Polavaram Project Right Main Canal- Polavaram- Package 5 Rajhamundry	Andhra Pradesh	1,479.60	1,479.60
3	Telu Ganga Project Works- Investigation, Design, Preparation of Hydraulic Particulars, Estimates and Execution of Works of Sri Potuluri Veera Brahmendra Reservoir Left Canal beyond Porumamilla Tank.- Teluganaga Project 3 Cudappah	Andhra Pradesh	1,111.50	1,111.50
4	Pumped water supply scheme from Kukma to Nakhatrana to Mandvi Canal -22	Gujarat	1,123.75	1,092.48
5	Telu Ganga Project Works- Construction of Sri Potuluri Veera Brahmendra Reservoir Left Canal upto Porumamilla Tank and its Distribution System- Teluganga Project 2 Cudappah	Andhra Pradesh	1,052.10	1,052.10
6	Tender for supply and laying Mild Steel Pipeline from Jalundra to Sujalam-Sufalam Spreadig Canal (Nr. Labour)- Sujalam Sufalam Spreading Canal	Gujarat	1,006.46	1,006.46
7	Earth work, excavation forming embankment and construction of Cross Masonry & Cross Drainage Works including investigation, designing amd estimation of Flood Flow Main Canal, Package 3 (Sri Ram Sagar Project)	Andhra Pradesh	975.15	975.15
8	Design Build & Operate Contract for Distribution Net work for Package Sujalam SufalamWater supply scheme- 1 under Sujalam - Sufalam Drinking water supply Scheme District -Sabarkantaha.	Gujarat	964.22	919.63
9	Purandar Lift Irrigation Scheme Tal. Haveli, Dist Pune – Construction of Project on Turnkey Basis which includes construction of Lift Irrigation Scheme & Appurtenent works, constructing Pump house at six stages-Maharashtra Krishna Valley Development Corporation-Purandar	Maharashtra	2,209.20	654.79
10	Designing, Planning, and Construction of Intake Well, Approach Channel, Jack Well, Pump house and Designing, manufacturing and Installation of Machinery, necessary Electrical Accessories, Electrical Sub-Stations Etc-Varangoan	Maharashtra	933.30	581.70



## B. Roads and Bridges

### Introduction

Our entry into the road sector began in a small way with the implementation of a maintenance contract for the roads and bridges department at Hyderabad in 1999. Subsequently our significant move was the implementation of a 2-Lane Andhra Pradesh Sate Highway Project for Andhra Pradesh State Highways, in August 2000. This contract was extremely significant as it led us to invest in state-of-art equipments related to construction of highways of international standards as well as building up of a team of highway specific specialists. This was followed up with obtaining the first major contract of 4-Laning from the National Highways Authority of India, valued at Rs.2297.59 million, through a joint venture SPCL-IVRCL, for the construction of 74 Kms of National Highways between Srikakulam and Palasa, in 2001.

The Roads and Bridges Division is currently headed by Mr. Raj Kumar Singh.

The division has expanded its operations to include additional activities such as construction of toll plazas, bridges, tunnels and O&M.

In 2004 we bagged the order for construction of B.G Single Line Seven tunnels and approach roads from Konkan Railway Corporation Ltd. This project was awarded to our joint venture UAN Raju-IVRCL Construction The order is valued at Rs.1568.1 million.

Our main business areas in this division are;

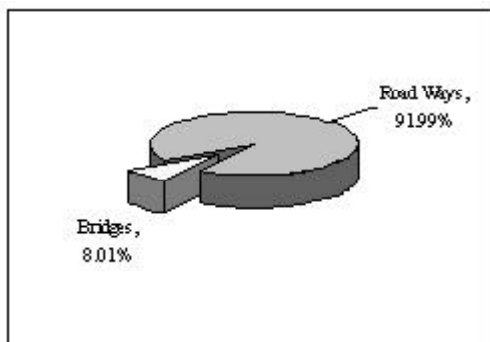
- Roads
  - o National highways / expressways
  - o State highways
  - o Internal roads and rural roads.
  - o Airport / runway
  - o Operation and maintenance
- Bridges
  - o Major/minor with well/pile/open foundation, Pre Stressed Concrete
  - o Girders, Rail over bridges and road under bridges
- Railways/ Tunnels.

### Equipments

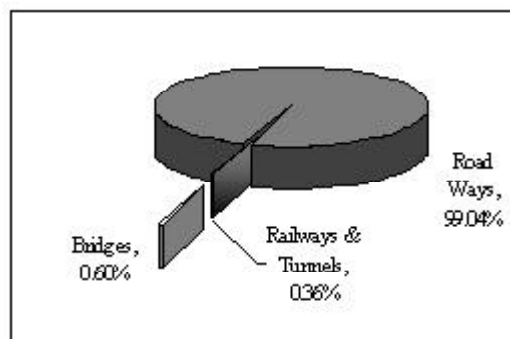
Road projects are capital intensive in nature. A majority of the equipments required are purchased either from the domestic market or imported. However the equipments relating to excavation such as excavators and transport equipments such as dumpers are a mix of owned and hired. In addition the key equipments required by us for any road project would be stone crushers, granular sub base screening plant, hot mix plant - batch type and drum type, wet mix plant, electronic sensor paver, mechanical paver, kerb laying machine, concrete batching and mixing plant, weigh batchers, vibro compactor, tandem vibratory roller, front end wheel loader, bitumen spreaders, rock breakers, sand piling machinery, dozers, and automatic road marking machine and tunneling boomer.

Contribution of the business areas in the last two years is as follows:

Turnover 02-03 (%)



Turnover 03-04 (%)



### Projects/Order Book Position

Our top 5 projects based on the balance value of works on hand as on January 31, 2005 representing 93% of the value are as under-

(Rs. in million)

Sl.No.	Name of the Project/ Client Name	Location	Contract value	Balance value of work to be completed
1	Construction of Internal Roads, for Amby Valley Sahara Lake City, Stage 1A, 1B, 1C & Spine Roads- Sahara India Corporation /Sahara India Commercial Corporation Limited, Mumbai	Maharashtra	1,277.10	1056.11
2	Construction of B.G. Single Line Tunnels 1) T-6 (Kuri Tunnel) From km.51.8 to 53.682) T-7 (Shale Tunnel) From km.54.15 to 55.033) T-8 (Simbalnari Tunnel) From km.55.3 to 55.714) T-9 (Chaukha Tunnel) From km.56.36 to 56.785) T-10 (Dhansal Tunnel) From km.57.14to 57.896) T-11 (Dharot Tunnel) From km.58.13 to 58.377) T-12 (Duga Tunnel) From km.58.65 to 60.71On the Karta – Laole Section of the Udhampur – Srinagar – Baramullai Rail link Project- Konkan Railways Corporation Ltd J&K	Jammu & kashmir	784.05	767.22
3	Four laning and strengthening of existing road, Providing and maintenance of existing road- Rajahmundry Road Project	Andhra Pradesh	1,674.23	343.19
4	Rehabilitation of Road from Ron to Kushtagi (via Gajendragarh), Gadag and Koppal Dist. Package No. M-34.	Karnataka	253.82	253.82
5	Construction of Approach Road from village Silkund. (Take off point near Km. 26 of Ramban – Sangaldan- Gool State Highway) to proposed Loale Railway Station for Execution of the Railway Project- Approach Road from Village Silkund Jammu	Jammu & kashmir	168.60	148.60



## C. Buildings and Industrial Structures

### Introduction

Buildings and Industrial Structures formed the foundation of our origin in 1987. We executed a number of projects from inception relating to hospital buildings, residential buildings, commercial buildings, independent housing, low cost housing and industrial structures. The division is currently being headed by Mr. A. Krishna Reddy.

As civil construction works also formed part of our diversification into other sectors it led this division to build steadily on its equipment inventory to cater to our growing operations.

Consistently building up of equipment ownership, technical, manpower and engineering skills, has helped the division implement high value contracts such as construction of housing colony at Hyderabad in 2002 on a build-own-sell basis which involved a built up area of over 20 lacs square feet which comprises of 664 High Rise Apartments and 123 independent villas. The apartments are equipped with facilities such as a club house, parks, floating gardens, hydraulic lifts and waste water reclamation system. We further received an EPC contract for construction of housing colony for Nuclear Power Corporation in Karnataka in 2004 for a built up area of 5.4 lacs square feet which is currently under execution. A recent order received by our Company relates to design and build contract on LSTK basis for execution of group housing project for AP Cine workers Co-operative Housing Society Ltd. at Khajaguda, Hyderabad for construction involving built up area 29 lacs square feet.

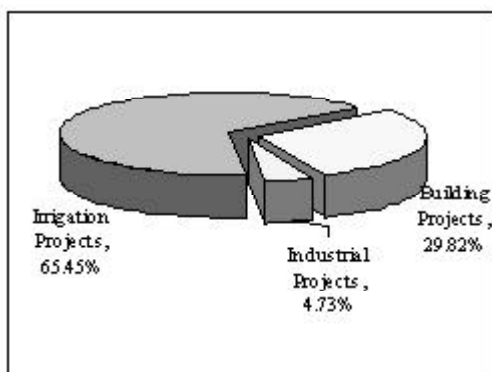
Today, we have relevant experience in construction of super structures, integrated townships, high rise buildings, hospitals, commercial complexes, factories, airports, irrigation canals and storage tanks.

Our main business areas in this division are;

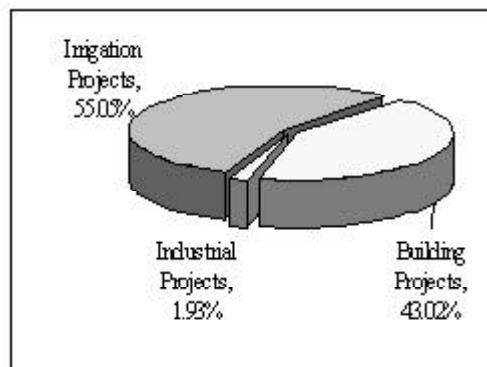
- Buildings
  - Residential/Commercial
- Industrial Structures
- Irrigation Works
  - Canal Works
- Others
  - Storm Water drains
  - Underground drains
  - Layout formation
  - Overburden removal

Contribution of the business areas in the last two years is as follows:

Turnover 02-03 (%)



Turnover 03-04 (%)



## Projects

Our top 5 projects based on the balance value of works on hand as on January 31, 2005 representing 63% of the value are as under - (Rs. in million)

Sl.No.	Name of the Project/ Client Name	Location	Contract value	Balance value of work to be completed
1	Turnkey execution of group housing projects with design, engineering and execution of internal and external water supply, sewerage system and other facilities- Chitrapuri Colony AP Cine Works Cooperative Housing Society	Andhra Pradesh	1,826.20	1,761.60
2	Construction of LIG, MIG and HIG type residential units alongwith commissioning of all works for the proposed Suryanagar Housing Scheme at Suryanagar Iglur Banahalli Bangalore- Engineering Projects India Ltd. (EPIL)	Karnataka	653.76	597.66
3	Execution of civil works for 3*7.5 MW Bhilhanga Hydro Electric Power Project at Uttaranchal- Swasti Power Engineering Limited	Uttaranchal	593.00	558.60
4	Construction of Head Offiec, Building Sector 15A Navi Mumbai	Maharashtra	389.94	389.94
5	Contruction of quarters, transit accomodation, rest House, Officer's Club House alongwith allied infrastrcuture for new zonal headquarters for South East Central Railway, Bilaspur, Chattisgarh	Chattisgarh	381.21	381.21

## D. Power

### Introduction

- We began operations in 1996 as an Electrical department supporting the two divisions namely: Water Supply and Environmental and Building and Industrial Structures. With reference to water supply projects the Electrical department took up the responsibility of engineering and designing work relating to transformers, control and relay panel in the pump house, designing of pumps and Supervisory Control and Data Acquisition ("SCADA") system for control of water pumping and transmission network. In 1996 we executed a project for installation of 2 x 500 mega watts high voltage direct current converter station at Maharashtra. In Buildings and Industrial Structures division the Electrical department was responsible for finalizing complete wiring systems, installation of incoming transformers and power distribution to the various utilities within the building complex. In June 2002, the Electrical department was converted to Power Division. Our current areas of operation are executing transmission lines upto 400KV, sub-stations upto 220KV, and other HVDS ("High Voltage Distribution Systems") works. This division is headed by Mr. J.L. Vidya Sagar.

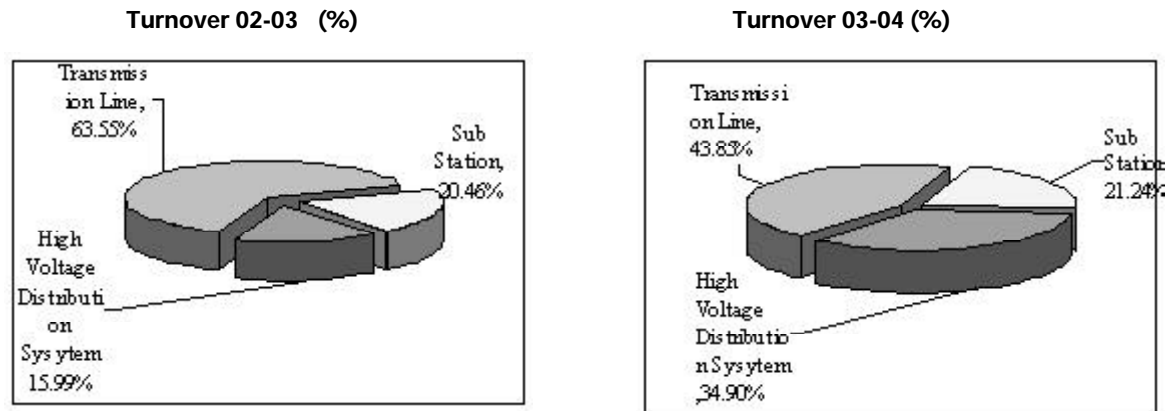
### Our main business areas in this division are;

- Transmission Line Projects
- High Voltage Distribution Systems
- Sub Stations

## Equipments

Our equipment requirement is relatively less capital intensive in nature. The main equipments are Stringing Machine, Relay Testing Kit, Oil filtration Machine, Insulation Tester, Earth Resistance tester, Megger, Tong Tester and Multimeter. While stringing machine is currently hired by us for project execution the others are owned by us.

Contribution of the business areas in the last two years is as follows:



## Projects

Our top 3 projects based on the balance value of works on hand as on January 31, 2005 and representing 96% of the value are as under -

(Rs. in million)				
Sl.No.	Name of the Project/ Client Name	Location	Contract value	Balance value of work to be completed
1	Supply and Erection of Civil Works, testing and Commissioning for turnkey construction of 220 Kv sub station Bahadurgarh and 132 Kv sub station MIE-Bahadurgarh against tender Enquiry No. REC-025	Haryana	271.25	271.25
2	Contract of Design, Manufacture instructions, Testing and Supply of Materials, Transport, Receipt, Erection, Testing and Commissioning of "Extra & installation of additional Distribution Transformer sub Package -"F" in O&M Circle Gwalior on turn-key basis to Scheme.	Madhya Pradesh	222.07	222.07
3	400KV DC Vishuprayag-Muzaffarnagar Transmission line package -c (80 KM) associated with Vishnuprayag hydro electric projects- Civil works & stringing works - 400 Kv DC T/L Kotadwena to srinagar	Uttar Pradesh	131.80	85.70

## **Cost Structure**

The cost structure is directly related to the scope of work and cannot be generalized.

### **Raw materials/Consumables/Bought outs**

For the Water and Power Divisions, the major / critical raw materials required are steel and cement. For the Roads Division, the major raw materials are aggregate, cement, steel, diesel, and bitumen. For the Buildings Division, the main raw materials required are cement, reinforcement steel, shuttering material, scaffoldings, 12mm, 20mm, 40mm metal, river sand, and block masonry electrical items.

We follow a centralized purchase system for cement, steel, diesel, and bitumen through our purchase department. In case of cement, our requirements are seasonal and we have entered into long term contracts. The supplies however are made on a just-in-time basis. In case of steel, diesel and bitumen our requirements are project specific and we enter into memorandum of understanding with major steel suppliers to ensure both the availability and timely delivery to meet our project schedule needs. However for aggregates we put up capital facility to manufacture the same since this is a critical raw material and quantities being large it provides economies of scale. Metal, river sand, and block masonry are project specific and sourced at a location nearest to the project site. Most of our raw materials/consumables are easily available and hence we face no monopoly from suppliers. Our contract terms may mention escalation clauses which take care of price variations for our raw material requirements.

The basis for our raw material requirements are determined by the total orders received for projects. The yearly execution plan of the outstanding orders at the beginning of the financial year determines our annual requirement of raw material. This requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply. We issue orders on a rolling plan which can be adjusted for changes in actual requirement on a quarter to quarter basis.

For some of our projects, we may require to purchase specific equipments and components, which are key inputs for project implementation. These are called bought outs, such as valves, motors, pumps and electrical components etc., for the Water Division, metal beam crash barrier, gabions, road marking sign boards and gantry mounted sign boards etc., for the Roads Division, aluminium/ wood for door/window and flooring, for the Buildings Division and Power Transformer, Auxilliary Transformer, Current Transformers, Capacitive Voltage Transformers, SF<sub>6</sub> Circuit Breaker, Variable Circuit Breaker ("VCB") indoor switchboard, Outdoor Lightning Arrestor, ISOLATORS, Control & Relay ("C&R") Panel, 415 Volt Low Tension ("LT") Switchgear Cables, Low Tension Cables, High Tension ("HT") Nickel – Cadmium ("Ni-Cd") battery bank, Battery charger panels, DC Distribution Board ("DCDB"), Air Conditioning system, Fire Fighting System and Lighting System, for the Power Division, which may be sourced from domestic/ international market. Majority of the bought outs are technology specific. We normally enter into pre tender tie-ups for the same with suppliers. As the project defines the list of bought outs which may vary from project to project, the above mentioned items do not form a comprehensive list of bought outs.

### **Key Processes and technology**

There are no key processes, technology and collaboration agreements with any parties for technology. Our clients normally specify proven conventional technologies and methods for their projects, therefore, it does not entail the need for any collaboration agreements for technology to be used. The client specifies the same in the tender conditions. For us to pre qualify we should have in the past implemented contracts using the similar technology. We don't require to own this technology however we can access the same, as they are available domestically. In case certain specialized projects call for similar technology with higher capacities we may identify international sources and establish necessary tie-ups. (E.g. Very high capacity pumps used for lift irrigation scheme are normally bought from international suppliers)

However, one can not rule out the possibility of going for collaboration to enable access new technologies in the future.

Based on the project requirements the company is required to tie up from time to time with JV partners who possess experience in implementing projects with alternate technologies specified in the tender document. (E.g. use of reverse osmosis technology in water treatment or desalination plants).



## Synergy between divisions

Our entry into the EPC water projects necessitated development of a number of specializations such as civil, structural, electrical, instrumentation etc. As we were already executing civil construction works in addition to the water supply schemes, the need for developing expertise of related infrastructure such as internal roads and drainage as well as power requirements such as transmissions and distributions led us to diversify into the two additional sectors of Roads & Bridges and Power.

The basic equipment inventory such as excavators, dumpers, tippers, survey equipment etc. are common across the sectors and personnel such as supervisory, civil engineering and other technical support staff can also be moved from one sector to other with relative ease. Thus it can be observed that a great deal of synergy exist between the divisions. There is also a set of specialized skills, which is sector specific.

Apart from the above four divisions we have three other common services divisions as under. We use the resources and capabilities of these divisions to support our four main operating divisions. These three divisions are;

### 1. Mechanical Division:

The Mechanical Division is responsible for all the equipments owned/hired by us. We own equipment assets in the form of plant & machinery, earth moving equipments, heavy and light vehicles of aggregate cost of Rs.873.01 million, as on September 30, 2004 which includes the following manufacturing facilities.

- Pre Stressed Concrete Pipe ("PSC pipes") manufacturing facility where our subsidiary IVRCL PSC Pipes Pvt Ltd manufactures PSC pipes for water projects with annual capacity of 50,000 running metres of PSC pipes on a single shift basis. This plant can manufacture pipes upto a diameter of 1100 millimetre.
- MS Pipes manufacturing facility where we manufacture longitudinally welded MS pipes used for water projects. This is a mobile plant and can be moved to the site of requirement and thus prove to be cost effective.

The mechanical division is headed by Mr. Nagi Reddy. He has under him a team of 22 engineers who manage the total activities relating to plant and equipments. The equipment requirements of all the divisions are met by deployments from this division. It also forms part of the committee that takes decision on purchase of equipments for various divisions.

We give below details of the main plant & machinery owned by us:

### List of Major Equipments owned by our Company

**Total Original Cost of Equipments as on September 30, 2004 is Rs. 873.01 million**

Total value of Plant & Machinery as on September 30, 2004 is Rs. 703.62 million			
Sl. No.	Particulars	Value (Rs. In million)	Division
<b>A</b>	<b><u>Major Plant &amp; Machinery</u></b>		
1	Crusher Plants	125.10	Specific to Roads & Bridges
2	Hot Mix Plant	58.69	Specific to Roads & Bridges
3	Batching Plant	13.59	Common for all
4	Transit Mixers	9.10	Common for all
5	Concrete Pump	7.38	Common for all
6	Concrete Mixers	9.45	Common for all
7	PSC Moulds	14.57	Specific to Water
8	D.G. Sets	26.59	Common for all
9	Survey Equipment	2.17	Common for all
10	Pump Sets	8.13	

<b>B</b>	<b><u>Major Earth Moving Machinery</u></b>		
1	Loaders	20.36	Common for all
2	Hitachi Excavators	61.38	Common for all
3	Cranes	26.80	Common for all
4	Vibratory Rollers	33.16	Specific to Roads & Bridges
5	Graders	16.80	Specific to Roads & Bridges
6	Pavers	18.74	Specific to Roads & Bridges
	<b>Total</b>	<b>452.00</b>	
II Heavy Vehicles/Light Vehicles			Total cost of Heavy Vehicles as on 30th September 2004 is Rs. 169.39 million

2. Design division: Since all the EPC/LSTK projects that we bid for involve engineering and design both at the bidding stage as well as after the receipt of award (detailed engineering and design), we have developed an in-house design center to enable us to deal with engineering and designing aspects of the projects. The facilities at the design center include hardware and software and a select library consisting, Manuals, Engineering tables & Text Books etc.,

The design division is headed by Mr. B. Venkata Reddy. It has a team of 30 persons who help designing for EPC contracts, plan the assignments, guide the teams at site, and ensure that the projects conform to specifications some of which include aerial, geological, geophysical hydrological and hydrographical surveys and design-architectural, engineering and industrial services.

3. Project Monitoring & Contracts Department ("PM&C Department"):

Mr. R. Venkataraghavan heads this department

The main activities of this department are as follows:

- Ensure that all our projects are closely monitored and reviewing status of ongoing projects.
- Involve in all matters related to Contract management issues such as adherence to commitment made by Clients and us etc and also help division heads in subcontracts management
- Carryout techno-commercial audits at various project sites, as frequently as possible, to assess the performance of every contract with reference to technology use alongwith the commercial viability and suggest suitable corrective/preventive measures immediately.
- To review Project Planning and Control System ("PPCS") reports received from various sites and report to top management about the performance of sites with reference to profitability on date of review/projected for total completion in comparison with provisions of Accepted Cost Estimate ("ACE"), highlighting areas of deviations, if any.

## **Marketing/Business Development**

Construction contracts for infrastructure works in India are substantially offered by the government sector that is Central government and the state governments. Funds for these are allocated through their budgetary support as well as through international and domestic financial institutions such as World Bank, Asian Development Bank, Japan Bank for International Cooperation, Housing and Urban Development Corporation, National Bank for Agriculture and Rural Development, (full forms) etc. In view of the nature of our market, the major sources of information of ensuing tenders for construction contracts are newspapers and government gazettes. In addition to this, construction contracts are also offered by the private sector which follow a similar practice with regard to taking decision on capital construction works i.e. issue of tender notice for pre-qualification followed by bids from pre-qualified contractors and finalization of contract with the lowest bidder.



We follow a multi pronged strategy for business development and marketing as briefly stated below;

- All pre-qualification applications for tenders are centrally prepared by the Business Development Cell at the Corporate Office.
- To ensure that we do not miss out on any opportunity, newspapers as well as organizations which provide dedicated information on opportunities and tenders from various states in our country are perused by the business development department. In addition to this all the regions, the zones and divisions also flash the pre-qualification tender notices to the Business Development Dept indicating their interest for pre-qualifying and subsequent bidding for the tender.
- Depending upon the pre qualifying criteria specified in the Request for Qualification ("RFQ"), decision for forming a JV with a suitable partner is taken by the Corporate Business Development Head, Mr. S. Ramachandran with the support of the divisional and regional heads.

In summary, Business Development and Marketing is largely undertaken by Corporate Business Development, Vice Chairman and Managing Directors Office, Divisional Heads and Regional Heads as stated above.

### Utilities

The utilities required by us are largely water, equipment and site specific infrastructure which are project specific in nature

### Corporate/Work locations

We have a total area of 26,502 square feet across our Registered, Head and Six regional offices. The details of the same are as under:

Type	Address	Functions	Leased / rented	Approx. Area/Size (in Square Feet)	Number of employees
Registered Office	M-22/3RT, Vijayanagar Colony, Hyderabad- 500 057	Business Planning Resource Management (Men & Materials) Financial Management Business Development Accounts and Costing Project Monitoring & Control (All directors and divisional heads and other senior management personnel operate out of these two offices)	On Lease	5000	49
Head Office	8-2-596, 4th Floor, IVRCL Towers, Road No. 10, Banjara Hills, Hyderabad- 500 034		Own Building	14000	107
Ahmedabad Regional Office	A-11, Sahajahanand Towers, Near Maharaja Agrasan Vidhalaya, Gurukul Road, Memnagar, Ahmenmdabad- 380 052	Project Implementation Operational Activities Regional Business Development	Own Building	2430	20

Bangalore Regional Office	No. 2, Ground Floor, Aiswarya Apartments, 8, Crescent Road, Bangalore- 560 001	Project Implementation Operational Activities Regional Business Development	On Rental Basis	900	5
Chennai Regional Office	D.9, Plot No. 16, Mancholai, 1st Main Road, Kalaimagal Nagar, Ekkadduthangal, Chennai- 600 097	Project Implementation Operational Activities Regional Business Development	On Rental Basis	1000	12
Delhi Regional Office	P2, 2nd floor, Green park extension New Delhi- 100 019	Project Implementation Operational Activities Regional Business Development	On Rental Basis	1467	2
Kolkata Regional Office	Flat No. W1, 26F, Central Road, Jadavpur, Kolkata- 700 032	Project Implementation Operational Activities Regional Business Development	On Rental Basis	775	2
Pune Regional Office	Flat No. A-7, 324, North Main Road, Swan Lake Building, Koregaon Park, Pune- 411 001	Project Implementation Operational Activities Regional Business Development	Own Building	930	10

Apart from the above we have 10 properties aggregating 13139 square feet. Of this 2 are leased and balance 8 are owned.

Further we also have properties which are taken on lease but are project specific and the lease expires on completion of project.

### Quality Certifications

We have an ISO 9001:2000 Quality Certificate awarded to us on February 10, 2003 from ISC Pyt Ltd., Australia valid until February 10, 2006 for 'design, development, engineering, procurement and execution of projects including construction with operations and maintenance of mechanical, electrical and instrumentation in the areas roads and bridges, water supply projects, oil and gas pipeline projects, effluent treatment projects, buildings and industrial construction projects, irrigation projects, power distribution and transmission projects.

### Export obligations: None

### Registrations

Every project we work for stipulates certain project specific clearances. Further each of the states wherein we are working normally have their own procedure for registration of contractors under various categories. The five broad categories across the states where registrations are required are Public Works Department ("PWD"), Public Health Engineering Department, Water Resource Department ("WRD"), State Electricity Board ("SEB") and Roads and Bridges department (R&B). The concerned department would assess the capability of the contractor based on the complete credentials provided to them which would include the general construction experience, particular construction experience, manpower, equipment and turnover. On assessment the departments would award the registrations along with limits termed as 'class/category' that define the value of projects we can undertake.



In addition to the above certain Clients require we register with them.

Details of the same are provided on page 127 under the section "Government Approvals" of the Red Herring Prospectus.

#### Awards/certifications/achievements

Client	Description	Year of Award
Rajasthan Urban Infrastructure Development Corporation Project	<p>Adjudged as Winner of Best Safety Performance Competition for</p> <ul style="list-style-type: none"> <li>■ Group II (Water Pipeline) Works held during the "Safety Week" celebration between 26/02/2004 to 03/03/2004.</li> <li>■ Group III ( Bridges, Elevated Storage Reservoir, Sewerage Treatment Plant and Water Treatment Plant)</li> </ul>	2004

We have been rated as the third fastest growing construction company in India. (Source: Construction World, Annual Issue 2004)

Dun & Bradstreet has rated the company as 5A1. This rating is for companies that have a tangible networth of Rs. 645.95 million and above. 1 in the rating indicates that the overall condition of our Company is strong.

#### Capacity

Our business being project specific and not in the nature of a manufacturing concern with specified installed capacities, we are unable to determine the capacity. However, as stated earlier, ability to undertake a project depends on pre-qualifications obtained and bid capacity available. The bid capacity is determined on the basis of a formula given by project owner which generally takes into consideration various financial and other parameters. Bid Capacity is a function of the value of proposed project, duration of project, value of orders on hand with the contractor and the average duration of the projects on hand, average turnover of contractor of previous financial year as well as a factor which is used in conjunction with the above variables to determine the capacity to bid.

#### Competition

We face competition mainly from construction companies such as Larsen & Toubro, Gammon India Limited, Hindustan Construction Company, Nagarjuna Construction Company Ltd.

#### SWOT

We have made a critical analysis of our strengths, weaknesses, opportunities and threats and they are explained below:

- We are an integrated construction and infrastructure development company with front end engineering and design skills and LSTK implementation capabilities specifically in the water sector..
- Project specific tie-ups and partnership with reputed national and international organizations in our sectors of operations.
- We have attained mass in terms of resources, technology and manpower skill sets. This enables us to pre-qualify for major works in India in public, private sector and international tenders.
- We have a diversified servicing capability, in terms of industry segment within the infrastructure industry. We have expertise in water management, waste water drains, laying of power transmission lines, construction of roads, housing, etc.
- We are one of the major players in water management in India
- Back up of sub contractors with proven track record.
- Project Execution Capability:

We have established a track record of and efficient project management and execution skills with trained and skilled

manpower, efficient deployment of equipment resources and strategic purchasing capabilities.

We have developed and maintained a dedicated team of reliable and quality conscious sub-contractors networked across the regions of work location facilitating quick deployment of skilled and labour work force a pre-requisite for speedy execution of contracts

With respect to water related project our Company has developed in-house pipe manufacturing capability and maintains a mobile manufacturing unit which results in cost competitiveness both on account of transportation and conversion vis-a-vis complete pipe procurements.

■ **Pre-Qualifications:**

Having attained a well diversified portfolio as well as desired turnover, working capital limits and network we are pre-qualified for large values of work in the sectors of water, power, roads and buildings. This enables us to selectively bid for projects with better returns. We are among the large players in the water sector possessing one the necessary pre-qualification in the country.

■ **In-house Design Capability:**

We have developed a comprehensive engineering and design team encompassing the complete skill sets which include amongst others, civil, structural, electrical, instrumentation air-conditioning, etc., to enable competitively bid for EPC & LSTK projects in water and environment sector, buildings and industrial structures as well as power transmission and distribution.

■ **Joint Venture:**

Our credibility and track record has attracted joint venture partners to pool in the resources to bid for diversified nature of projects such as tunnels, bridges, water O&M, railways, etc.

## **WEAKNESSES**

- Our Company is yet to make a mark in the international market.

- Our Company is yet to consolidate further its power division credentials.

## **OPPORTUNITIES:**

■ **Indian Market**

The Indian Infrastructure Sector offers fast growing opportunities in Railways, Port development, and Hydropower. The Company plans to make in-roads through suitable associations.

■ **Global Market**

A number of infrastructure projects on turnkey basis are being floated in the international market, specifically by the developing nations such as countries in Middle East, Sri Lanka and East Africa.

## **THREATS:**

- Any changes in political environment and economic policies

Significant portion of infrastructure spending originates from the Governments. Any change in the governments may pose a threat with respect to their commitment towards Infrastructure development.

- **Competition: Foreign / domestic players**

Foreign Competition

In cases of international competitive bidding (ICB) the foreign companies can bid for projects on their own and provide competition to the domestic players in that category.

Domestic Competition

Our Company faces two types of competition in the domestic sector.

- We face competition from the local players in and around their state of work location because of their access to locational resource cost advantages, typically this is applicable to low value contracts.



- We face competition from companies that have national presence and that specialize in the respective sectors such as water, power, buildings and roads/railways.

## OTHERS

### 1. Project related Insurance

Our contract terms require that our projects needs to be insured.

We have 4 (four) types of Insurance policies namely

- Contractor's All Risk Policy
- Standard Fire & Special Perils Insurance policy Coverage for Work in Progress and Stocks
- Theft and Burglary Policy

The aggregate sum under the above three types of policies is Rs. 18,099.95 million as on January 31, 2005.

- Workmen/Daily Wage Labourer,- Workmen Compensation Insurance Policy as per Local Wage Board for Labourers.

### 2. Human Resources:

We have 1354 employees working with us as on January 31, 2005. Additionally we have employees in our subsidiaries.

The Educational background of our employees is as shown:

Education	No. Of Employees
Engineers \ Professionals	483
Diploma \ ITI	254
Graduates	400
Undergraduates	217
<b>Total</b>	<b>1354</b>

We have classified our employees into nine grades from G1 to G9. The gradewise employee breakup as on January 31, 2005 is shown:

Grade	Designation	No. Of Employees
G1	Director	5
G2	General Manager , Senior Vice President, Vice President	13
G3	DeputyGeneral Manager	10
G4	Assitant General Manager, SeniorManager, Senior Project Manager, Project Manager	65
G5	Manager, Deputy Manager, Deputy Project Manager	87
G6	Senior Engineer, Senior Officer	156
G7	Engineer, Officer	169
G8	Junior Engineer, Junior Officer	308
G9	Assistant, Supervisor, Driver,Operator,Office Boy	541
	<b>Total</b>	<b>1354</b>

Our employee strength has grown 40% from 965 during 2002-03 to 1354 in the current year. During the same period, the employee turnover has reduced significantly from 42% to 15%.



We have a team of Human Resources ("HR") professionals manning the Human Resources function entrusted with responsibility and independence to manage and service the requirements of the operating line function as follows:

1. Recruitment
2. Annual Performance Appraisal system
3. Potential Appraisal system
4. Training

#### **Employee benefits:**

We take utmost care of the well being of its employees generally, but especially of those employees working at project sites. These include health care and leave travel assistance etc. at remote project sites. We also have a ESOP scheme in existence for our employees. For further details on ESOP Scheme please refer to section "Capital Structure" on page 22 of this Red Herring Prospectus.

#### **Insurance:**

Further our employees are covered by the following Insurance policies as on date

- GPA policy in force for all permanent named employees as per designation for a sum insured aggregating Rs. 620.30 million.
- Group superannuation insurance policy for G-1 to G-4 as per company's super annuation scheme. ( 8.33% of the gross salary of the eligible employees)
- Directors' & officers' liability insurance for Board of Directors and Company Secretary for a total sum insured of Rs. 5 million each for Any One Accident and Any One Period .

#### **3. Other Infrastructure facilities**

In addition to the regional offices and registered office, our Company has site offices to facilitate site activities.

#### **4. Working Capital**

**Our Company has the following Working Capital facilities :**

(Rs. In Million)

Facility	Limit	Outstanding as on January 31, 2005	Description
Fund based	2153.54	1781.41	Financed by set of Consortium Banks and individual banks (as Project Specific Loans)
Non-fund based	7514.99	5660.95	

## 5. Guarantees by us

Corporate Guarantee Issue on behalf of	<b>IVR Prime Urban Developers Ltd</b>	<b>First STP Pvt.Ltd</b>
Corporate Guarantee Issued in favour of	Karnataka Bank Ltd	ICICI Ltd
Amount	Rs.980 million	Rs.30. million
Liability as on 28.02.05	Rs.657.78 million	Rs.7.5 million
Reason	IVR Prime Urban Developers Ltd is an specific purpose (SPV) formed by IVRCL Infrastructures & Projects Ltd for a specific purpose of execution of National Games Village and is a wholly owned subsidiary. Hence the lender have stipulated for the corporate guarantee of IVRCL Infrastructures & Projects Ltd.	Is an specific purpose (SPV) formed by IVRCL Infrastructures & Projects Ltd for a specific purpose of execution of sewerage treatment plant at Allandur under Built Own Operate and Transfer. IVRCL Infrastructures & Projects holds 95% of the equity of the company. Hence the lender have stipulated for the corporate guarantee of IVRCL Infrastructures & Projects Ltd.
Obligations	Obligation under corporate guarantee arises only in case of non realization of the loan by the lender after exercising all options including sale of primary security.	Obligation under corporate guarantee arises only in case of non realization of the loan by the lender after exercising all options including sale of primary security.
Period of Guarantee valid upto	October 2007	February 2006
Financial Implication in case of default	Nil. Since the loan is fully secured by immovable properties having a market value of more than 300%.	Nil
Security Available	Present value of security is Rs.2920 million.	Net book value of fixed assets as at September 30, 2004 is Rs.51 million.

## HISTORY AND CERTAIN CORPORATE MATTERS

We were incorporated on November 16, 1987 as I. Venku Reddy Constructions Pvt Ltd., and were converted into a public limited Company on September 29, 1994, in terms of a special resolution dated September 5, 1994 passed under Section 31(1)/44 of the Companies Act, 1956. Subsequently our name was changed to IVR Constructions Limited and we obtained a fresh Certificate of Incorporation on December 6, 1994, pursuant to Section 21(1) of the Companies Act, 1956. Our name was further changed to IVRCL Infrastructures & Projects Ltd., so as to reflect our operations in the infrastructure sector and we obtained a fresh Certificate of Incorporation on April 7, 1999.

Mr. E. Sudhir Reddy, who has also been the Managing Director of our Company since inception promoted our Company along with Mr. O. Pratap Reddy and Mr. I. Syam Prasad Reddy. Subsequently, Mr. O. Pratap Reddy resigned from the Board of Directors on April 14, 1990 and Mr. I. Syam Prasad Reddy resigned from the Board of Directors on July 17, 2002 and are no longer associated with our Company.

### Some Key Events

Date	Event
December 20, 1991	We executed our first water project for Circulating water system (CWS) in Raichur, Karnataka.
August 7, 1992	We were awarded our first contract by Ballarpur Industries Ltd. (A.P. Rayons)
April 27, 1995	We made our initial public offering and our shares were listed on the BSE, HSE and CSE
June 28, 1996	Our subsidiary IVR Prime Urban Developers Ltd. was formed
September 10, 1997	Our subsidiary IVR Enviro Projects Pvt. Limited was formed
January 11, 1999	We executed our first oil and natural gas project- i.e. Provision of Cross Country Piping.
February 16, 1999	Our subsidiary IVRCL PSC Pipes Pvt. Ltd. was formed
March 08, 2000	Our shares were listed on NSE
September 25, 2000	We were awarded our first Highway project for widening and strengthening of shoulders of Road from Nandyal to Giddalur in Andhra Pradesh.
October 23, 2000	We entered into a joint venture SPCL-IVRCL with Shapoorji Pallonji Constructions Limited
November 8, 2000	Our subsidiary First STP Pvt. Ltd. was formed
December 12, 2000	We executed our first power project for Construction of 400 Kv Vizag-Khammam D/C Transmission Line
December 14, 2000	We entered into a joint venture Bhanu-IVRCL Associates with Bhanu Constructions Co. Limited
March 20, 2001	We entered into a joint venture IVRCL-Tantia JV with Tantia Constructions Co. Limited
August 31, 2002	We entered into a joint venture UAN Raju-IVRCL Constructions JV with UAN Raju Construction Co. Limited
March 31, 2004	Our shares were delisted from HSE
April 2, 2004	We made a preferential allotment and entered into an Investment Agreement with our strategic investors CIFC and ChrysCapital
May 21, 2004	Our shares were delisted from CSE
September 17, 2004	Our amended Articles of Association were approved by our Shareholders



## **Investment Agreement**

Our Company and our Promoters have entered into an Investment Agreement with CIFIC and ChrysCapital ("Investors") on April 2, 2004 for financial investment in our Company by way of subscription to our Equity Shares, amounting to approximately 37% of the paid up equity capital of our Company. Our Promoters continue to exercise overall management and control over our Company. However, the Investors have the following rights under the Investment Agreement:

1. Each of the Investors has the right to appoint 1 nominee Director on the Board as non-retiring Directors. The Investor Directors are non-executive Directors. Our Company has indemnified the Investor Directors against any act, omission or conduct of our Company, our Promoters or our officials, representatives or agents as a result of which the Investor Directors suffer any loss or damages;
2. The Investors are entitled to receive, from our Company, the following information:
  - (a) Unaudited quarterly financial statements, including cash flow statements certified by the Chief Financial Officer of the Company within 45 days of the end of each quarter;
  - (b) Audited financial statements, including cash flow statements within 90 days of the end of the relevant Financial Year;
  - (c) Monthly Operational Reports within 15 days of the end of each month;
  - (d) Minutes of Board and Shareholders meetings, within 10 days of the concerned meeting;
  - (e) Annual Operating Financial budget as approved by the Board within 15 days of the Board approving the same;
  - (f) All instances of projects in which the Company bids and the difference between the Company's bid and next lowest bid is 20% or more;
  - (g) All contracts for projects entered into by the Company without any provision for escalation for steel prices; and
  - (h) Such additional information as may be reasonably requested by the Investor.
3. In the event that one of our Promoters proposes to transfer any Equity Shares the Investors are entitled to a "tag-along" right;
4. If at any time after the expiry of 30 months from the date of the Investment Agreement, the Investors wish to accept a third party offer to purchase our Equity Shares held by the Investors, and an identical offer is made to our Promoters, the Investors have the right to "drag along" our Promoters;
5. If any of our Equity Shares or securities are listed on one or more stock exchanges overseas, the Investors shall have unlimited registration rights and our Company will bear the expenses for the same;
6. The Investors shall in no event be classified as "promoters" of our Company.

## **Main Objects of the Company**

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

1. To organize, undertake, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embankments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distemping walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.
2. To acquire by purchase, lease, exchange hire or otherwise lands property of any tenure and to carry on the business of builders, contractors dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.
3. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firms and companies Governments and States as well as of this company, to give, take, let and sublet and to carryout, undertake or supervise and building construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

4. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Our main objects clause of the Memorandum of Association enables us to undertake the activities for which the funds are being raised for the Issue and also the activities which we have been carrying on till date.

### Changes in Memorandum of Association

Date of shareholder approval	Changes
January 16, 1992	The authorized share capital of the Company was increased from Rs.1.00 Million comprising of 100000 equity shares of Rs. 10 each to Rs.5.00 Million comprising of 500000 equity shares of Rs. 10/- each.
April 14, 1994	The authorized share capital of the Company was increased from Rs. 5.00 Million comprising of 500,000 equity shares of Rs. 10/- each to Rs. 12.5 Million comprising of 1,250,000 equity shares of Rs.10/- each.
	Sub division of the equity share capital from 50000 equity shares of Rs. 100 each to 500000 equity shares of Rs. 10 each.
September 5, 1994	Conversion of Private Limited Company to Public Limited Company.
November 2, 1994	Change of name from "I Venku Reddy Constructions Limited to IVR Constructions Limited. The authorized share capital of the Company was increased from Rs. 12.50 Million comprising of 1,250,000 equity shares of Rs. 10/- each to Rs. 41.00 Million comprising of 4,100,000 equity shares of Rs.10/- each.
September 30, 1998	The authorized share capital of the Company was increased from Rs. 41.00 Million comprising of 4,100,000 equity shares of Rs. 10/- each to Rs. 51.00 Million comprising of 4,100,000 equity shares of Rs.10/- each and 1,000,000 cumulative redeemable Preference shares of Rs. 10/- each.
March 30, 1999	Change of name from "IVR Constructions Limited to IVRCL Infrastructures & Projects Limited.
September 15, 1999	The authorized share capital of the Company was increased from Rs. 51.00 Million comprising of 4,100,000 equity shares of Rs. 10/- each and 1,000,000 cumulative redeemable Preference shares of Rs. 10/- each to Rs. 140.00 Million comprising of 11,000,000 equity shares of Rs.10/- each and 3,000,000 cumulative redeemable Preference shares of Rs. 10/- each.
March 17, 2000	Insertion of new object to the "other objects" clause as follows: <i>To undertake development of Computer Software and all varieties of information technology, services like internet, Portals E-commerce, on direct contract or Sub-contract and running and maintenance of institute/ School providing computer Education, Training, information Technologies and training covering inter-alia with CAD/CAM, Animation; to render consultancy services and services in the field of software development, turkey projects and solutions, Software Export, information and data processing, Computer Systems, communicating multimedia Systems, operations Research and technical services including commercial exploitations, export, import and to act as distributors, dealers, authorised representatives installers and commissioning agents of the same to depute personnel to design and develop software solutions in India and abroad and to establish Technology park and offices in India and abroad and to broadly undertake all activities encompassing the field of Information technology as may be permitted by law.</i>

September 29, 2000	Insertion of new object to the “other objects” clause as follows: <i>To organise, undertake, acquire, sell, export, import, lease, participate, carry on, deal in, enter into the business, as distributors, dealers, authorised representatives, service providers, installers, commissioning agents, design, develop and market at all stages, directly or indirectly, of all or, any of the respective branches, whether in India or, Abroad, of all Conventional and Non-Conventional energy resources, in any or all form/s, covering Renewable energy devices, Energy saving devices, Waste heat recovery systems, Co-generation systems, etc., with state-of-the-art-technology available from time to time, including solar energy systems, Photovoltaic cells, solar collectors, solar cookers, solar water heaters and systems, solar crop driers and systems, Solar refrigeration, cold storages and air-conditioning systems, solar steels and desalination systems, Solar power generating systems, Solar pumps based on solar thermal and solar photovoltaic conversion, Solar photovoltaic modules and panels for water pumping and other applications, wind energy systems, wind mills and any specially designed systems/devices which run on wind mills, any special devices including electric generators and pumps running on wind energy, Biogas plants and biogas engines, electrically operated including battery operated or fuel cell powered vehicles, Agricultural and municipal waste conversion devices producing energy, Equipment for utilising ocean waste and thermal energy and/or machinery and plant used in the manufacture any of the above categories, systems, and/or devices, as well as to take/give on rent, hire, maintain such systems and to broadly undertake all activities encompassing the above objects as may be permitted by law.</i>
September 29, 2001	The authorized share capital of the Company was increased from Rs. 140.00 Million comprising of 11,000,000 equity shares of Rs. 10/- each and 3,000,000 cumulative redeemable Preference shares of Rs. 10/- each to Rs. 200.00 Million comprising of 17,000,000 equity shares of Rs.10/- each and 3,000,000 cumulative redeemable Preference shares of Rs. 10/- each.
November 14, 2002	Insertion of new object to the other Main objects clause as follows: <i>To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation project, sanitation and sewerage system, or any other public facilities of a similar nature; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.</i>
September 29, 2003	The authorized share capital of the Company was increased from Rs. 200.00 Million comprising of 17,000,000 equity shares of Rs. 10/- each and 3,000,000 cumulative redeemable Preference shares of Rs. 10/- each to Rs. 400.00 Million comprising of 35,000,000 equity shares of Rs.10/- each and 5,000,000 cumulative redeemable Preference shares of Rs. 10/- each.

The details of the capital raised by our Company are given in the section entitled “Capital Structure” on page 22 of this Red Herring Prospectus.

## MANAGEMENT

### Board of Directors

Our Vice-Chairman and Managing Director, Mr. E. Sudhir Reddy, manages our day-to-day operations under the overall supervision, direction and control of our Board of Directors. We currently have 11 Directors.

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

Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (years)	Other Directorships in Indian companies
<b>Mr. E. Sudhir Reddy<sup>1</sup></b> <b>Managing Director &amp; Vice Chairman</b> (S/o Mr. E. Ella Reddy) M-22/3RT, Vijayanagar Colony, Hyderabad-500057 <i>Industrialist</i> Term of office: Five years with effect from October 1, 2004.	Indian	44	1. IVR Enviro Projects (P) Ltd., 2. IVR PSC Pipes (P) Ltd., 3. First STP (P) Ltd., 4. IVR Prime Urban Developers Ltd. 5. Hope IVRCL E-Services Pvt Ltd 6. Geo IVRCL Engineering Ltd
<b>Mr. E. Ella Reddy<sup>2</sup></b> <b>Director</b> (S/o Later Mr. E. China Ella Reddy) 22/3RT, Vijayanagar Colony, Hyderabad-500057 <i>Advocate</i> Term of office: liable to retire by rotation.	Indian	71	NIL
<b>Mr. E. Sunil Reddy<sup>3</sup></b> <b>Director – Legal</b> (S/o Mr. E. Ella Reddy) 22/3RT, Vijayanagar Colony, Hyderabad-500057 <i>Service</i> Term of office: liable to retire by rotation.	Indian	43	1. IVR Prime Urban Developers Ltd.,
<b>Mr. R. Balarami Reddy</b> <b>Director – Finance</b> (S/o Mr. Adishesha Reddy) R-606, Garden Towers, Masab Tank, Hyderabad-28 <i>Service</i> Term of office: liable to retire by rotation.	Indian	50	1. IVR Prime Urban Developers Ltd., 2. First STP (P) Ltd., 3. IVR Enviro Projects (P) Ltd, 4. IVR PSC Pipes (P) Ltd. 5. Geo IVRCL Engineering Ltd
<b>Mr. K. Ashok Reddy</b> <b>Director – Resources</b> (S/o Dr. K.D. Reddy), Plot No.121A, MLA's Colony, Banjara Hills, Hyderabad-34 <i>Service</i> Term of office: liable to retire by rotation.	Indian	49	1. IVR Enviro Projects Ltd 2. IVRCL PSC Pipes (P) Ltd 3. Geo IVRCL Engineering Ltd



Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (years)	Other Directorships in Indian companies
<b>Mr. Arvind Pande</b> <b>Chairman</b> (S/o Mr. Bhairab Datt Pande), E-148(FF) East of Kailash, New Delhi – 110 065 <i>Service</i> Term of office: liable to retire by rotation.	Indian	62	1. HDFC Bank Ltd. 2. Sandhar locking Devices Limited 3. Asset Care Enterprise Ltd. 4. Visa Industries Ltd
<b>Mr. T.N. Chaturvedi</b> <b>Director</b> (S/o Mr. K.N. Chaturvedi), Address: 405-407, Chiranjiv Tower 43, Nehru Place New Delhi – 110 019 <i>Chartered Accountant</i> Term of office: liable to retire by rotation.	Indian	46	1. Perfect Pac Limited, 2. Orient Abrasives Ltd., 3. Surya Global Lighting Ltd., 4. Chaturvedi Merchant Bankers Limited, 5. Perfect Softech Private Ltd., 6. A.R. Infrastructure Private Ltd. 7. Jubilant Enpro Private Limited 8. Bagpat Finance Private Limited 9. Universal Cylinders Ltd
<b>Mr. R.C. Sinha</b> <b>Director</b> (S/o Late Mr. M.V. Srivastava), 22, Buena Vista, General Bhosley Marg, Mumbai – 400 021 <i>Service</i> Term of office: liable to retire by rotation.	Indian	67	1. Maharashtra Airport Development Company Ltd., 2. West Bengal Housing Infrastructure Development Company Limited 3. Bengal Ambuja Housing Development Limited, Kolkata 4. Consolidated Toll Network India Limited, Mumbai 5. Madhya Pradesh State Road Development Corporation, Bhopal 6. National Academy of Construction Infrastructure Equipment Bank Limited 7. Swarna Tollways Pvt Ltd
<b>Mr. Ashish Dhawan</b> <b>Director</b> (S/o Mr. Anand Dhawan) 55A, Jorbagh, New Delhi-110 001 <i>Service</i> Term of office: Nominee director appointed on October 25, 2004	Indian	35	1. Chryscapital I, LLC 2. Chryscapital II, LLC 3. Chryscapital III, LLC 4. Chrysalis Investment Advisors (India) Pvt. Ltd., 5. Global Vantedge (Maritius) 6. Ephiny India Pvt. Ltd., 7. Ephiny Bermuda 8. Mphasis BFL Limited 9. CM Investments, LLC 10. Global Vantedge (Bermuda) 11. Global Vantedge (India) 12. Yes Bank Limited 13. Suzlon Energy Ltd.



Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (years)	Other Directorships in Indian companies
<b>Mr. Vivek Chhachhi</b> <b>Director</b> (S/o Mr. Harinder Bir Singh Chhachhi) TG 2A-2-11, Garden Estate, M.G.Road, Gurgaon-122002 Haryana <i>Service</i> Term of office: Nominee director appointed on October 29, 2004	Indian	33	1. Momentum India Private Limited 2. Beehive Systems Limited
<b>Mr. T.R.C. Bose</b> <b>Director</b> S/o Late T.Govardhana Rao 6-3-865/B, Opp: Hotel Green Park, Greenlands X Road, Ameerpet Hyderabad-500 016 <i>Service</i> Term of office: liable to retire by rotation.	Indian	64	1. Vijay Electricals Ltd., 2. Kakatiya Cement, Sugar & Industries Ltd

**Note :**

1. Mr. E. Sudhir Reddy is the son of Mr. E. Ella Reddy and brother of Mr. E. Sunil Reddy.
2. Mr. E. Ella Reddy is the father of Mr. E. Sudhir Reddy and Mr. E. Sunil Reddy.
3. Mr. E. Sunil Reddy is the son of Mr. E. Ella Reddy and brother of Mr. E. Sudhir Reddy.

**Brief Biography of our Directors**

**Mr. Arvind Pande** 62, Chairman. B.Sc., B.A (Hons.), M.A (Eco), Cambridge University, U.K. He started his career in Indian Administrative Service in 1965 and worked in various Government positions which include:

- a) Director, Department of Economic affairs, Ministry of Finance Govt. of India (1974-1978) – dealing with World Bank aided projects;
- b) Special Secretary, Government of Madhya Pradesh, Department of Finance (1978 - 1981);
- c) Joint Secretary to the Prime Minister of India (From April 1981 to August 1986) – Economic, Science & Technology Issues;
- d) He joined Steel Authority of India Ltd., (SAIL) in 1986 as Director (Corporate Planning) and subsequently as Director (Personnel & Corporate Planning). From January 1993 to January 1997, he became Vice Chairman of SAIL. He was Chairman and Chief Executive Officer from January 1997 to September 2002 of SAIL. He was Advisor to Executive Director for India, Bangladesh and Mr. Lanka at the World Bank, Washington D.C USA (1971-1974), and assisted him in Policy Issues relating to the Bank in the processing of Bank assisted projects to India. He travelled extensively within and outside India, participated in several aid/trade/procurement related negotiations;
- e) He was earlier associated as a Director/Member of Indian Institute of Metals; International Management Institute, New Delhi; International Iron & Steel Institute Belgium; National Council for Applied Economic Research (NCAER), Board of Governors, New Delhi; Confederation of Indian Industry, New Delhi; Indian Institute of Technology, Guwahati; Technology Information, Forecasting and Assessment Council, New Delhi.
- f) At present, Mr.Pande is a member of the Board of Directors of HDFC Bank Ltd., Mumbai  
No compensation was paid to him except the sitting fee for attending the Board meetings.

**Mr.R.C.Sinha**, 65, did his M.A. in Economics from Lucknow University, LL.B., from Delhi University and PG Diploma in Urban Development from London University.

Having joined the Indian Administrative Services (IAS) in 1962, he worked for ten years in various field posts from 1963-1973 as Assistant Collector, Assistant Commissioner, CEO Zilla Parishad, Aurangabad and Collector and District Magistrate, Aurangabad. In his career in the Administrative Service, he held various positions which include Vice Chairman & Managing Director of Maharashtra State Road Transport Corporation; Director Ministry of Surface Transport; Executive Director of the Association of State Road Transport undertakings; Secretary, Rural Development, Government of Maharashtra, followed by Agriculture & Cooperation Department & Planning Departments.



He was Joint Secretary in the Ministry of Information & Broadcasting for some time. As Vice-Chairman & Managing Director, CIDCO, Maharashtra he was involved in developing Navi Mumbai including the Railway stations and the NRI complex; He was Additional Chief Secretary, Urban Development Department and Revenue & Forest Departments, Government of Maharashtra. He was also Vice Chairman & Managing Director, Maharashtra State Road Development Corporation Ltd.,(MSRDC) and undertook responsibility for the commissioning of the Mumbai-Pune Expressway.

Having retired as a Senior IAS Officer, he was Director General, National Academy of Construction (NAC), Hyderabad in the rank of Special Chief Secretary to Government of A.P. and is presently Advisor to the Government of Goa. Presently he is Vice Chairman and Managing Director, Maharashtra Airport Development Company Ltd., in rank and status of Additional Chief Secretary to Government of Maharashtra. He has international travel exposure and written extensively on infrastructure and received many awards.

No compensation was paid to him except the sitting fee for attending the Board meetings.

**Mr. E. Sudhir Reddy**, 44, our Vice Chairman & Managing Director.

For further details please refer section on "Our Promoters, Subsidiaries, Associate Companies and Joint Ventures" on page 99 of the Red Herring Prospectus.

**Mr.E. Ella Reddy**, 71, B.A., B.L., He has been practicing law since 1957. He has held the post of Chairmanship of Bar Council of the State of Andhra Pradesh. He is also an independent director on the Board of our Company. No compensation was paid to him except the sitting fee for attending the Board meetings.

**Mr. E. Sunil Reddy**, 43, our Director (Legal) holds a Degree in Commerce and a Bachelor of Law. He was practicing as a Lawyer in the High Court and Supreme Court prior to joining our Company. He is in charge of Legal matters of our company. He was paid compensation of Rs.1,251,825 during the previous financial year.

**Mr. R. Balarami Reddy**, 50 our Director (Finance) who joined our Company in 1994. He is a Fellow Member of the Institute of Chartered Accountants of India, and Associate Member of the Institute of Cost and Works Accountants of India, and Institute of Company Secretaries of India. He practised as a chartered accountant for a period of seven years before joining our Company as General Manager (Finance). He was subsequently promoted as Director (Finance) a position which he holds today. He was paid compensation of Rs.8,81,830/- during the previous financial year.

**Mr. K. Ashok Reddy**, 49, our Director (Resources) is a Science Graduate with MBA in Marketing and Finance from Xavier Institute of Social Sciences, Ranchi. He worked for 11 years with the renowned TATA Motors (erstwhile TELCO) before joining our Company in the year 1997 as Vice President (Operations). He was subsequently promoted as Director (Resources). He is in charge of all resources such as Human Resources, purchasing and equipment. He was paid compensation of Rs 8,72,369/- during the previous financial year.

**Mr. T. N. Chaturvedi**, 46, is a commerce graduate and also a Fellow Member of the Institute of Chartered Accountants of India, Mr. Chaturvedi is a Senior Partner of M/s.Chaturvedi & Co., Chartered Accountants New Delhi. He has 19 years of experience in the field of auditing corporate and financial restructuring, public issues, mergers, taxation and other legal matters. He has been nominated by the Hon'ble Governor of Uttar Pradesh as a Member of New Okla Industrial Development Authority, Noida. He is a Member of the Punjab Harayana and Delhi Chambers of Commerce & Industry, Associated Chambers of Commerce and also a Committee Member of the Corporate Laws and Capital Market of the Punjab Harayana Delhi Chambers of Commerce & Industry and Expert Committee on economic affairs of Associated Chambers of Commerce & Industry. No compensation was paid to him except the sitting fee for attending the Board meetings.

**Mr.Vivek Chhachhi**, 33, has been nominated as Director by our Investors pursuant to the Investment Agreement. He has an M.B.A. degree from Jamnalal Bajaj Institute of Management, Mumbai and a graduate from St.Stephen's College, Delhi. Mr. Chhachhi has 11 years of working experience in private equity and capital markets. He has been involved in investments in the information technology & BPO, pharmaceuticals & chemicals, metals, banking, media, engineering and infrastructure industries. He is currently employed with Citi Group in New Delhi. Having been appointed Director only in October 2004, no compensation has been paid to him in FY 05.



**Mr. Ashish Dhawan**, 35, has been nominated as Director by our Investors pursuant to the Investment Agreement. He has an MBA degree from Harvard University, and dual Bachelor's Degree (BA/BS) in Applied Mathematics and Economics from Yale University. He previously worked in the Proprietary Investment Group at Goldman Sachs in New York. He was formerly at GP Investments a private equity fund in Brazil and prior to that worked at McCown De Leeuw & Co., a private equity firm in the US. Earlier, he was in the mergers group of Wasserstein Perella. He is the Co-founder of ChrysCapital a private equity fund that manages approximately. Having been appointed Director only in November 2004, no compensation has been paid to him in FY 05.

**Mr. T.R.C. Bose**, 64 years, B.E. Electrical, FIIIE, has 40 years of wide experience having held various senior positions and finally as Director Projects with A.P. State Electricity Board presently known as Transmission Corporation of Andhra Pradesh Ltd which he joined in 1962. As Director Projects he was responsible for design, planning, engineering, and execution of 400 kilovolts transmission lines and sub stations. As chief engineer he executed 500 mega watts Thermal Power Station at Kothagudem. He undertook foreign assignments with United Nations Development Program in USA for a period of 2 months on generation and power transmission and with Swedish International Development Cooperation Agency for a period of 2 months in the field of international projects management. He was a member of committee for developing designs for small Hydro Plants constituted by Hydro Energy Centre, Rourkee, and was also a member of working group for mini hydro plants for seventh plan constituted by Ministry of Non Conventional Energy, Government of India. He is a fellow member of Institute of Engineers, India. He was given awards/incentives for development of canal based mini hydro projects and for speedy execution and quality of project management. He is at present on the Board of Kakatiya Cement & Sugar Industry Ltd., as a nominee of IREDA. No compensation was paid to him except sitting fees.

### **Compensation of Our Directors**

For details of compensation of Mr. E. Sudhir Reddy our Vice-Chairman and Managing Director, Mr. Sunil Reddy our Director Legal, Mr. R. Balarami Reddy our Director Finance and Mr. K. Ashok Reddy our Director Resources please see the section entitled "Statutory and Other Information" on page 176 of this Red Herring Prospectus.

The independent Directors on the Board are entitled to sitting fees as may be permissible under the Companies Act, apart from actual boarding and lodging expenses for attending the Board/committee meetings. The independent Directors may also be paid commission and any other amounts as may be decided by the Board in accordance with the provisions of the Companies Act and any other applicable Indian laws and regulations.

### **Shareholding of Our Directors in our Company**

Our Articles of Association do not require our Directors to hold any Equity Shares in our Company. The following table details the shareholding of our Directors who hold shares in their personal capacity and either as sole or first holder, as at the date of this Red Herring Prospectus.

Sl. No	Name of Directors	Number of Equity Shares (Pre-Issue)	% of Pre-Issue Paid up capital
1.	Mr. E.Sudhir Reddy	3,53,320	2.08
2.	Mr. R.Balarami Reddy	15,500	0.09
3.	Mr. K.Ashok Reddy	9,685	0.06
4.	Mr. E.Sunil Reddy	1,57,700	0.93
5.	Mr. Ella Reddy	8,000	0.05



### Term of Office

In accordance with the Companies Act and our Articles of Association, all our Directors except Mr. E. Sudhir Reddy, Vice-Chairman and Managing Director, are required to retire by rotation. Mr E. Sudhir Reddy, Vice-Chairman and Managing Director was appointed pursuant to a resolution of the Board dated September 17, 2004. Mr E. Sudhir Reddy has been appointed for a period of five years from October 1, 2004 to September 30, 2009. For the terms of Mr E. Sudhir Reddy's appointment, see "Statutory and Other Information" on page 176 of this Red Herring Prospectus. For details of the terms of appointment of the above Directors, please see the section entitled "Statutory and Other Information" on page 176 of this Red Herring Prospectus.

Changes to our Board of Directors during the last 3 years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. I. Syam Prasad Reddy *	September 15, 1999	July 17, 2002	Resigned as Executive Director with effect from November 1, 2001 and as Director with effect from July 17, 2002.
Mr. E. Sudhir Reddy	September 17, 2004		Re-appointed as Vice Chairman of the Board with effect from October 1, 2004 for a term of five years
Mr. Sandeep Shridhar Ghatge	June 16, 2000	May 15, 2003	Resigned
Mr. Ashok Sharma	July 31, 2000	October 30, 2002	Resigned
Mr. Panna Lal Maloo	July 31, 2000	July 30, 2001	Resigned
Mr. Chattar Kumar Goushal	September 29, 2000	June 27, 2003	Resigned
Mr. Anil Kumar Nahata	September 29, 2000	July 30, 2001	Resigned
Mr. Karni Dan Baheti	September 29, 2001	April 29, 2004	Resigned
Mr. Yeshwant Singh Choudhary	September 29, 2001	November 28, 2003	Resigned
Mr. Sanjeev Ahuja	September 29, 2001	May 15, 2003	Resigned
Mr. Arvind Pande	May 15, 2003		Appointed as Chairman
Mr. Rajeev Kumar Mandirutta	May 15, 2003	April 28, 2004	Resigned
Mr. Ramesh D Shah	September 12, 2003	April 30, 2004	Vacated office under Section 283(1)(G) of the Act
Mr. R. C. Sinha	July 28, 2004		Appointed as Director
Mr. Kunal Shroff	October 29, 2004	November 19, 2004	Being a nominee Director replaced
Mr. Vivek Chhachhi	October 29, 2004		Appointed as Director
Mr T. R.C. Bose	October 29, 2004		Appointed as Director
Mr. Ashish Dhawan	November 25, 2004		Appointed as nominee Director in place of Mr. Kunal Shroff

\* Vide letter dated June 26, 2004 addressed to us, Mr. I. Syam Prasad Reddy the ex-Promoter has sold 2,64,460 shares on NSE as he resigned as our whole time Director and was no longer involved in our day to day affairs.

## **Corporate Governance**

We have established a tradition of best practices in corporate governance. We have complied with the requirements of the applicable regulations, including the listing agreement with Stock Exchanges and the SEBI Guidelines, in respect of corporate governance, including constitution of the Board and Committees thereof. [Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees, majority of them comprising of independent directors and chaired by an independent director to oversee critical areas.]

We have a broad based Board of Directors constituted in compliance with the Companies Act and listing agreement with Stock Exchanges and in accordance with best practices in corporate governance. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. Our management provides the Board of Directors detailed reports on its performance on a quarterly basis.

The Board of Directors has eleven Directors of whom four are wholetime Directors. The Chairman of the Board of Directors is a non-executive Director.

## **Audit Committee**

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The committee consists of only non-executive Directors, with the majority being independent Directors. The committee currently comprises of three members namely Mr. Arvind Pandey (Chairman), Mr. R.C. Sinha and Mr. T.N. Chaturvedi. The Committee has met 4 times during the current financial year.

The principal functions of the committee are to:

- review our Company's financial statements, before submission to, and approval by, the Board;
- review our Company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters;
- review management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
- monitor the integrity of our Company's internal financial controls;
- assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
- review the internal audit program and ensure that the internal audit function is adequately resourced and has appropriate standing within our Company;
- receive a report on the results of the internal auditor's work on a periodic basis;
- review and monitor management's responsiveness to the internal auditor's findings and recommendations; and
- monitor and assess the role and effectiveness of the internal audit function in the overall context of our Company's risk management system.

## **Compensation Committee**

The Compensation Committee consists of non-executive Directors, with the Chairman being an independent Director. The Committee currently comprises of three members namely Mr. Arvind Pandey (Chairman), Mr. R.C. Sinha and Mr. T.N. Chaturvedi,. The Committee determines the grant of stock option and also reviews the overall compensation structure including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Committee has the authority to determine the compensation packages of executive Directors and senior management and determine the parameters and supervise the operation of the bonus schemes of our Company. The Committee will review recommendations made to it by our Company and others and is authorized to investigate any activity within its terms of reference, seek any information from any employee of our Company and obtain independent professional advice. The Committee has been empowered to do so on its own or through direct superintendence of the committees appointed under the Employee Trust. The Committee has met 5 times during the current financial year.



### **Share Transfer Committee**

The Share Transfer Committee constituted by our Board on January 29, 2001 comprises of Mr. Sudhir Reddy as its chairman and Mr. R. Balarami Reddy, Director Finance and Mr. G. Rama Krishna Rao, Company Secretary as members. The Share Transfer Committee looks into redressal of shareholder and investor complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities.

### **Executive Finance Committee**

The Executive Finance Committee constituted by our Board comprises of three Members with Mr. E.Sudhir Reddy as its Chairman and Mr. R.Balarami Reddy, Director Finance and Mr. K.Ashok Reddy, Director – Resources as Members. The Executive Finance Committee takes decisions regarding borrowings within the limits authorised by the Board from time to time under Section 293(1)(d) of the Companies Act. The Committee has met 42 times during the current financial year.

### **Management Committee**

The Management Committee constituted by our Board comprises of three Members with Mr. E.Sudhir Reddy as its Chairman and Mr. R.Balarami Reddy, Director Finance and Mr. K.Ashok Reddy, Director – Resources as Members. The Management Committee takes decisions on day to day matters not connected with financial issues.

### **Our Corporate Structure**

Our existing corporate structure is as under:

Sl. No.	Name	Designation	Qualification	Experience
1.	Mr. Devaraja Rao	Director-Technical	L.C.E.	39
2.	Mr. K.H.K.Prasad	Head-Water Division	B.E.(CIVIL)	25
3.	Mr. A.Krishna Reddy	Head-B&IS Division	B.E(Civil)	24
4.	Mr. R.K.Singh	Head-Road & Buildings	MBA	17
5.	Mr. J.L.Vidya Sagar	Head-Power division	B.E.(Electrical)	17
6.	Mr.M.S.Rao	GM-Projects	B.E.(Civil)	20
7.	Mr.M.Nagireddy	GM-Mechanical	B.E(Mechanical)	34
8.	Mr.S.Ramachandran	President	MBA, B.E	22
9.	Mr.R.Venkatraghavan	GM-Projects	B.E.(Civil)	20
10.	Mr. Sanjay Moharir	Head-Pune Region	B.E.(Mechanical)	24
11.	Mr. N.P.Haran	Sr.Vice President-Finance	C.A	29
12.	Mr.G.Ramakrishna Rao	Company Secretary	FCS, CAIIB, LLB, M.Com	20
13.	Mr.G.Seetharam	Vice President-Finance	CA	20
14.	Mr.T.Nagarjuna	GM-Projects	AMIE	18
15.	Mr. D.Venkat Subramaniam	Senior DGM - Projects	B.E(Hons.) (Civil) and M.Sc. Honours	12
16.	Mr.B.Venkat Reddy	Sr.Manager-Designs	M.Tech	9

## **Key Managerial Personnel**

The details of our key managerial personnel are as follows:

**Mr.Dondapaty Devaraja Rao** 59, Director-Technical is L.C.E. from Government Polytechnic College, Anantapur. He has 39 years of experience having worked with various organizations including Rayalaseema Construction Company, Vidyut Steel Ltd., Patancheru. He was associated with the construction of Nagarjuna Sagar Canals as an Employee of Public Works Department, Andhra Pradesh. He joined our Company on April 01, 1989. For sometime, he was Director on the Board of our Company. He is presently Director-Technical and controls the pricing of the various bids quoted by our Company, heading the Tenders Division. The amount of compensation paid during last financial year was Rs. 9,75,150/-

**Mr.S.Ramachandran** 51, President (Business Development), is a graduate in Mechanical Engineering from Regional Engineering College, Trichy, Tamil Nadu and a Post Graduate diploma holder in Business Management from XLRI, Jamshedpur. He has over 25 years of varied experience. He started his career as a Graduate Engineer with Tata Steel (Tubes Division), and was associated subsequently with Tata Timken Ltd., Jamshedpur, M/s.Pennar Aluminium Company Ltd., Hyderabad; Texuna Chemicals Inc., Kazaksthan; M/s.Vistas Trading, New Delhi. He joined our Company on June 03, 1999 as Sr.Vice President (Corporate Strategy) and is presently President (Business Development) effective from April, 2004, and is currently responsible for the business development activity of our Company. The amount of compensation paid during the current year is Rs. 8,05,245/-

**Mr.N.P.Haran** 56, Vice-President (Finance & Accounts), is a Fellow Member of the Institute of Chartered Accountants of India with over 29 years of professional experience. His experience includes development and reviewing of internal controls, arrangement of project loans, export finance, developing accounting systems, management audit for better asset performance, introduction of Total Quality Controls and quality Circle concepts and practices. He was earlier associated with Rohtas Industries, (Khammam Granites Ltd.(Dalmias group), Balarpur Industries Ltd. and AP Rayons Ltd. (Thapar Group). He joined our Company on July 07, 1999.He is presently head of the Accounts and Systems Departments. The amount of compensation paid during the current year is Rs. 6,883,346/- .

**Mr.G.Ramakrishna Rao** 57, Company Secretary. He is a Fellow Member of the Institute of Company Secretaries of India. He is an Associate of the Indian Institute of Bankers and is also a Law Graduate. He has 20 years of professional experience and has been associated with DBR Mills Limited, Secunderabad ; and Goldstar Steel & Alloy Ltd., Hyderabad. He managed two public issues besides a rights issue in his professional career. He joined our Company on September 15, 2000 and now heads the Secretarial, Legal and Insurance Departments. The amount of compensation paid during last financial year was Rs. 4, 50,645/-

**Mr.G.Seetharam** 54, Vice President (Finance) of our subsidiary M/s.IVR Prime Urban Developers Ltd., He is a member of ICAI. He has experience in Banking, having worked with Andhra Bank Ltd., in various capacities. He joined our subsidiary on March 01, 2001. He presently looks after the coordination with Banks and Financial Institutions for the purpose of obtaining credit facilities to meet our Company's requirements. The amount of compensation paid during last financial year was Rs. 5,04,564/-

**Mr.K.H.K.Prasad** 46, Head-Water Supply & Environment Projects Division. is a Graduate in Civil Engineering from Jawaharlal Nehru Technological University, Kakinada. He has 24 years experience in Civil Engineering. He was earlier associated with Panchayat Raj Department, Govt.of A.P ; Visakhapatnam Steel Plant. He worked as Construction Engineer with M/s.Unitech, Libya for about 5 years and with Unitech, India for about one year. He joined our company on January 04, 1992 and he heads the Water Supply & Environment Projects Division. The amount of compensation paid during last financial year was Rs 7,09,200/-

**Mr.A.Krishna Reddy** 42, Head-Buildings & Industrial Structures Division. He is a graduate in Civil Engineering. He has over 18 years experience having been earlier associated with Nagarjuna Construction Corporation Ltd., Hyderabad. He joined our Company on March 01, 1989 and is presently heading the Buildings & Industrial Structures Division. The amount of compensation paid during last financial year was Rs. 7,09,200/-

**Mr.Rajkumar Singh** 36, Head-Roads & Bridges Division, has a Masters degree in Business Administration. He is having good experience in general management, having been earlier associated with Methodex Systems Ltd., and Coramandal Fertilisers. He joined our Company on January 04, 1990 and he is presently heading the Roads and Bridges Division. The amount of compensation paid during the last financial year was Rs. 7,09,200/-.



**Mr. J.L.Vidya Sagar** 42, Head-Power Division, is B.E.(Elec) from Osmania University with specialization in instrumentation and computers had eight and half years' experience with BHEL (Delhi) in various levels, prior to joining our Company. He joined our Company on July 01, 1996. The amount of compensation paid during the last financial year was Rs. 7,09,200/-.

**Mr.Mooli Nagi Reddy** 57, Head-Mechanical Division. He is a graduate in Mechanical Engineering. He has 34 years of experience. He was earlier associated with A.G.I (P) Ltd. ; Allwyn, Hyderabad and A.P.S.C.C.Ltd., Hyderabad , He joined our Company on July 03, 1996 and he is presently heading the Mechanical Division, looking after, maintenance and utilization of the various movable equipments of our Company. The amount of compensation paid during last financial year was Rs. 7,09,200/-

**Mr. Sanjay Moharir** 48 General Manager (Projects) heading Pune Region, is a B.E.(Mech) from Nagpur University. He has 19 years of experience with Maharashtra State Electricity Board. He joined M.S.E.B as Junior Engineer. During his association with M.S.E.B in various levels, he gained good project execution skills relating to Power Projects, including coal handling plant, fire protection systems, ash handling plants, lifts and large diameter piping & steel tanks. He joined our Company on January 01, 1998. He is well experienced in tendering and execution of various projects. The amount of compensation paid during last financial year was Rs. 7,09,200/-.

**Mr.R.Venkat Raghavan** 51, General Manager (Projects). He is a graduate in Civil Engineering from College of Engineering Guindy, Madras. He has 20 years of experience. He was Vice President of East Coast Metals & Minerals Pvt.Ltd. He executed the project –Coal Handling Plant at Kothagudem Thermal Power Station, Andhra Pradesh. He is Life Member Indian of Concrete Institute. He worked for KRUPP Industries India Ltd., Pune. He was also associated with Oriental Electric & Engineering Co.Ltd., Calcutta. He is one of the site-In-charges for construction of Civil Structures for Bisha Thermal Power Station (250 MW) in Saudi Arabia. Having worked for Saudi Ascon Ltd., He joined our Company in July 16, 2001 and is now presently in charge of Planning and Coordination Cell which monitors the fulfillment of obligations of our Company under various contracts. The amount of compensation paid during last financial year was Rs. 7,09,200/-

**Mr. M. Sreenivasa Rao** 41, General Manager-Projects. He is a graduate in Civil Engineering. He has 20 years of practical experience having been associated with organizations like Suvarna Cements Ltd., Kohinoor Cements Pvt.Ltd. He was associated with Development Consultants Ltd., and had undertaken supervision of Nagarjuna Fertilisers & Chemicals Semiconductor Complex, Chandigarh; Nuclear Power Corporation, Kudamkulam. He was also associated earlier with Fichtner Consulting Engineers (I) Pvt. Ltd., posted at 160 MW CCPP for Gujarat Industries Power Co.Ltd., and Cogeneration Plant for Madras Refineries Ltd., India. He also worked with Bechtel India Pvt. Ltd and Lanco Infratech Limited, Hyderabad as Project Director. He joined our Company on May 12, 2003. He is now heading our Delhi Regional Office, controlling the projects under execution in the states of Delhi Region and Rajasthan. The amount of compensation paid during last financial year was Rs. 5,88,907/- .

**Mr.T.Nagarjuna** 44, General Manager-Projects. He has 18 years of experience. He was associated with Afcons, Mumbai and L&T ECC Division. He was Regional Projects Manager (Infrastructure & Transportation Business Units) in M/s.L&T ECC at Hyderabad. He joined our Company on December 15, 2003. He executed Sky Bus project to the extent of our portion of work. The amount of compensation paid during last financial year was Rs 2,09,707 /-

**Mr.D.Venkata Subrahmaniyam** 35 years, is a B.E(Hons.) civil and M.Sc(Hons.) Maths, BITS, Pilani graduate. His post qualification experience includes Assistant to the Plant Manager and co-ordinator of work shops of M/s.Dumez Sogea Borie Sae, the French contractor for Dul Hasti Hydro Electric Project, Kishtwar, and as Senior Engineer-Civil, Comelegs (French Company). He joined our company on December 31, 1996. He is presently Sr.Deputy General Manager, Projects. The amount of compensation paid during the last financial year was Rs. 4,87,575/-

**Mr.B.Venkat Reddy** 30, Sr.Manager.He is a Post Graduate (Masters in Technology) in Planning with specialization in Environmental Planning from School of Planning, CEPT, Ahmedabad. He joined our Company on July 01, 1999. He now heads our Designs Department which is responsible for developing inhouse designs to meet the client requirements. The amount of compensation paid during last financial year was Rs 2,58,570/-

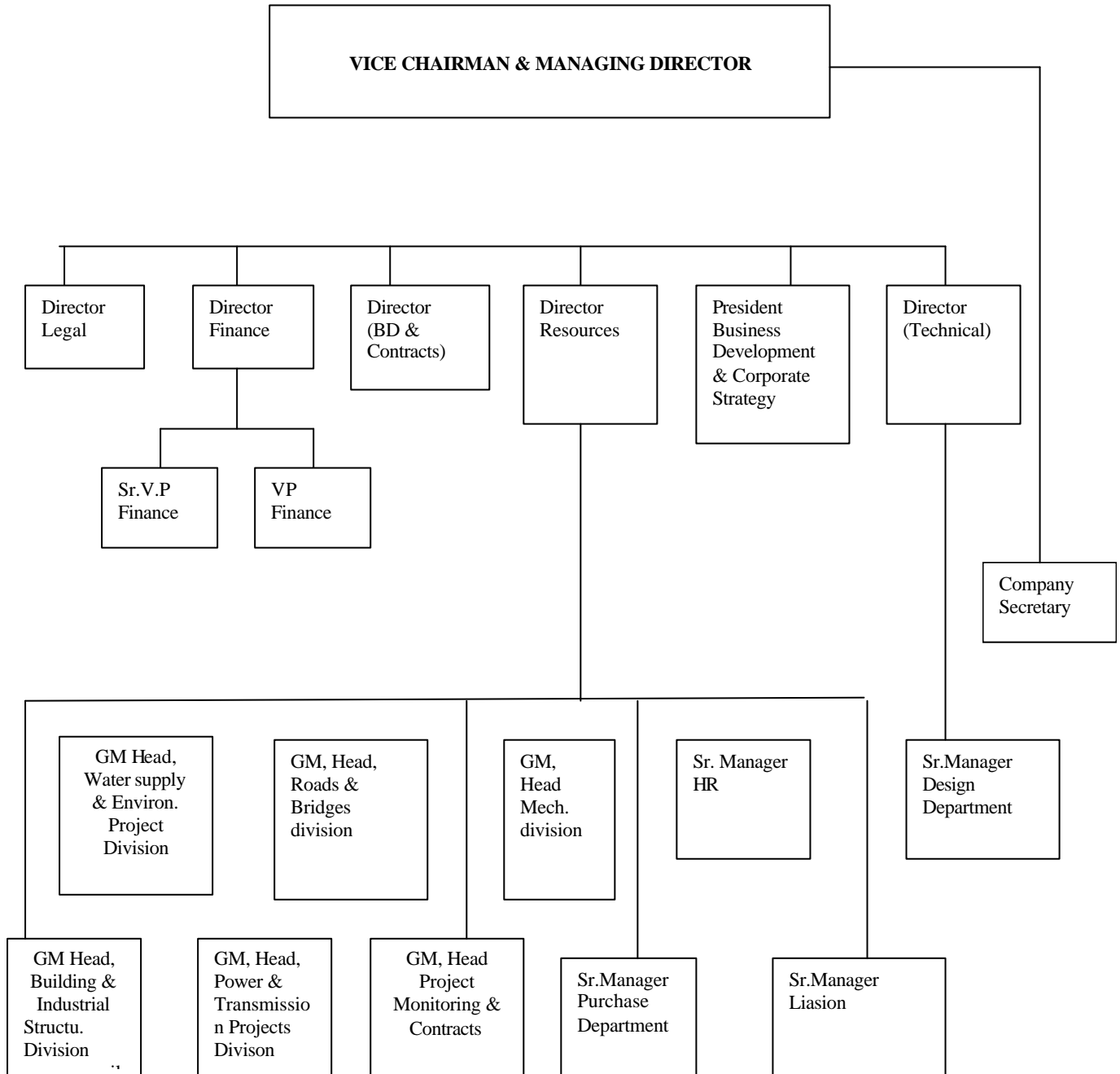
## Shareholding of Key Managerial Personnel

The shareholding of the key employees of our Company as on the date of the Red Herring Prospectus is as given below:

Sl. No.	Name of Key Managerial Personnel	No. of Equity Shares held
1.	Mr. Devaraja Rao	3400
2.	Mr. K.H.K.Prasad	2615
3.	Mr. A.Krishna Reddy	9005
4.	Mr. R.K.Singh	2000
5.	Mr. J.L.Vidya Sagar	10
6.	Mr. M.S.Rao	1500
7.	Mr. M.Nagireddy	2500
8.	Mr. S.Ramachandran	2000
9.	Mr. .Venkatraghavan	6500
10.	Mr. Sanjay Moharir	7000
11.	Mr. N.P.Haran	1710
12.	Mr. G.RamaKrishna Rao	4062
13.	Mr. G.Seetharam	Nil
14.	Mr. T.Nagarjuna	1000
15.	Mr. D.Venkata Subrahmanyam	2000
16.	Mr. B.Venkat Reddy	960

The Key Managerial Personnel are on the rolls of the Company as permanent employees. None of the Directors and the key managerial personnel except Mr. Ella Reddy, Mr. Sudhir Reddy and Mr. Sunil Reddy have any family relationships amongst them. Except to the extent of nomination of Directors by the major shareholders of the Company, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Director or Key Managerial Personnel was selected. The organisation structure of the senior management in the various departments of IVRCL, including the Presidents/Vice Presidents, Senior Managers, Managers, Deputy Managers, Executives and Junior Executives is:

## ORGANISATION CHART AT HEAD OFFICE



### ***Interest of Promoters, Directors and Key Managerial Personnel***

Except as stated in “Related Party Transactions” on page 116 of this Red Herring Prospectus, and to the extent of shareholding in our Company, the Promoters do not have any other interest in our business. Our Promoters have significant rights in our Company under the terms of our Articles of Association. For additional information, please see page 182 of this Red Herring Prospectus. Except to the extent of their compensation and to the extent of ESOP, if any, as mentioned on page 34 of this Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than Promoter who are also Directors, do not have any other interest in our Company. The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in our Company, if any, and options granted to them under the ESOP.

For the years 2000 and 2004, we granted options to our Directors and senior management as stated on page 36 of this Red Herring Prospectus.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding three years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Our Articles provide that our 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 favour or is acquitted in such proceeding. We have taken a directors’ and officers’ liability insurance policy.




### ***Changes in our Key Managerial Personnel during the last three years***


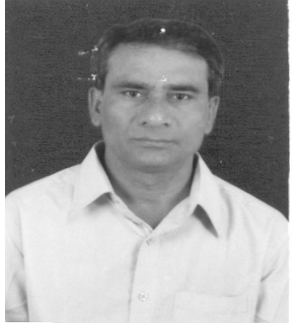


<b>Name of the key managerial personnel</b>	<b>Date of Joining</b>	<b>Date of cessation</b>	<b>Reason</b>
Mr I Syam Prasad Reddy	September 15, 1999	July 17, 2002	Relieved from duty with effect from November 1, 2001
Mr. K. Krishna Rao	April 08, 1996	October 30, 2003	On completion of contractual agreement
Mr. M. Srinivasa Rao	May 12, 2003	———	Newly recruited
Mr. T. Nagarjuna	December 15, 2003	———	Newly recruited



## OUR PROMOTERS, SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

The Promoters of our Company are Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy, Mrs. E. Sujatha Reddy, Mr. E. Siddhanth Reddy, Mr. E. Sunjeeth Reddy, Ms. E. Soma Reddy, Ms. E. Suha Reddy, Mrs. E. Indira Reddy, Mr. V. Thirumala Reddy, Mr. V. Rajamohan Reddy, Mr. V. Madhusudan Reddy, IVR Finlease Pvt. Ltd., S.V. Equities Ltd., E. Sudhir Reddy (HUF) and E. Sunil Reddy (HUF).

	<p>Mr. E. Sudhir Reddy, 44, B.com</p> <p>Voter I.D. AP/31/213/303377</p> <p>Driving License No. 1229/HW/2001/SP/655/2K1</p> <p>Mr. E. Sudhir Reddy, our Vice Chairman &amp; Managing Director is the promoter of IVRCL. Mr. Reddy is a commerce graduate. He started IVRCL to take up civil engineering constructions. The Company has grown from a modest turnover of Rs. 10 million in FY 91 to Rs. 7735 million in FY 04 and is now amongst one of the growing infrastructure companies in India.</p> <p>Mr. Reddy has the experience of 18 years in the industry. Under the leadership of Mr. Reddy, our Company has implemented projects for central and various state governments and PSU's, and several power majors.</p> <p>The proactive and progressive attitude of Mr.Reddy has helped our Company to widen its horizon and to take up expansion in a big way.</p>
	<p>Mr. E. Sunil Reddy, 43, B.com LLB</p> <p>Director Legal</p> <p>He doesn't have experience in our business and in the line of business proposed for the Issue.</p> <p>Voter I.D. No. Not applied for</p> <p>Driving License No. 308931/HYC/1987</p>
	<p>Dr. Mrs. E. Indira Reddy, 35, M.B.,B.S.,</p> <p>Medical Practitioner</p> <p>She doesn't have experience in our business and in the line of business proposed for the Issue.</p> <p>Voter I.D. No. Not applied for</p> <p>Driving License No. Not applied for</p>

	<p>Mrs. E. Sujatha Reddy, 62</p> <p>House Wife</p> <p>She doesn't have experience in our business and in the line of business proposed for the Issue.</p> <p>Voter I.D. No. Not applied for</p> <p>Driving License No. Not applied for</p>
	<p>Mr. V. Madhusudhan Reddy, 51</p> <p>Agriculturist</p> <p>He doesn't have experience in our business and in the line of business proposed for the Issue.</p> <p>Voter I.D. No. Not applied for</p> <p>Driving License No. Not applied for</p>
	<p>Mr. V. Raja Mohan Reddy, 49</p> <p>Agriculturist</p> <p>He doesn't have experience in our business and in the line of business proposed for the Issue.</p> <p>Voter I.D No. FZZ5240056</p> <p>Driving License No. Not applied for</p>
	<p>Mr. V. Thirumala Reddy, 40, B.Com</p> <p>Agriculturist</p> <p>He doesn't have experience in our business and in the line of business proposed for the Issue.</p> <p>Voter I.D. No. Not applied for</p> <p>Driving License No. Not applied for</p>



Master E. Siddhanth Reddy, 10, son of Mr. E.Sudhir Reddy. Being a minor, he is represented by father and natural guardian Mr. E. Sudhir Reddy. He doesn't have experience in our business and in the line of business proposed for the Issue.

Master E. Sunjeeth Reddy, 8, son of Mr. E.Sudhir Reddy. Being a minor, he is represented by father and natural guardian Mr. E. Sudhir Reddy. He doesn't have experience in our business and in the line of business proposed for the Issue.

Miss E. Soma Reddy, 10, daughter of Mr. E.Sunil Reddy. Being a minor, she is represented by her father and natural guardian Mr. E. Sunil Reddy. She doesn't have experience in our business and in the line of business proposed for the Issue.

Miss E. Suha Reddy, 4, daughter of Mr. E.Sunil Reddy. Being a minor she is represented by her father and natural guardian Mr. E. Sunil Reddy. She doesn't have experience in our business and in the line of business proposed for the Issue.

Permanent account number/bank account number and passport number of the Promoters have been submitted to the Stock Exchanges on which the securities are proposed to be listed.

Details of personal guarantees by Promoters as on January 31, 2005 are as follows:

(Rs. in million)

Sr. No.	Bank Name	Project Name	Guarantee Amount	Outstanding Amount including non fund
1	ICICI Bank Ltd /Canara Bank	NHAI -AP2 Srikakulam Road Project	634.40	401.47
2	Oriental Bank of Commerce/ Indian Overseas Bank	Rajahmundry Road Project	369.92	264.97
3	Citi Bank N.A. - Bank Guarantee	GWSSB – Mehasana Project (M-1)	280.00	184.20
4	Development Credit Bank	NPCL-Kaiga Project	170.70	139.70
5	Exim Bank	GWSSB - NC 20 & NC 21 Projects	257.70	119.10
6	ICICI Bank Ltd	GWSSB- NCD-1 Project	280.00	209.86
7	United Bank of India	Konkan Railway Corporation Ltd- Tunnel Work	445.22	322.29
8	IDBI Bank Ltd	Achampet Pipeline Project	207.50	156.95
9	Union Bank of India	GWSSB- SSW-A1 Project	273.20	271.05
	<b>TOTAL</b>		<b>2,918.64</b>	<b>2,069.59</b>

## CORPORATE PROMOTERS

### S.V.EQUITIES LIMITED

S.V. Equities Limited was initially promoted by Mr. Shashank Vaidhya and Mr. Avinash Ranade and was subsequently taken over by Mr. V. Raja Mohan Reddy and Mr. V. Madhusudhan Reddy by acquiring the entire shareholding on August 30, 2002. The company was originally incorporated on September 9, 1991 as S.V. Services and Holdings Private Limited. The name of the company was changed to S.V. Equities Private Limited on September 5, 1996 and subsequently converted into S.V. Equities Limited on September 19, 1996. The company is engaged in the business of finance, investment and acquisition of shares, stocks, securities, debentures and equity investment. S.V. Equities Limited is an unlisted Company.

Board of Directors of S.V.Equities Ltd., comprises Mr. G. Seetharam, Mr. V.Madhusudhan Reddy, Mr. V. Raja Mohan Reddy.



## Shareholding Pattern

As on date the paid up equity capital of the company is Rs. 10,00,000 as owned by:

Name of the Shareholder	No. of shares	% of shareholding
V. Rajmohan Reddy	1,100	1.10
V.Madhusudhan Reddy	150	0.15
B.Ramalinga Reddy	33,000	33.00
B.Ramasubbamma	6,000	6.00
B.Aruna	6,000	6.00
E.Sudhir Reddy	50,000	50.00
B.Anithamma	3,750	3.75
<b>Total</b>	<b>100,000</b>	<b>100</b>

The operating results of S.V.Equities Ltd., for half year ended September 30, 2004 and for the years ended March 31, 2002, March, 2003, March 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the half year ended September 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	Nil	0.48	0.33	0.09
B	Profit After Tax	-0.04	0.43	0.20	-0.11
C	Equity Capital (Rs. 10 per share)	1.00	1.00	0.50	0.01
D	Reserves & Surplus	0.71	0.75	0.32	0.12
E	EPS (Rs. Per share) (B/(C/10))	-0.40	4.30	4.00	-110.00
F	Networth (C+D)	1.71	1.75	0.82	0.13
G	Book Value Rs. Per share (F/(C/10))	17.10	17.50	16.40	130.00

Source: audited financial statements.



## IVR FINLEASE PRIVATE LIMITED

IVR Finlease Private Limited promoted by Mr. Balarami Reddy, Mr. Ashok Reddy and Dr. Suresh Shukla on January 9, 1997. Subsequently, Mr. E. Sudhir Reddy invested in the company and holds the majority shareholding in the company. The company is engaged in the business of finance, investment and acquisition of shares, stocks, securities, debentures and equity investment. IVR Finlease Private Limited is an unlisted Company.

Board of Directors of IVR Finlease Pvt. Ltd. comprises Mr. G. Seetharam, Mr. V. Madhusudhan Reddy, Mr. V. Raja Mohan Reddy

### Shareholding Pattern

As on date the paid up equity capital of the company is Rs. 1,00,000 as owned by:

Name of the Shareholder	No. of shares	% of shareholding
E. Sudhir Reddy	9500	95
R. Balarami Reddy	300	3
K. Ashok Reddy	100	1
Dr. Suresh Shukla	100	1
<b>Total</b>	<b>10,000</b>	<b>100</b>

The operating results of IVR Finlease Pvt. Ltd., for the half year ended September 30, 2004 and for the years ended March 31, 2002, March, 2003, March 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the half year ended September 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	0.80	1.59	1.36	1.12
B	Profit After Tax	0.50	1.47	0.85	1.08
C	Equity Capital (Rs. 10 per share)	0.50	0.50	0.50	0.005
D	Reserves & Surplus	5.46	4.96	3.49	2.64
E	Miscellaneous Expenditure to the extent not written off	0.03	0.04	0.04	0.05
F	EPS (Rs. Per share) ((B)/(C/10))	10.00	29.40	17.00	2160.00
G	Networth (C+D-E)	5.93	5.42	3.95	2.60
H	Book Value Rs. Per share (G/(C/10))	118.60	108.40	79.00	5200.00

Source: audited financial statements.

## SUBSIDIARIES

The Company has five subsidiaries. Details of these have been provided below:

### A. IVR PRIME URBAN DEVELOPERS LIMITED

IVR Prime Urban Developers Limited ("IVR-PUDL"), was incorporated on June 28, 1996 under the name IVR Realtors Ltd., under the Companies Act, 1956 with its Registered Office at M-22/3RT, Vijayanagar Colony, Hyderabad - 500 057 and Corporate Office at Road No. 10, 8-2-608/12, Banjara Hills, Hyderabad-500 034. IVR-PUDL has been incorporated as a special purpose vehicle for the purpose of development of infrastructural facilities for National Games 2002 (Games Village Project) at Hyderabad for the Government of Andhra Pradesh at an initial cost of Rs.1200 million in terms of the understanding reached with the Government of Andhra Pradesh. The financing of the project was by way of share capital to the extent of Rs.300.00 million over a period of four years and balance by way of the loans from institutions and bankers. The equity contribution was from us in the form of equity/share application monies. We also provided advances to IVR-PUDL over the last four years to meet their day to day requirements as also to service their debt.

The Company holds 99.99% of the share capital of IVR-PUDL. IVR-PUDL is an unlisted Company.

The Board of Directors of IVR Prime Urban Developers Limited comprises Mr. E. Sunil Reddy, Mr. E. Sudhir Reddy and Mr. R. Balarami Reddy.

## SHAREHOLDING PATTERN

As on date the company's equity capital is Rs.300,000,000 owned by:

Name of the Shareholder	No. of shares	% of shareholding
IVRCL Infrastructures & Projects Limited	2,99,99,500	99.99
E. Sunil Reddy	100	0.0003
E. Sudhir Reddy	100	0.0003
R. Balarami Reddy	50	0.0002
I. Syam Prasad Reddy	100	0.0003
E. Anumapa Reddy	50	0.0002
E. Indira Reddy	50	0.0002
I. Sundari	50	0.0002
<b>Total</b>	<b>30,000,000</b>	<b>100</b>



The operating results of IVR Prime Urban Developers Ltd., for the half year ended September 30, 2004 and for the years ended March 31, 2001, March 31, 2002, March, 2003, March 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the half year ended September 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales *	168.67	0.00	0.00	0.00
B	Other Income	0.00	0.21	1.66	11.06
C	PBIDT	11.57	(3.42)	(18.80)	(33.68)
D	Profit/Loss after Tax	6.44	4.37	(18.69)	(2.92)
E	Equity Capital (Rs. 10 per share)	300.00	78.01	78.01	10.01
F	Reserves & Surplus	(10.37)	(16.81)	(21.18)	(2.49)
G	Miscellaneous Expenditure to the extent not written off	0.20	0.27	0.41	0.55
H	EPS -(Rs. Per share) (D/(E/10))	0.21	0.56	(2.40)	(2.92)
I	Net worth (E + F - G)	289.43	60.93	56.42	6.97
J	Book value Rs. per share- (I/(E/10))	9.65	7.81	7.23	6.96

Source: Restated audited financial statements.

Note \*:

The project consisted of two phases one being flats and the other being independent houses. While the flats were developed initially to fulfill the obligations to the Government of Andhra Pradesh in providing necessary residential space for the National Games during the year 2001-02 and subsequently for sale. The independent houses were also simultaneously developed. The company decided to sell the flats in the year 2004.

## B. IVRCL PSC Pipes Private Limited

IVRCL PSC Pipes Private Limited ("IVRCL PSC Pipes"), a company incorporated on February 16, 1999 under the Companies Act, 1956 and having its principal place of business at M-22/3RT, Vijaynagar Colony, Hyderabad-57 is a subsidiary of our Company. IVRCL PSC Pipes is engaged in the business of manufacturing, distributing, selling and dealing in all types of Pre Stressed Concrete Pipes, poles, sleepers and allied products. IVRCL PSC Pipes is an unlisted Company. Currently the company is manufacturing PSC Pipes intended for various water transmission related projects.

The Board of Directors of IVRCL PSC Pipes comprises Mr.E. Sudhir Reddy, Mr. R. Balarami Reddy, and Mr. K. Ashok Reddy.

## SHAREHOLDING PATTERN

As on date the company's equity capital is Rs.25,14,000, owned by

Name of the Shareholder	No. of shares	% of shareholding
IVRCL Infrastructures & Projects Ltd	1,67,000	66.42
E. Sudhir Reddy	500	0.198
N.Sakaleswara Reddy	83,500	33.214
I. Syam Prasad Reddy	400	0.159
<b>Total</b>	<b>251,400</b>	<b>100</b>

The operating results of IVR PSC Pipes Pvt. Ltd., for the half year ended September 30, 2004 and for the years ended March 31, 2002, March, 2003, March 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the half year ended September 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	0.75	10.24	7.89	3.37
B	Profit/Loss after tax	0.20	1.31	(0.42)	(0.49)
C	Share Capital (Rs. 10 per Share)	2.51	2.51	2.51	2.51
D	Reserves & Surplus	(1.12)	(1.32)	(2.63)	(2.21)
E	Misc. Expenditure to the extent not written off	0.01	0.01	0.01	0.02
F	EPS -Rs. Per share (B/(C/10))	0.80	5.22	(1.67)	(1.95)
G	Net worth (C + D - E)	1.38	1.18	(0.13)	0.28
H	Book value Rs. per share (G/(C/10))	5.50	4.70	(0.52)	1.12

Source: Restated audited financial statements.

## C. FIRST STP Private Limited

FIRST STP Pvt. Ltd. a company incorporated on November 8, 2000 under the Companies Act, 1956 and having its Registered office at Chennai and principle place of business at M-22/3RT, Vijaynagar Colony, Hyderabad – 500 057 is a joint venture between VA TECH WABAG of Austria and our Company. Our Company owns 95% in FIRST STP Pvt. Ltd. and VA TECH WABAG Ltd., holds 5%. FIRST STP Pvt. Ltd. is an unlisted company. The company is presently engaged in Operation and Maintenance of Sewerage Treatment Plant of 12 MLD Capacity to treat Municipal Sewer Water for Alandur Municipality a suburb of Chennai.

The Board of Directors of FIRST STP comprises Mr. E. Sudhir Reddy, Mr. R. Balarami Reddy, Mr. Rajiv Mittal and Mr. S. Varadarajan.



## SHAREHOLDING PATTERN

As on date the company's equity capital is Rs.5,000,000 owned by

Name of the Shareholder	No. of shares	% of shareholding
IVRCL Infrastructures & Projects Ltd	4,75,000	95
VA TECH WABAG Ltd.	25,000	5
<b>Total</b>	<b>500,000</b>	<b>100</b>

The operating results of First STP Pvt. Ltd., for the half year ended September 30, 2004 and for the years ended March 31, 2001, March 31, 2002, March, 2003, March 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the half year ended September 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	5.62	10.86	2.65	-
B	Profit/Loss after tax	0.28	1.30	0.20	(2.13)
C	Equity Capital (Rs. 10 per share)	5.00	5.00	5.00	0.11
D	Reserves & Surplus	1.78	1.51	0.20	-
E	Misc. Expenditure to the extent not written off	0.09	0.10	0.11	0.13
F	EPS -Rs. Per share (B/(C/10))	0.56	2.60	0.40	(193.64)
G	Net worth (C + D - E)	6.69	6.41	5.09	(0.02)
H	Book value Rs. per share (G/(C/10))	13.38	12.82	10.18	(1.82)

Source: Restated audited financial statements.

### D. IVR Enviro Projects Private Limited

IVR Enviro Projects Private Limited a Company incorporated on September 10, 1997 under the Companies Act, 1956 and having its principal place of business at M-22/3RT, Vijaynagar Colony, Hyderabad -57 is a subsidiary of our Company. IVR Enviro Projects Private Limited is engaged in the business of environmental engineering and pollution control related activities such as engineering consultancy for municipal and industrial pollution control, solid and hazardous waste management etc. IVR Enviro Projects Private Limited is an unlisted Company. The Company implemented Municipal Solid Waste Recycling Project at Tiruppur and is concentrating on operations and maintenance of the same.

The Board of Directors of IVR Enviro comprises Mr.E. Sudhir Reddy, Mr. R. Balarami Reddy, and Mr. K. Ashok Reddy.



## SHAREHOLDING PATTERN

As on date the company's equity capital is Rs.7,500,000 owned by

Name of the Shareholder	No. of shares	% of shareholding
IVRCL Infrastructures & Projects Ltd	6,74,700	89.96
E. Sudhir Reddy	300	0.04
Dr.C.Srinivas	18,800	2.51
AWM Consultants	56,200	7.49
<b>Total</b>	<b>750,000</b>	<b>100</b>

The operating results of IVR Enviro Projects Pvt. Ltd., for the half year ended September 30, 2004 and for the years ended March 31, 2001, March 31, 2002, March, 2003, March 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the half year ended September 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002	As at and for the year ended March 31, 2001
A	Sales & Other Income	0.45	0.38	0.39	-	-
B	Profit/Loss after tax	(0.47)	(1.01)	(0.51)	(1.39)	(0.58)
C	Equity Capital (Rs. 10 per share)	7.50	7.50	7.50	7.50	2.51
D	Reserves & Surplus	(1.99)	(1.52)	(0.51)	-	-
E	Misc. Expenditure to the extent not written off	0.01	0.02	0.02	0.02	0.02
F	EPS -Rs. Per share (B/(C/10))	(0.63)	(1.35)	(0.68)	(1.85)	(2.31)
G	Net worth (C + D - E)	5.50	5.96	6.97	7.48	2.49
H	Book value Rs. per share (G/(C/10))	7.33	7.95	9.29	9.97	9.92

Source: Restated audited financial statements.

## E. GEO IVRCL ENGINEERING LTD

Geo IVRCL Engineering Ltd. was incorporated on October 21, 2004 under the Companies Act, 1956 and having its principle place of business at to carry on the business at M-22/3RT, Vijaynagar Colony, Hyderabad-57 is a subsidiary of our Company. Geo IVRCL Engineering Ltd is engaged in the business of undertaking survey, engineering, design, manufacture, maintaining and testing of various jobs or works in the fields of civil, mechanical, electrical and other engineering fields. This company is yet to commence business. Geo IVRCL Engineering Ltd is an unlisted company. This company proposes to engage itself in the works relating to laying of Gas Pipelines in the country.

The Board of Directors of GEO IVRCL Engineering Ltd., comprises Mr.E. Sudhir Reddy, Mr. R. Balarami Reddy, and Mr. K. Ashok Reddy.



## SHAREHOLDING PATTERN

As on date the company's equity capital is Rs.500,000 owned by

Name of the Shareholder	No. of shares	% of shareholding
IVRCL Infrastructures & Projects Ltd	49400	98.80
E. Sudhir Reddy	100	0.03
R.Balarami Reddy	100	0.03
K.Ashok Reddy	100	0.03
G.Ramakrishna Rao	100	0.03
E.Sunil Reddy	100	0.03
G.Seetharam	100	0.03
<b>Total</b>	<b>50,000</b>	<b>100</b>

## ASSOCIATE COMPANIES

### VIVA INFRASTRUCTURE PRIVATE LTD.

VIVA Infrastructure Private Ltd was incorporated on August 16, 2001 under the Companies Act, 1956, with its registered office at 417/8/9, Gultekadi, Market Yard, Pune 411037, to build, erect, construct, operate on Build Own Transfer or Build Own Lease Transfer basis, repair, execute, develop infrastructural project including roadways, bridges, dams, docks harbours, canals. VIVA Infrastructure Private Ltd hold 78% in VIVA Highways which operates and maintains a road project.

The Board of Directors of VIVA Infrastructures Private Ltd., comprises of Mr. S.D. Parekh and Mr. Ashok Kataria.

As on date the company's equity capital is Rs.1,000,000 owned by

Name of the Shareholder	No. of shares	% of shareholding
IVRCL Infrastructures & Projects Ltd.,	50000	50%
B.Ramalinga Reddy	1000	1%
Ashoka Buildcon	49000	49%
<b>Total</b>	<b>100,000</b>	<b>100</b>

## Financial Performance

The operating results of VIVA Infrastructure Private Ltd., for the periods ended March 31, 2002, March 31, 2003 and March 31, 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	0.27	-	-
B	Profit After Tax	0.01	(0.18)	-
C	Equity Capital (Rs. 10 per share)	96.38	75.20	1.00
D	Reserves & Surplus	238.27	185.32	
E	Miscellaneous Expenditure to the extent not written off	0.50	0.66	0.62
F	EPS (Rs. Per share) (B/(C/10))	<b>0.00</b>	<b>(0.02)</b>	-
G	Networth (C+D-E)	<b>334.15</b>	<b>259.86</b>	<b>0.38</b>
H	Book Value (G/(C/10))	<b>34.67</b>	<b>34.56</b>	<b>3.80</b>

## HOPE IVRCL E-SERVICES PVT.LTD.

HOPE IVRCL E-Services Pvt. Ltd. was incorporated on July 21, 2003. The company is engaged in the business of providing system consultancy and integration services, solutions, assistance, help maintenance relating to software, hardware; to carry on the business of designing, developing and dealing in computers and peripheral equipment and software; to provide technical and advisory services for users and potential users including; providing the service of integration of networks and systems and acquiring, installation, geological information systems applications and supplying computer hardware and software.

The Board of Directors of HOPE IVRCL E-Services Private Ltd., comprises of Mr. E. Sudhir Reddy and Mr. Amitava Datta Gupta.

## Shareholding Pattern

As on date the company's equity capital is Rs.100,000 owned by:

Name of the Shareholder	No. of shares	% of shareholding
E. Sudhir Reddy	200	2
Amitava Datta Gupta	4,900	49
IVRCL Infrastructures & Projects Ltd	4,900	49
<b>Total</b>	<b>10,000</b>	<b>100</b>



## Financial Performance

The operating results of Hope IVRCL E-Services Pvt. Ltd., for the half year ended September 30, 2004 and for the periods ended March 31, 2004 are set forth below:

(Rs. In Million)

Sl. No.	Particulars	As at and for the year ended March 31, 2004
A	Sales & Other Income	-
B	Profit After Tax	(0.07)
C	Equity Capital (Rs. 10 per share)	0.10
D	Reserves & Surplus	(0.07)
E	EPS (Rs. Per share)	(7.00)
F	Net worth (C + D)	0.03
G	Book Value(Rs. Per share) (G/(C/10))	3.00

## JOINT VENTURES

SPCL-IVRCL (JV) has been formed on October 23, 2000 in the ratio of 51:49 for submitting the prequalification, tender and subsequent execution of the Golden Quadrilateral Project Phase 2 Projects in Andhra Pradesh to the National Highways Authority of India (NHAI). This is an unincorporated joint venture in the nature of partnership.

## Financial Performance

(Rs. In Million)

Sl. No.	Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	526.86	853.97	217.00
B	Profit After Tax	-	-	-
C	Sources of funds*	112.04	226.03	325.79

\*Note: Sources of Funds indicate the Loan Funds borrowed from Banks/FIs

## Benefit of the Joint Venture:

To obtain technical qualification required for bidding for the Road projects.

## UAN Raju – IVRCL Construction JV:

This joint venture with M/s. UAN Raju Construction Ltd was formed on August 31, 2002 for submitting the prequalification, tender and subsequent execution of the Tunnels and construction of Earthwork in cuttings/embankment and major bridges on Katara-Qazigund of Jammu Srinagar. The work was awarded on February 12, 2004. This is an unincorporated joint venture in the nature of partnership. The Joint Venture is now executing a work of tunneling and laying of roads for Konkan Railway Limited in the State of Jammu & Kashmir.

## Financial Performance

(Rs. In Million)

Sl. No.	Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	1.13	-	-
B	Profit After Tax	-	-	-
C	Sources of funds*	-	-	-

\*Note: Sources of Funds indicate the Loan Funds borrowed from Banks/FIs

## Benefit of UAN Raju Joint Venture Agreement:

To obtain technical qualification required for bidding for the Tunnel projects.

## IVRCL-Tantia JV

This joint venture with M/s. Tantia Construction Company Ltd., was formed on March 20, 2001 for execution of infrastructure works awarded by Delhi State Industrial Development Corporation Limited. This is an unincorporated joint venture in the nature of partnership. The execution of the project is complete and we have received the completion certificated dated February 06, 2004.

## Financial Performance

(Rs. In Million)

Sl. No.	Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	0.51	250.00	361.20
B	Profit After Tax	0.17	3.16	4.64
C	Sources of funds*	0.40	4.10	4.66

\*Note: Sources of Funds indicate Joint venture member's capital accounts



## BHANU- IVRCL ASSOCIATES

This joint venture with Bhanu Construction Company Limited was formed on May 18, 2000 to bid for the construction of 400 KV Vizag- Khammam Double Circuit Line (4 packages) under Simhadri-Vizag Transmission System Project of Power Transmission Corporation of Andhra Pradesh Limited. This is an unincorporated joint venture in the nature of partnership, The execution of the project is complete and we have received the completion certificated dated May 10, 2002 from Power Transmission Corporation of Andhra Pradesh Limited.

## Financial Performance

(Rs. In Million)

Sl. No.	Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
A	Sales & Other Income	-	23.4	111.13
B	Profit After Tax	(0.26)	(7.68)	(37.65)
C	Sources of funds*	48.17	48.70	89.19

\*Note: Sources of Funds indicate the Loan Funds borrowed from Banks/Fis and other current liabilities

## IVRCL – PRASAD SEW CONSTRUCTIONS

This joint venture with M/s. SEW Constructions Limited and M/s. Prasad and Company (Project Works) Limited was formed on July 6, 2004 to submit a pre-qualification bid to the Government of Andhra Pradesh in response to the above notification. Work orders valued at Rs. 9236 million have been bagged by the joint venture. The Joint Venture has been formed to get pre-qualified and to execute Irrigation works floated by Government of Andhra Pradesh.

## Shareholding Pattern

IVRCL Infrastructures & Projects Ltd	-	50%
SEW Constructions Limited	-	25%
Prasad & Company (Project Works) Limited	-	25%

Operations have not yet started and there is no capital infusion.

## Common Notes to the above companies:

- All companies' reserves are excluding revaluation reserves.
- Since all group companies are closely held and not listed companies, there is no Promise Vs Performance.
- None of the promoter group companies of the Promoters or ventures promoted by the Promoters have been referred to the BIFR.
- None of the subsidiaries / promoter group companies of the Promoters or ventures promoted by the Promoters have negative net worth.
- None of the group companies' names have been struck off from the register of the relevant Registrar of Companies.
- There have been no sales or purchases between companies in the promoter group exceeding in value in the aggregate 10% of the total sales or purchases of our Company.

- The Sick Industrial Companies Act, 1985 does not apply to the following companies which have accumulated losses as shown below:

IVRCL PSC Pipes (P) Ltd.,  
 IVR Enviro Projects Pvt. Limited  
 IVR Prime Urban Developers Ltd.,  
 Bhanu- IVRCL Associates  
 Hope IVRCL E-Service Pvt. Limited  
 Viva Infrastructure Private Ltd

Name of the Company	Profit / (Loss)After Tax				Accumulated losses			
	2001-02	2002-03	2003-04	September 30, 2004	2001-02	2002-03	2003-04	September 30, 2004
IVRCL PSC Pipes (P) Ltd.,	(0.49)	(0.42)	1.31	0.20	2.21	2.63	1.32	1.12
IVR Enviro Projects Pvt. Limited	(1.39)	(0.51)	(1.01)	(0.47)	-	0.51	1.52	1.99
IVR Prime Urban Developers Ltd.	(2.92)	(18.69)	4.37	6.44	2.49	21.18	16.81	10.37
Hope IVRCL E-Service Pvt. Limited	NA	NA	(0.07)	Not available	NA	NA	0.07	Not available
Viva Infrastructure Pvt Ltd.,	NA	(0.18)	0.01	Not available	NA	0.18	0.17	Not available
Bhanu- IVRCL Associates	(37.65)	(7.68)	(0.26)	Not available	37.65	45.32	45.59	Not available

NA: stands for not applicable since the company was not incorporated in that year

Not available: Since September accounts are not audited figures are not available.

- The Promoters have disassociated from the following Companies in the past three years.
- M/s. Soma Hotels and Resorts Ltd.:** Incorporated as "Soma Softech Ltd.," on September 18, 2000, to enter into the business of legal portal development for use by legal professionals. However, as there was lot of competition in similar business, the promoters have shelved the business. The name of the company was changed to M/s.Soma Hotels and Resorts Ltd., on June 9, 2003, to enter into the business of hotel management. However, since our promoters viz., Mr E.Sudhir Reddy, Mr.E.Sunil Reddy and Mr.E.Ella Reddy were engaged in some other business, they have diluted their stake in the company in favour of others.
  - IVRCL Mega Malls Ltd.:** This company was incorporated on May 26, 2000 as "IVRCL Information Technology Ltd.," to take advantage of the opportunities in information technology business and certificate of incorporation was obtained on May 26, 2000. However, the company could not make a start in this line of business. In order to enter into the business of development of malls on May 21, 2004, the name of the company was suitably changed as IVRCL Mega Malls Ltd. However, the company could not make a beginning of the newly conceived activity as well and hence, the Promoters diluted their stake in favour others.
  - IVRCL Clubs Limited:** This company was incorporated on June 22, 2000, as "IVRCL .Com Ltd", obtained certificate of commencement of business on July 5, 2000, to enter into the business of development of websites. However, no headway could be achieved by the company in the line of business. In order to enter into the business of management of clubs, the name of the company was changed as IVRCL Clubs Ltd. Since the company could not make a start in this line as well, the Promoters have disassociated themselves from the management of this company by diluting their stake in favour of others.
  - Snehanjali Chits Pvt. Ltd.:** Originally incorporated as "IVR Chits Private Ltd.," to do the business of chitfunds. The name was subsequently changed to Snehanjali Chits Pvt Ltd. The Promoters have divested their shareholding in favour of others to concentrate on the activities of our Company.



5. **Palladium Infrastructures & Projects Ltd.:** Incorporated on December 4, 2003 to undertake general construction activity relating to earthwork, masonry, docks, harbours etc. However the Promoters have disassociated with this company in order to concentrate on the business of our Company. Their stake was diluted in favour of others.
6. **IVR Hotels and Resorts Ltd.:** This company was incorporated for purposes of development of resorts in selected metropolitan centers. However, the company could not start operations. Hence, the promoters have disassociated with this Company in order to concentrate on the business of our Company by selling off their stake in this Company to others who are interested to carry forward the business of the company.
- Prodrabena IVRCL SDN BHD was incorporated as a private company in Kuala Lumpur under the laws of Malaysia on November 9, 2002 pursuant to the Memorandum of Understanding between M/s. Prodrabena and our Company for undertaking the execution of railway projects likely to be awarded by IRCON. We have not made any investments in this company so far. We are not represented on Board of Directors of this company.

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## **RELATED PARTY TRANSACTIONS**

Please see the section entitled “Financial Information” on page 202 of this Red Herring Prospectus for more details regarding related party transactions.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of financial condition and results of operations together with audited unconsolidated financial statements (as restated) for the period March 31, 2002, 2003, 2004 and half year ended September 30, 2004 under Indian GAAP including schedules, annexure and notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of jointly signed by M/s. Chaturvedi & Partners, Chartered Accountants and M/s Deloitte Haskins & Sells, Chartered Accountants dated January 27, 2005 in the section with the title "Financial Information"

### Summary of Profit & Loss Account, as Restated

(Rs in million)

Particulars	For the half year ended September 30, 2004	For the Financial Years Ended		
		March 31, 2004	March 31, 2003	March 31, 2002
<b>INCOME</b>				
Income from Operations	4,223.13	7,734.53	4,403.49	3,922.29
Other Income	7.78	21.13	10.54	3.74
<b>Total</b>	<b>4,230.91</b>	<b>7,755.66</b>	<b>4,414.03</b>	<b>3,926.03</b>
<b>EXPENDITURE</b>				
Construction Expenditure	3,685.90	6,707.48	3,711.28	3,355.45
Personnel Expenses	98.48	196.07	155.03	120.69
Administrative and Other Expenses	130.14	195.34	99.85	81.29
<b>Total</b>	<b>3,914.52</b>	<b>7,098.89</b>	<b>3,966.16</b>	<b>3,557.43</b>
Operating Profit before Finance cost, Amortisation & Depreciation and Prior period expenses	<b>316.39</b>	<b>656.77</b>	<b>447.87</b>	<b>368.60</b>
Interest and Financial charges	101.21	219.90	128.81	123.74
Depreciation and obsolescence	39.21	97.80	79.00	45.46
Operating profit before Prior Period Expenditure	175.97	339.07	240.06	199.40
Prior Period Expenses	-	-	-	0.18
<b>Profit before tax &amp; Extraordinary Items</b>	<b>175.97</b>	<b>339.07</b>	<b>240.06</b>	<b>199.22</b>
Add: Tax provision for earlier years written back	-	88.05	-	-
<b>Profit before tax</b>	<b>175.97</b>	<b>427.12</b>	<b>240.06</b>	<b>199.22</b>
Current	16.47	45.66	38.71	23.48
Deferred Tax	(16.26)	(10.35)	46.26	44.80
<b>Net Profit after tax (A)</b>	<b>175.76</b>	<b>391.81</b>	<b>155.09</b>	<b>130.94</b>
Impact of material adjustments for restatement in corresponding years(B)	<b>5.47</b>	<b>(80.17)</b>	<b>6.86</b>	<b>20.73</b>
<b>Adjusted Profit (A+B)</b>	<b>181.23</b>	<b>311.64</b>	<b>161.95</b>	<b>151.67</b>
Carry Forward Profit from Previous Year	318.96	295.36	277.65	190.47
<b>Total</b>	<b>500.19</b>	<b>607.00</b>	<b>439.60</b>	<b>342.14</b>



(Rs in million)

Particulars	For the half year ended September 30,2004	For the Financial Years Ended		
		March 31, 2004	March 31, 2003	March 31, 2002
<b>APPROPRIATIONS</b>				
Proposed Dividend	-	50.59	31.49	31.33
Dividend Tax	-	6.48	4.03	-
General Reserve	-	230.97	108.72	33.16
<b>Profit/(Loss) carried forward to Balance Sheet</b>	<b>500.19</b>	<b>318.96</b>	<b>295.36</b>	<b>277.65</b>

The accompanying significant accounting policies (Annexure III ) and notes (Annexure IV ) are an integral part of this statement



## Summary of Assets & Liabilities, as Restated

(Rs. in Million)

	As at September 30, 2004	As at Financial Year Ended		
		March 31, 2004	March 31, 2003	March 31, 2002
<b>Fixed Assets</b>				
Gross Block	1,036.81	964.35	898.61	755.19
Less: Depreciation	330.37	291.37	218.16	160.06
Net Block	706.44	672.98	680.45	595.13
Less: Revaluation Reserve	28.65	28.67	28.70	28.74
Net Fixed Assets after adjustment of Revaluation Reserve	677.79	644.31	651.75	566.39
Capital Work in Progress	50.05	7.63	1.14	31.01
<b>Total-A</b>	<b>727.84</b>	<b>651.94</b>	<b>652.89</b>	<b>597.40</b>
<b>Investments-B</b>	<b>316.47</b>	<b>96.47</b>	<b>97.04</b>	<b>38.42</b>
<b>Deferred Tax Assets -C</b>	<b>43.60</b>	<b>29.67</b>	<b>13.31</b>	<b>1.35</b>
<b>Current Assets, Loans &amp; Advances</b>				
Inventories	175.36	184.78	253.65	335.52
Sundry Debtors	2,249.65	1,744.29	1,227.81	802.08
Cash & Bank Balances	496.58	1,233.98	262.27	322.76
Loans & Advances	942.19	916.48	730.51	630.57
Other Current Assets	1,969.98	1,695.98	691.26	344.14
<b>Total -D</b>	<b>5,833.76</b>	<b>5,775.51</b>	<b>3,165.50</b>	<b>2,435.07</b>
<b>Total Assets(A+B+C+D)=E</b>	<b>6,921.67</b>	<b>6,553.59</b>	<b>3,928.74</b>	<b>3,072.24</b>
<b>Less: Liabilities and Provisions</b>				
Secured Loans	1,453.65	1,533.34	872.42	851.99
Unsecured Loans	447.62	187.94	27.68	-
Deferred Tax liabilities	101.65	109.45	172.08	116.32
Current Liabilities	2,633.07	2,549.98	1,754.88	1,140.86
Provisions	13.01	67.95	44.48	37.48
<b>Total Liabilities=F</b>	<b>4,649.00</b>	<b>4,448.66</b>	<b>2,871.54</b>	<b>2,146.65</b>
<b>NET WORTH (E-F)</b>	<b>2,272.67</b>	<b>2,104.93</b>	<b>1,057.20</b>	<b>925.59</b>
<b>REPRESENTED BY</b>				
Share Capital	168.63	106.19	104.97	104.44
Advance Against Share Application Money	5.00	785.01	0.09	-
Reserve & Surplus	2,127.69	1,242.40	980.84	849.89
Less: Revaluation Reserve	28.65	28.67	28.70	28.74
<b>Net Reserves &amp; surplus</b>	<b>2,099.04</b>	<b>1,213.73</b>	<b>952.14</b>	<b>821.15</b>
<b>NET WORTH</b>	<b>2,272.67</b>	<b>2,104.93</b>	<b>1,057.20</b>	<b>925.59</b>

## Overview

We started our operations as a Class I Contractor, by undertaking small projects for hospital buildings, roads in the interiors and buildings for industrial purposes. We forayed into water projects in 1992. From the year 1992 to 2004 we have gained significant qualifications in water projects. By leveraging our expertise in water, we have established presence in other growing sectors such as roads, power and buildings of the construction industry.

Currently, we operate our business through the following four divisions.

1. Water Supply and Environmental ("water")
2. Roads and Bridges ("Roads")
3. Buildings and Industrial Structures and ("Buildings")
4. Power & Transmission Lines.

Today we are a fully integrated infrastructure company with Front End Engineering and Designing skills, project execution skills to Lumpsum turnkey implementation skills and in-house design capabilities. We have geographical presence in fifteen states across India and nearly more than 50% of the turnover from Western and Southern Region.

We have 8 Regional Offices located across India, which enable us to address Regional Project and Marketing requirements.

Following table will help us to understand the trend in the growth of revenues and margins during the past 3 years:

Rs. In Million				
Particulars	For half year ended September 30, 2004	FY 2003-04	FY 2002-03	FY 2001-02
Total Income	4230.91	7755.66	4414.03	3926.03
%age growth yoy	-	75.70%	12.43%	46.41%
Adjusted Profit	181.23	311.64	161.95	151.67
%age to turnover	4.28%	4.02%	3.67%	3.86%

Our unconsolidated Total Income from FY 2001-02 to FY 2003-04 has grown from Rs. 3926.03 million to Rs. 7755.66 million.

Total unconsolidated adjusted profit was Rs. 151.67 million and Rs. 311.64 million for the same period, indicating an increase from 3.86% to 4.02% (respectively).

The projects being executed by us currently as on January 31, 2005 are funded by the following agencies:

Rs. In Million					
Sr. No.	Funding Arrangement	No. of Orders	%age to total	Balance Value	%age share
1	World Bank/ADB/JBIC etc	26	17.57%	1,609.63	6.32%
2	HUDCO/NABARD/LIC etc	30	20.27%	6,240.98	24.52%
3	Navaratna Cos./PSU's/Top Indian Cos.	35	23.65%	4,393.83	17.26%
4	Financially closed with Banks/FIs	19	12.84%	3,539.98	13.91%
5	Budgetary Allocation/State Govt/Municipalities etc.	38	25.68%	9,669.81	37.99%
	<b>TOTAL</b>	<b>148</b>	<b>100.00%</b>	<b>25,454.23</b>	<b>100.00%</b>

The item no. 5 includes four irrigation projects worth Rs. 4620 million bagged by the company from Irrigation Department, Andhra Pradesh. A temporary stay had been put by the Supreme Court which has been removed on these tenders and we can resume execution.



## Factors affecting business operations

As an infrastructure project company, our business operations are affected by three broad set of factors, as follows :

1. Government policy towards infrastructure

With the Public Private Partnership (PPP) framework still being in initial stages of implementation in India, infrastructure spends is still dependent to a large extent on the priority given by the Government towards such projects. The Government's budgetary position (or other financial closure) also plays an important role in determining healthy cash flows and timely completion of the projects.

2. Market price behavior of key materials

Our project costs mainly comprise of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

3. Our capabilities to participate and execute

The nature of the Government's tendering process is such that the pre qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to strategically partner with other players will also determine the success in award of some key projects the company will be/is bidding for. The project management (including our management of sub contractors performance) capability will also determine the profitability.

## SIGNIFICANT ACCOUNTING POLICIES

Our financial statements are prepared in accordance with generally accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of assumptions and estimates of our management. For further details, see "Financial Statements Significant Accounting Policies"

### Depreciation

1. Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956 except the following:
2. Steel Shuttering depreciated at the rate of 10% per annum, based on useful life as determined by the management.
3. Wood shuttering materials are depreciated at the rate of 33 1/3% per annum, based on useful life as determined by the management.
4. Pucca sheds and land acquired for quarrying are amortized over the period of the Project on project-to-project basis.
5. Assets of small value (acquired for less than Rs.5000/- each) are fully depreciated in the year of purchase.

### Recognition of contract revenue and expenses

1. Contract Revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.
2. The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
3. An expected loss on the construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.
4. Price escalation and other claims an/or, variation in the contract work are included in contract revenue only when:
  - Negotiations have reached an advanced stage such that it is probable that customer will accept the claim; and
  - The amount that is probable will be accepted by the customer can be measured reliably.
5. Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:
  - The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and

- The amount of the incentive payment can be measured reliably.

### Revenue receipts on joint venture contracts

1. In work sharing Joint Venture arrangements, (AOP) the revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company
2. In profit sharing Joint Venture entities, (AOP) the services rendered to such Joint Ventures are accounted for as income on accrual basis. The Company's share of profit/loss is accounted for as and when determined by those Joint Venture entities.
3. In jointly controlled entities, the share of income and expenses is proportionately taken by way of line addition as per arrangement between the joint ventures.

### OUR RESULTS OF OPERATIONS

(Rs. In Million)

Particulars	Half year ended September 30, 2004	As on March 31, 2004	As on March 31, 2003	As on March 31, 2002
Total Income	4230.91	7755.66	4414.03	3926.03
Construction Expenses	3685.90	6707.48	3711.28	3355.45
Construction expenditure as a percentage to Total Income	87.12%	86.48%	84.08%	85.47%
Personnel Expenses	98.48	196.07	155.03	120.69
Personnel Expenses as a percentage to Total Income	2.33%	2.53%	3.51%	3.07%
Admin & Other Expenses	130.14	195.34	99.85	81.29
Admin & Other Expenses as a percentage to Total Income	3.08%	2.52%	2.26%	2.07%
Interest & Finance Charges	101.21	219.90	128.81	123.74
Interest & Finance Charges as a percentage to Total Income	2.39%	2.84%	2.92%	3.15%
Depreciation	39.21	97.80	79.00	45.46
Depreciation as a percentage to Total Income	0.93%	1.26%	1.79%	1.16%
Profit before Tax & Extra-ordinary Items	175.97	339.07	240.06	199.22
%age to Total Income	4.16%	4.37%	5.44%	5.07%

### COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE

Comparison of FY 2002 with FY 2003- Reasons of Variance

#### 1) Construction Expenses

Construction expenses mainly comprise of Construction and other materials consumed, Sub-contract expenses, Masonry & other works, Works contract tax, Electricity & water charges, Machinery hire charges and Repairs & maintenance.

Construction expenses, as a percentage to total income have reduced from 85.47% in fiscal 2002 to 84.08% in fiscal 2003. This is mainly due to reduction in input cost.

#### 2) Personnel Expenses

The personnel expenses as a percentage to total income increased from 3.07% in fiscal 2002 to 3.51% in fiscal 2003. This was because of the revision in salary of employees undertaken during the year 2003 in order to make Company's pay package at par with the Industry.



### 3) Administrative and Other Expenses

The Administrative and other expenses as a percentage to Total Income have increased from 2.07% in fiscal 2002 to 2.26% in fiscal 2003. This marginal increase in expenses can be attributed to inflationary reasons.

### 4) Interest and Finance Charges:

Interest and financial as a percentage to total income have decreased from 3.15% in fiscal 2002 to 2.92% in fiscal 2003. This is because of gradual reduction in the interest rates structure (experienced till September 2004).

### 5) Depreciation

The increase in depreciation as a percentage to total income from 1.16% to 1.79% in fiscal 2003 is due to addition of fixed assets to the extent of Rs 171.28 million.

### 6) Profit before Tax and Extra-ordinary Items:

There is increase in Profit before extra-ordinary items as a percentage to total income in the fiscal 2003 compared to fiscal 2002, which is relatable to the decrease in the percentage of construction expenses in that year.

## Comparison of FY 2003 with FY 2004- Reasons of Variance

### 1) Construction Expenses

The increase in percentage from 84.08% in fiscal 2003 to 86.48% in fiscal 2004 is due to increase in works contract tax and machinery hire charges, which accounted for an increase by 1.80%. The Company had borne additional works contract tax of 2% on certain projects in the Southern Region. There was also a sharp increase in machinery hire charges because the Company executed more projects in Roads sector and Water projects in the Northern region where the requirement of plant and machineries was quite high. In addition to that the FY 2003-04 also experienced steep increase in steel prices, which correspondingly affected the cost of construction.

### 2) Personnel Expenses

There has been a steady decrease in the personnel expenses as a percentage to Total Income from 3.51% in fiscal 2003 to 2.53% in fiscal 2004. This is because of the sharp increase in total income @ 76% in fiscal 2004 compared to fiscal 2003.

### 3) Administrative and Other Expenses

The Administrative and other expenses as a percentage to Total Income has increased from 2.26% in fiscal 2003 to 2.52% in fiscal 2004. The increase in fiscal 2004 compared to fiscal 2003 is mainly due to accounting for loss on sale of investments Rs. 32.07 million as an abnormal event during the fiscal 2004.

### 4) Interest and Finance Charges:

Interest and financial as a percentage to total income have once again depicted a decreasing trend from 2.92% in fiscal 2003 to 2.84% in fiscal 2004.

### 5) Depreciation

The reduction in depreciation as a percentage to total income from 1.79% from fiscal 2003 to 1.26% in fiscal 2004 is mainly due to the Company's preference for hired equipments instead of purchasing them. In these years there is no substantial addition to fixed assets when compared to increase in total income.

### 6) Profit before Tax and Extra-ordinary Items:

Increase in construction expenditure in the respective years has affected the profit level and there is reduction in profit before tax and extra ordinary items from 5.44% in fiscal 2003 to 4.37% in fiscal 2004.

## Comparison of FY 2004 with half year Ended September 30 2004- Reasons of Variance

### 1) Construction Expenses

The increase in percentage from 86.48% in fiscal 2004 to 87.12% in half year ended September 30, 2004 is due to change in the project mix.

### 2) Personnel Expenses

The decrease in personnel expenses from 2.53% in fiscal 2004 to 2.33% in half year ended September 30, 2004 is in line with other years steady decrease.

### 3) Administrative and Other Expenses

The Administrative and other expenses as a percentage to Total Income has increased from 2.52% in fiscal 2004 to 3.08% in half year ended September 30, 2004. Increase in half year ended September 30, 2004 compared to fiscal 2004 is due to sharp increase in administrative expenses like Advertisement & Publicity, Insurance and write off of deferred ESOP expenses.

### 4) Interest and Finance Charges:

Interest and financial charges have continued to show a downward trend, which is in line with other years.

### 5) Depreciation

The reduction in depreciation as a percentage to total income from 1.26% in fiscal 2004 to 0.93% in half year ended September 30, 2004 is because of hiring of equipments instead of purchase them.

### 6) Profit before Tax and Extra-ordinary Items:

Because of increase in construction expenditure the profit has decreased from 4.37% in fiscal 2004 to 4.16% half year ended September 30, 2004.

## DEBTOR DAYS

### Sundry Debtors

The following table presents the details of our Sundry Debtors.

Particulars	Half year ended September 30, 2004	As on March 31, 2004	As on March 31, 2003	As on March 31, 2002
Total Income	4230.91	7755.66	4414.03	3926.03
Outstanding Debtors at the end of each Period	2280.71	1773.47	1232.39	804.41
Debtors o/s for less than 180 days	1840.97	1427.2	965.26	463.65
Debtors o/s for more than 180 days	439.74	346.27	267.13	340.76
Debtors o/s for less than 180 days as a percentage to Total Debtors	80.72%	80.48%	78.32%	57.64%
Debtors o/s for more than 180 days as a percentage to Total Debtors	19.28%	19.52%	21.68%	42.36%
Provision for Doubtful Debts	1.88	24.6	2.25	0.77
Debtors o/s – No of days	98	83	102	75

From the table given above one can make following observations:

#### a. Debtors outstanding for more than 180 days and less than 180 days:

The last 3 years debtor's outstanding figures depict that the company has been able to improve on its realization mechanism. In the FY 2001-02 nearly 40% of the Debtors were more than 180 days old. This has improved to >20% in the FY 2003-04 and the similar trend continues in the current Financial year also.

#### b. Debtor's turnover ratio indicates that on an average the debtors are not more than 100 days old in any of the financial years.

The following table presents the details of our Creditors.

Particulars	Half year ended September 30, 2004	As on March 31, 2004	As on March 31, 2003	As on March 31, 2002
Construction Expenditure	3685.9	6707.48	3711.28	3355.45
Outstanding Creditors at the end of each Period	2096.78	1979.01	1217.27	728.34
Creditors o/s – No of days	104	108	120	79



The following table presents the details of our Creditors

1. Creditors have been compared to the total construction expenditure incurred during the year.
2. The average creditor days have been decreasing since FY 2003.

## **ANALYSIS OF REASONS FOR CHANGES IN SIGNIFICANT ITEMS OF INCOME**

1. Unusual or infrequent events or transactions
  - a) Financial (or other) disability of the clients to honor the contractual payments can effect the timely completion of the project and lead to erratic payment structure.- Company had received a project from Maharashtra Krishna Valley Development Corporation (MKVDC) in the year 1999. This project was stopped in 2001 and restarted in 2004 and hence could not be completed on time, as the client could not honor the bills raised by the company on time.
2. Significant economic changes that materially affected or are likely to affect margins .Changes in steel and cement prices (for non-escalation contracts)- Because of steep increase in steel prices between December 2003 and September 2004 the profit margins for Veeranam contract (approximate value Rs. 3000 million) were effected, since the total steel requirements for this project were more than 50% of the project value.
3. Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations  
Nil
4. Changes in relationship between costs and revenues  
Nil
5. Extent to which material increases in revenues are due to increased volume, introduction of new projects  
Increases in revenues are by and large linked to increases in volume of construction activity carried out by the company. The FY 2003-04 experienced 75.70% growth in revenues.  
Increases in revenues are by and large linked to increase in volume of construction activity carried out by the company. The FY 2003-04 experienced 75.07% growth in revenues. This was mainly because of the large-scale volumes achieved on execution of Veeranam project a drinking water supply package for Chennai Metro Water Supply & Sewerage Board, which was approximately Rs. 3,000 million in value. The company executed Rs. 2691.35 million in the FY 2003-04. Nearly 35% of the sales proceeds for the FY 2003-04 are from the project. When we compare the incremental revenues from FY 2002-03 to FY 2003-04 i.e. Rs. 3331 million nearly 80% have been represented by Veeranam project sales alone.
6. Total revenue by major industry segment  
The company operates in only one industry segment – that of Engineering and Construction.
7. Seasonality of business & Variations in quarterly performance of the company  
Execution of work on construction sites may be affected by heavy monsoons/extreme weather. Usually the company has experienced lower overall construction progress in the July-September quarters due to southwest monsoons, which affects most parts of India.
8. Concentration of business  
Nil
9. Competitive conditions  
Nil
10. Dependence on few customers  
Nil

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## REGULATIONS AND POLICIES

### ***General***

Our Company is engaged in the business of creation of infrastructure in the areas of water, road, power etc. and the contracts are executed in pursuance of tenders/ quotations issued by the Government or orders placed by private companies. For the purpose of executing the work undertaken by our Company, we may be required to obtain licenses and approvals depending upon the prevailing State laws or regulations, in which the work is carried on. For details of such approvals please see the section on Government Approvals on page 127 of this Red Herring Prospectus.

### ***Foreign investment:***

Under the Industrial Policy and Promotion announced by the Ministry of Industry from time to time, foreign direct investment upto 100% is now allowed under automatic route in projects for construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular tunnels, ports and harbours. Similarly upto 100% foreign direct investment is also allowed in projects for electricity generation, transmission, and distribution produced in hydroelectric power plants, coal/lignite based thermal plants, or oil based thermal power plants. Distribution of electric energy to households, industrial, commercial and other users.

In respect of the companies in infrastructure/service sector, where there is a prescribed cap for foreign investment, only the direct investment is considered for the prescribed cap and foreign investment in an investing company may not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.



## GOVERNMENT APPROVALS

We have received all the necessary consents, licences, permissions and approvals from the Government and various Government agencies / private certification bodies required for our present business and no further approvals are required by us for carrying on the present as well as the proposed business. It must, however, be distinctly understood that in granting the above consents/ licences/ permissions/ approvals, the Government/RBI do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority / RBI are required to continue those activities.

Statement showing details of place of Registration under the Local Sales Tax Act and the Central Sales Tax Act

S I . No	Name of the Company	Issuing Authority	License No	Nature of the License	Validity
1.	M/s I.V.R.C.L. Infrastructures and Projects Ltd	Sales Tax Department, Maharashtra (Registration) Latur	413531/S/0623	Certificate of Registration under Section 22/22A of The Bombay Sales Tax Act, 1959	
2.	IVRCL Infrastructures & Projects Ltd.	Sales Tax Department, Maharashtra (Registration) Latur	413531/W/00201	Certificate of Registration as a dealer under section 7 of the Maharashtra Sales Tax on the Transfer pf Property in Goods involved in the execution of Works Contracts Act, 1985	
3.	IVRCL Infrastructures & Projects Ltd.	Central Sales Tax Department, (Registration) Latur	413531/C/0396	Certificate of Registration as a dealer under section 7(1) and 7(2) of the Central Sales Tax Act.	
4.	IVR Constructions	Assistant Sales Tax Officer, Vasco-da-Gama	V/2354	Certificate of Registration for a dealer having only one place of business in the State of Goa	
5.	IVR Constructions	Assistant Sales Tax Officer, Vasco-da-Gama	V/CST/1816	Certificate of registration as a dealer under section 7(1) and 7(2) of the Central Sales Tax Act.	

S I . No	Name of the Company	Issuing Authority	License No	Nature of the License	Validity
6.	IVRCL Infrastructures & Projects Ltd	Department of Sales Tax, Government of Delhi	WC/4/372003415/0300	Certificate of Registration as a dealer under Section 11 of the Delhi Sales Tax Action Works Contract Act, 1999	
7.	IVRCL Infrastructures & Projects Ltd	Central Sales Tax Department, (Registration)	0257990	Certificate of Registration as a dealer under section 7(1) and 7(2) of the Central Sales Tax Act.	
8.	IVRCL Infrastructures & Projects Ltd	Commercial Tax Officer, Guindy Assessment Circle	0903743/0203	Certificate of Registration as a dealer under section 20 of the Tamil Nadu Sales Tax Act, 1959	March 31, 2005
9.	IVRCL Infrastructures & Projects Ltd	Central Sales Tax Department, (Registration), Tamil Nadu	CST/770630	Certificate of Registration under section 7(1) and 7(2) of the Central Sales Tax Act, 1956	
10.	IVRCL Infrastructures & Projects Ltd	Asst Commercial Tax Officer, Aghapur, Hyderabad	ABS/04/2/2129/92-93	Certificate of Registration under section 12(1) and (2) of the AP General Sales Tax Act, 1957	
11	IVRCL Infrastructures & Projects Ltd	Asst Commercial Tax Officer, Aghapur, Hyderabad	ABS/04/2/1640/92-93	Certificate of Registration under section 7(1) and 7(2) of the Central Sales Tax Act, 1956	
12.	IVR Construction Limited	Officer of Deputy Commissioner, Ernakulam	23285293/12-11-1998	Certificate of Registration under section 7(1) and 7(2) of the Central Sales Tax Act, 1956	
13.	IVR Construction Limited	Officer of Deputy Commissioner, Ernakulam	23280293	Certificate of Registration under section 13 of the Kerala General Sales Tax Act, 1963	

S I No	Name of the Company	Issuing Authority	License No	Nature of the License	Validity
14	IVRCL Infrastructures & Projects Ltd.	Commercial Sales Tax Officer, Circle A, Jaipur	1421/06827	Certificate of Registration under section 7(1) and 7(2) of the Central Sales Tax Act, 1956	
15.	IVRCL Infrastructures & Projects Ltd	Commercial Sales Tax Officer, Circle A, Jaipur	1421/06827	Certificate of Voluntary Registration under the Rajasthan Sales Tax Act.,1994	
16.	IVRCL Infrastructures & Projects Ltd	Assistant Commissioner of Commercial Taxes, Sikkim	02-03/CT/RPO	Registration as dealer under the Sikkim Sales Tax Act.	
17.	IVRCL Infrastructures & Projects Ltd	Commercial Sales Tax Officer, Sikkim	123/02-03/CT/RPO	Registration as dealer under section 7(1) and Section 7(2) of the Central Sales Tax Act, 1956.	
18.	IVRCL Infrastructures & Projects Ltd	AETO, Faridabad	06681322758	Registration as dealer under section 7(1) and Section 7(2) of the Central Sales Tax Act, 1956.	
19.	IVRCL Infrastructures & Projects Ltd	Asst Commissioner of Commercial Taxes, Karnataka	3/11 10802241	Registration as dealer under Sales Tax Rules and Regulations.	
20.	IVRCL Infrastructures & Projects Ltd	Sales Tax Officer Class I, Ahmedabad	073601877	Registration as dealer under Sales Tax Rules and Regulations.	
21.	IVRCL Infrastructures & Projects Ltd	Commercial Taxes Officer, Jamshedpur	1001/4372/s/DNT/24/10/01	Registration under the Chatisgarh Commercial Act, 2000.	

### Statewise and Clientwise Registrations

S I . No.	State Department	Registration No. & Date	Class / Category	LIMIT	Validity	Remarks
<b>Andhra Region</b>						
1	Andhra Pradesh PWD	COT/SP/236/2004	Special Class / CIVIL	Above 100 million	November 24, 2010	Valid for 59.5 Months
2	Andhra Pradesh Electrical License	A 3 - 2 1 7 4 / 1 4 0 9 , Dt.15.02.2003	Grade - A	upto 11 KV Only	February 13, 2005	Valid for 2.5 Months
<b>Maharashtra Region</b>						
3	Maharashtra PWD	Regn No.8120/2003 Dt.24.07.2003	Class - I	Unlimited	July 17, 2006	Valid for 19 Months
4	Maharashtra Jeevan Pradhikaran	No.MJP/MS/TB-I/ 350 /3104, Dt.24.09.1998	Class - I	Unlimited	August 06, 2005	Valid for 8 Months
5	Vidarb Public Works Development Corporation, Nagpur	Code No. 1109	Group - A,	Class - 1A	upto 250 Crores September 30 2006	Valid for 21 Months
6	Nagpur Improvement Trust	Account No.200409151 Dt.16.09.2004	Civil Class - 1	Unlimited	September 14, 2007	Valid for 33.5 Months
7	Nagpur Improvement Trust	Account No.200409162 Dt.16.09.2004	Electrical Class - A	Unlimited	September 14, 2007	Valid for 33.5 Months
8	Government of Maharashtra Department of Power, Industry & WorkersAnugyapak	No. M.T. 18396	Licence to the Electricity Contractors	—	31.12.2005	Valid for 12 Months
<b>Karnataka Region</b>						
9	Karnataka PWD	No.CBS/2443/Civil/ 99, Dt.11.11.1999	Class - I	Unlimited	March 31, 2005	Valid for 3 Months
10	Karnataka Urban Water Supply And Drainage Board	No.CEB/54/EGR/ 2 0 0 1 - 0 6 / 2 2 7 , Dt.2504.2001	Class - I	Unlimited	March 31, 2006	Valid for 15 Months
11	Karnataka Power Corporation Limited	No.KPCL/RGN/I/52/ R1/ 2000, Dt.01.03.2000	Class - I	Unlimited	February 28, 2005	Valid for 2 Months
12	Karnataka Neeravari Nigam Limited	Application No. 171 Dt:- 01.09.2003	Category - I	Unlimited	March 31, 2005	Valid for 3 Months

S I . No.	State Department & Department	Registration No. & Date	Class / Category	LIMIT	Validity	Remarks
13	Karnataka Housing Board	No.KHB/GM(T)/P.Q.C-II/Catg -B/33/02-03 Dt.18.06.02	Category - II	From Rs.100 to 250 million	June 18, 2005	Valid for 6 Months
14	Karnataka Housing Board	No.KHB/GM(T)M(TND)/ 2001-02, Dt.18.07.2001	Category - I	From Rs.50 to 100 million	June 18, 2005	Valid for 6 Months
15	B a n g a l o r e D e v e l o p m e n t A u t h o r i t y	No: BDA/EM/TA3/REG/261/ CIVIL/ 2 0 0 3 - 0 4 Dt.14.05.03	Class - I	---	March 31, 2005	Valid for 3 Months
16	Krishna Bhagya jala Nigam Limited	No.MD/TSC - 68 TECH / 454, Dt.29.08.2001	Category - I	Unlimited	01.01.2003	Application for F r e s h registration is applied
17	Electrical License Karnataka State	Vide No. 10451 BNG 1378	Class-I	---	30.09.2006	Valid for 21 Months
<b>Tamilnadu Region</b>						
18	Tamilnad PWD	Dt.01.03.2000	Class - I	Unlimited	---	---
19	Highways and Rural Works Department	No.1 2002-2003 dt. 06.09.02	Class - I	Above 25 Lacs	---	---
20	TWAD Board	Registration No.9/ 2000-2001, Dt. 07.08.2000	Class - I	Above 25 Lacs	June 25, 2005	Valid for 6 Months
21	T a m i l n a d u Electricity Board	Regn No. 44/2002 of SE/CEDC/South/ Chennai 78	Class - I	Above 75 Lacs	---	---
22	C h e n n a i Metropolitan Water Supply and Sewerage Board	Lr.No. CMWSSB/ C&M/ CNT/C2/ RENEWAL/249/ 2004	Class I (A&B)	Above 75 Lacs	31.03.2005	Valid for 3 Months
<b>Rajasthan Region</b>						
23	Rajasthan Public Health Engineering Section	Ab/M.a.(m)/Katgiri-I/AA-08/2001	Class - AA	Unlimited	Permanent	Permanent

S I . No.	State & Department	Registration No. & Date	Class / Category	LIMIT	Validity	Remarks
<b>Kerala Region</b>						
24	Kerala Water Authority ( Public Health Region)	Registration No.03/2002-2004, Dt. 14.11.2002	Class - AA	Unlimited	March 31, 2006	Valid for 13 Months
25	Kerala P.W.D	Registration No.7A of 02-03	Category - A	Unlimited	March 31, 2006	Valid for 13 Months
<b>Madhya Pradesh &amp; Chattisgarh Region</b>						
26	Madhya Pradesh PWD, Bhopal	—	Class - V	Unlimited	July 13, 2005	Valid for 7 Months
27	Madhya Pradesh Public Health Engineering Department	No.7/83	Class - A/5	Unlimited	September 29, 2010	Valid for 57 Months
28	Madhya Pradesh Water Works Department	No.4213553	Class - A5	Unlimited	August 25, 2010	Valid for 56 Months
29	Chattisgarh PWD, Bhopal	—	Class - V	Unlimited	August 10, 2006	Valid for 20 Months
30	Public Health Department Chattisgarh, Raipur	No/3050/Reg./S.S./M.A/L.S.Y.v/2001	Class - SV	Unlimited	May 20, 2006	Valid for 18 Months
31	Water works Department Chattisgad	No/422115/ Chattisgad/2001	A - 5	Unlimited	November 02, 2006	Valid for 23.5 Months
32	Chattisgarh Housing Board	No. 2412/04	Class A - 5	Unlimited	October 07, 2010	Valid for 58 Months
<b>Chandigarh Region</b>						
33	Chandigarh Housing Board	Registration No. 21/ 1771 dt 26.02.2002	Class - 1	Upto 50 million	March 31, 2005	Valid for 3 Months
<b>Uttar Pradesh</b>						
34	Uttar Pradesh Jal Nigam	Ref : 149 / UP / Registration(121 – 0261) 2004/26 Dated 29.01.2004	Class "A"	—	January 29, 2007	Valid for 25 Months

S I . No.	State & Department	Registration No. & Date	Class / Category	LIMIT	Validity	Remarks
<b>OTHER CLIENTS</b>						
35	Ministry of Public Infrastructures, Land Transport and Shipping Infrastructure Division, Technical Branch PHOENIX - MAURITIUS	Dtd.: 17th July, 2003	Class – A	Upto 200 Million Rupees	—	—
36	BHEL	C-120	Class – 1	Above 25 lakhs	January 31, 2005	Valid for 1.5 Months
37	Hindustan Petroleum Corporation Limited	Registration No. 2649C0826	Civil	Upto 30 million	—	—
38	MECON Limited	—	—	—	—	Approved Vendor List
39	Toyo Engineering India Limited	Registration No. 00103001, Dt 28.07.2003	Class – A	—	December 31, 2005	Valid for 12 Months
40	National Buildings Construction Corporation Ltd.	No. N B C C / Registration/2003/ 1447	Category – A – 5	Above 50 million	November 05, 2006	Application for renewal of Registration is submitted on 01.12.2004
41	Orissa Construction Corporation Limited	C – I – 042	C – I	—	April 08, 2007	Valid for 28 Months
42	Gujarat State Petronet Ltd.	Ref: GSPL: TC: IVRCL: 205: 1.12 Dated 26.09.2003	—	—	September 26, 2006	Valid for 21 Months
43	National Buildings Construction Corporation Ltd.	Registration No. NPCC/BORDER FENC./CONTRAC/ 01	B O R D E R FENCING & ROAD WORKS- "C"	Rs. 10 cr to 20 cr	11.11.2006	Valid for 21 Months

## OUTSTANDING LITIGATION

Except as stated herein there are no outstanding or pending litigation(s), suit(s), criminal or civil prosecution(s), proceeding(s) initiated for offence(s) (irrespective of whether specified in paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, the Promoters or the Directors of the Company and there are no defaults for non payment of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchange(s) against the Company, its Promoters or its Directors.

### Contingent Liabilities

Contingent liabilities not provided for as of September 30, 2004:

Serial No.	Particulars	Amount in Million
1.	Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company, Net of margins aggregating Rs. 251.82 million (Rs. 228.99 million)	Rs. 3703.58
2.	Corporate guarantees issued by the Company on behalf of its subsidiaries	Rs. 688.10
3.	Income tax matters contested in appeals*	Rs. 124.42
4.	Claims against the Company not acknowledged as debts	Rs. 18.50

\* The Income Tax authorities have disallowed the deduction under chapter – VIA claimed by the Company for the assesment years 2001-02 and 2002-03. The Company is confident of getting the said deductions allowed in the appeals preferred. Hence the tax effect amounting to Rs. 124.42 million in respect of those disallowance upto September 30, 2004 has not been provided.

### Against our Company

#### A. Eviction Suit

##### Civil Suit

1. There is a suit (O.S. No. 143 of 2003) against Mr. I. Shyam Prasad Reddy (former director of the Company) before the Principal Senior Civil Judge at Srikakulam alleging that Mr. I. Shyam Prasad Reddy has acted contrary to the terms of the lease deed between the parties by cutting down standing trees. The plaintiff has prayed for the eviction of Mr. I. Shyam Prasad Reddy and has claimed damages of Rs. 298,500. Mr. I Shyam Prasad Reddy has resigned as Director of the Company with effect from July 17, 2002 and the Company has been impleaded as a necessary party. The Court has directed the plaintiff to file an amended plaint. The suit has been posted for March 14, 2005 for filing of written statement.

#### B. Compensation Suit

1. There is a suit (O.S. No. 78 of 2003) against the Company pending before the Civil Judge at Raichur for injury suffered by the plaintiff as a result of negligent behaviour of the workmen of the Company while cleaning the overhead tank at LBS Nagar. The plaintiff has prayed for compensation amounting to Rs. 500,000. The Company has entered appearance and the matter has been posted to April 2, 2005.
2. There is a suit (O.S. No. 355 of 2003) against the Company and the Valasaravakkam Panchayat Board filed in the Court of the District Munsif at Poonamallee, Chennai for damage and hardship caused to the plaintiff when the Company was laying underground drainage pipes at Valasaravakkam. The plaintiff has claimed a sum of Rs. 27,500 as damages for the loss suffered. The plaintiff has also filed an interim application (I.A.No.2193 of 03) for the appointment of an Advocate Commissioner to inspect the house and assess the value of the damage caused. The application for the appointment of an Advocate Commissioner is pending consideration. The matter has been posted to March 29, 2005 for filing of written statement by the Company.



### **C. Motor Vehicles Accidents Claims**

1. There is a case (M.V.O.P No. 277 of 2004) against the Company and the United India Insurance Company before the Motor Accidents Claims Tribunal Cum District Judge, Srikakulam for compensation amounting to Rs. 100,000 for damages suffered as a result of rash driving by a driver of the Company. The Company has been set ex-parte in this case. The matter is posted to May 4, 2005.
2. There is a case (M.V.O.P. No. 142 of 2004) against the Company and the United India Insurance Company before the Motor Accidents Claims Tribunal Cum District Judge, Srikakulam for compensation amounting to Rs. 70,000 for damages suffered as a result of rash driving by a driver of the Company. The Company has been set ex-parte in the case. The matter is posted to September 5, 2005.
3. The legal heirs of an ex-employee of the Company have filed a case (M.V.O.P. No. 101 of 2003) against United India Insurance Company Limited and the Company for Rs. 300,000 as compensation for the death of the ex-employee as a result of an accident in the course of employment. The matter has been posted to September 30, 2005 for enquiry.
4. There is a case (M.V.O.P No. 603 of 2004) against the Company and the United India Insurance Company before the Motor Accidents Claims Tribunal Cum District Judge, Srikakulam for compensation amounting to Rs. 100,000 for damages suffered as a result of rash driving by a driver of the Company. The Company has received summons to appear before the Court on March 22, 2005.
5. There is a case (M.V.O.P No. 2827 of 2001) against the Company and the United India Insurance Company before the Motor Accidents Claims Tribunal at Ernakulam for compensation amounting to Rs. 45,000 for damages suffered as a result of rash driving by a driver of the Company. The matter has been posted to November 16, 2005 for trial.
6. There is a case (M.V.O.P No. 246 of 2002) against the Company and the United India Insurance Company before the Motor Accidents Claims Tribunal at North Parur for compensation amounting to Rs. 460,000 for damages suffered as a result of rash driving by a driver of the Company. The matter is posted to March 10, 2005 for trial.
7. There is a case (M.V.O.P. No. 247 of 2003) against the Company and the United India Insurance Company before the Motor Accidents Claims Tribunal at North Parur for compensation amounting to Rs. 15,000 for damages suffered as a result of rash driving by a driver of the Company. The matter is posted to March 10, 2005 for trial.
8. There is a case (M.V.O.P. No. 516 of 2004) against the Company and The Oriental Insurance Company Limited before the Motor Accidents Claims Tribunal Cum District Judge at Udaipur for compensation amounting to Rs. 761,000 for damages suffered as a result of rash driving by a driver of the Company. The matter has been posted for August 4, 2005 for filing of counter.
9. There is a case (M.V.O.P. No. 228 of 2004) against the Company and The Oriental Insurance Company Limited before the Motor Accidents Claims Tribunal at Osmanabad for compensation amounting to Rs. 50,000 for damages suffered as a result of rash driving by a driver of the Company. The matter has been posted for March 21, 2005 for appearance.
10. There is a case (M.V.O.P. No. 695 of 2004) against the Company and The United India Insurance Limited before the Motor Accidents Claims Tribunal at Udaipur for compensation amounting to Rs. 449,000 for damages suffered as a result of rash driving by a driver of the Company. The matter has been posted for May 25, 2005 for filing of counter.
11. There is a case (M.V.O.P. No. 20 of 2005) against the Company and The United India Insurance Company Limited before the Motor Accidents Claims Tribunal at Srikakulam for compensation amounting to Rs. 300,000 for damages suffered as a result of rash driving by a driver of the Company. The Company has been set ex-parte in the case. The matter has been posted for May 25, 2005.
12. There are two cases (M.V.O.P. No. 91 of 2005 and M.V.O.P. No. 93 of 2005) against the Company and the United Indian Insurance Company Limited before the Motor Accidents Claims Tribunal at Srikakulam for compensation amounting to Rs. 200,000 for damages suffered as a result of rash driving by a driver of the Company. The matter has been posted for March 24, 2005 for appearance.

### **D. Money Suit**

1. There is a suit (O.S. No. 364 of 2002) against the Company before the City Civil Court, Hyderabad for the recovery of a sum of Rs. 28,169,836.77 towards payment for the use of the plaintiff's equipment and services. The Company, in its written statement, has made a counter claim for a sum of Rs. 8,622,596.42. The matter is posted to March 9, 2005 for cross examination.

**E. Workmen's Compensation Claims**

1. An ex-employee has filed a case (W.C. No. 147 of 2003) against Rajyalakshmi Engineering Works and the Company before the Deputy Commissioner of Labour II, Chennai for a sum of Rs. 300,000 as compensation for permanent partial disability suffered as a result of an accident during the course of his employment. The case has been reserved for judgment.

**F. Writ Petition**

1. M/s. P.M.A. Constructions has filed a writ petition (W.P. (C) 6725 of 2005) against the Indian Oil Corporation M/s. Fact Engineering and Design Organisation and the Company before the High Court of Kerala at Ernakulam. The petitioner alleges that certain payments for the extra work done by them in executing the laying of pipe line of 2 x 600 NB from oil tank birth Ernakulam to IOCL Irumpanam have not been paid by the Company. The Company has received summons from the court to appear before it on March 10, 2005.

**By our Company****A. Customs and Excise**

1. The Company has filed a civil appeal (No. 5282 of 2004) in the Supreme Court against the order of the Central Excise & Service Tax Appellate Tribunal, New Delhi for the confiscation of the Company's consignment of Hot Mix Plant or redemption upon payment of Rs. 500,000. The Supreme Court has ordered the issuance of notice. The matter is now pending for listing before the Supreme Court.

**B. Money Suit**

1. The Company has filed a suit (O.S. No. 477 of 1999) against M/s. Amogh Construction Limited in the City Civil Court at Hyderabad for the recovery of a sum of Rs. 1,115,977 as refund of excess payments made by the Company. The matter has been transferred to the fast track court. The case has been posted for hearing on March 11, 2005 for cross examination.

**C. Dishonour of Cheques**

1. The Company has filed a complaint (C.C. No. 103 of 2003) against M/s. AMR Projects Limited before the IV Metropolitan Magistrate, Hyderabad for the recovery of a sum of Rs. 2,000,000. The Company raised bills amounting to Rs. 3,000,000 on M/s AMR Projects for the portion of the work completed by the Company on the Nandyal Giddalur State Highway project. In part settlement of the same, AMR Projects Limited issued a cheque for a sum of Rs. 2,000,000 which was returned dishonoured upon presentation for encashment. A non-bailable warrant has been issued against the Managing Director of M/s. AMR projects Limited. The matter has been posted to March 17, 2005 for execution of warrant.
2. The Company has filed a complaint (C.C. No. 1104 of 2003) against Mr. Arvind Chandak before the IV Metropolitan Magistrate, Hyderabad for the recovery of a sum of Rs. 500,000 being the sum due to the Company from Mr. Chandak in terms of a dishonoured cheque. A non-bailable warrant has been issued against Mr. Chandak. The matter has been posted to March 14, 2005 for returning of warrant.

**D. Arbitration matters**

1. The Company has filed an application (O.P. No. 619 of 2004) for the appointment of an arbitrator before the High Court at Madras. The application has been filed against Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) against the rejection of a claim of Rs. 12,414,000/- made by the Company in execution of the water distribution station project at Choolaimedu, Chennai. The case is pending listing.
2. The Company has by letter dated January 28, 2005 invoked the arbitration clause of the Alandur UGSS Project. This letter has been issued consequent to the non payment of the claim amount granted in favour of the Company by the adjudicator by his report dated November 24, 2004. The Company has appointed Mr. R. Nadimuthu as its arbitrator and has called upon the Alandur Municipality to appoint its arbitrator.

**E. Miscellaneous**

1. The Company has filed a suit (O.S. No. 809 of 1997) before the IV Additional Judge, City Civil Court, Hyderabad against M/s. Technocraft Industries (India) Limited and Tamilnadu Mercantile Bank Limited restraining the parties from invoking bank guarantees of Rs. 2,140,000 and Rs. 670,000 furnished by the Company to the defendants on the ground that the



contract has been concluded. The interim application filed by the Company before the Court was dismissed. An appeal (C.M.A. No. 428 of 1998) was preferred by the Company to the High Court of Andhra Pradesh. The High Court while partly granting the relief passed orders that the bank guarantee of Rs. 2,140,000 shall not be invoked but kept alive while the bank guarantee of Rs. 670,000/- can be invoked by the defendants. Technocraft Industries filed a special leave petition before the Supreme Court against the order of the High Court of Andhra Pradesh. The said petition has been dismissed. The Company has filed an application before the IV Senior Civil Judge at Hyderabad seeking the production of the bank guarantees into the court. The matter is posted for March 23, 2005.

2. The Company has filed four interim applications (O.A. No. 952 to 955 of 2004) under the Arbitration and Conciliation Act, 1996 before the High Court at Madras against the Chief Engineer, Metropolitan Transport Project (Railway) Periyar seeking an injunction restraining him from inviting risk tenders for the work originally awarded to the Company by the letter of intent dated May 15, 2002. The matter is pending listing. The Company has by its letter dated November 4, 2004 invoked the arbitration clause of the contract.

### **By our Joint Venture Company**

1. IVRCL has filed a case (O.P. No. 468 of 2004) against the National Highways Authority of India in the Court of the Principal District Judge, Srikakulam seeking an injunction against the respondent discontinuing the payment of price escalation charges and also for an ad interim injunction restraining the respondent from giving effect to the circular no. 1011/21/2002/ Admn- III dated May 20, 2004 and circular no 88/2004 dated 7/9-8-2004 issued by the respondent. The interim injunction has been granted subject to the condition that the Company continues to furnish the bank guarantees for the disputed amounts. The case has been decided in favour of the Company by order dated February 25, 2005.
2. Bhanu IVRCL Associates ("**BIA**") has preferred an appeal before the Customs, Excise and Service Tax Appellate Tribunal against the order of the Commissionerate I, Hyderabad withdrawing the exemption under notification 108/95 CE and imposing a duty of Rs. 9,163,005. The appeal was filed along with a petition for condonation of delay, which was dismissed by the Appellate Tribunal. The Company has filed a writ petition (W.P. No. 15776 of 2004) before the High Court of Andhra Pradesh seeking to declare the dismissal order of the Appellate Tribunal as arbitrary. The High Court, allowing the writ by its order dated September 23, 2004, directed the Tribunal to dispose of the appeal on merits. The next date of hearing is on March 17, 2005.

### **Cases in which the Company has been impleaded as necessary party**

The following are the cases wherein the Company has been impleaded as a necessary party:

1. SERI International Financials Limited has filed a case (A.P. No. 115 of 2004) against Mr. D.V.V.G. Krishna Raju, Mr. U. Vash Raju, Mr. U.V.R.M. Raju, Mr. R. Ramakrishna Reddy and UTI Bank in the High Court of Calcutta for the recovery of a sum of Rs. 3,299,183 from the respondents. The respondents are currently working on a project, which is being executed by the joint venture of IVRCL and UAN Raju. The petitioner has prayed that the sum of Rs. 3,299,183/- payable by the Company to the respondents be paid to the special officer appointed by the Court. The Court has passed the orders accordingly asking the Company to pay the sum of Rs. 3,299,183/- to the special officer of the Court. The matter is now pending for final disposal. The Company has in reply to the letter dated September 2, 2004 asking it to comply with the order of the court, brought to the Hon'ble courts notice that there is no financial obligations owing in favour of the respondents. The company is yet to hear from the court in this regard.
2. A suit (O.S. No. 243 of 2004) has been filed against an ex-employee and the Company before the Sub Court at Ernakulam for the recovery of a sum of Rs. 300,000. The Sub Court has passed orders restraining the Company from making any payment to the ex-employee until further orders. The Company has in its counter statement submitted to the Hon'ble Court that only a sum of Rs.75,000/- is payable to the petitioner. The case has been posted for March 15, 2005.
3. A suit (O.S. No. 404 of 2004) has been filed against Indian Oil Corporation, the Company and others before the Munsiff's Court at Ernakulam claiming a sum aggregating to Rs. 120,000/- from Indian Oil Corporation, for damages as a result of laying pipelines. The matter has been posted for trial on March 11, 2005.
4. A suit (O.S. No. 405 of 2004) has been filed against Indian Oil Corporation, the Company and others before the Munsiff's Court at Ernakulam claiming a sum aggregating to Rs. 50,000/- from Indian Oil Corporation, for damages as a result of laying pipelines. The matter has been posted for hearing on June 7, 2005.

## **Police Complaints filed against our employees**

There are a total of 8 police complaints filed against our employees, for certain alleged acts committed in the course of employment. These complaints are filed by the victims or the relatives of the deceased. The Company has not been made a party in any of the complaints.

## **Notices received by the Company**

1. The Company has received a notice dated October 8, 2004 from M/s. Shivas Projects and Infrastructure Pvt. Ltd. for the payment of a sum of Rs. 3,232,019/- under a sub-contract agreement. The Company has sent its reply on October 27, 2004.
2. Pursuant to the investigation by SEBI in the case of Gammon India Ltd., the Company had received summons dated October 29, 2004 under section 11 (3) of SEBI Act, 1992 seeking supply of certain details of the transaction involving credit of Rs. 50 million to the Company from Gammon India Ltd., and payment (by way of debit) of similar amount in favour of Reliance Silicones India Ltd., Mumbai. In reply to the summons, the Company submitted the necessary information vide its letter dated November 29, 2004. SEBI further summoned appearance in person of the Company's representatives vide summons dated December 6, 2004 and sought production of material documents. Company's representatives appeared in person on December 21, 2004 and submitted the information and available required documents.
3. The Public Works Department, Chhattisgarh has filed a caveat application before the High Court at Chattisgarh against the Company and 141 other contractors with regard to the notices issued by them to the contractors for the recovery of the difference in the cost of the bitumen used by the contractors as against the bitumen required to be used under the agreement and also for the recovery of the amount for non-submission of proof of having purchased bitumen from specified oil refineries in terms of the agreement.
4. Metso Minerals (New Delhi) Private Limited (Metso) has filed a request for arbitration before the International Court of Arbitration, Paris, France by letter dated February 9, 2005. Metso has made a claim of Rs. 3,769,289 with interest at 18% on the Company for the alleged wrongful invocation of the bank guarantee provided by it and also alleging breach of the terms of the agreement dated June 16, 2001 between them for the designing and supply of screening and crushing plant.
5. National Highways Authority of India (NHAI) has by letter dated February 2, 2005 invoked the arbitration clause of the Srikakulam Road Project against the recommendation of the Dispute Resolution Board allowing the payment of price escalation charges for the execution of the project. The Company has by letter dated February 28, 2005 appointed Mr. Justice (Retd.) P.K. Palli as its arbitrator and has called upon the NHAI to appoint its arbitrator within 30 days from the receipt of the same.
6. The Company has received a notice dated March 1, 2005 from Mr. D. Someswara Rao, for the payment of a sum of Rs. 1,058,401/- under the work order numbers 169 and 35-A dated January 30, 2002 and May 7, 2002 respectively.
7. The Company has received summons from the Motor Vehicles Accident and Claims Tribunal at Rajahmundry to appear before it on March 24, 2005. The Company has not received a copy of the complaint filed against it

## **Against our Directors**

There are no outstanding or pending litigations, tax liabilities, statutory dues, criminal and civil offences, against our Directors except one case against Mr. E. Sudhir Reddy mentioned below.

## **Against our Promoters**

There is a criminal case (CC. No.521 of 1997) against Mr. E. Sudhir Reddy in his capacity as the managing director for and on behalf of Y.K. Reddy & Company before the Chief Judicial Magistrate First Class at Ausa alleging that Mr. E. Sudhir Reddy has contravened the provisions of the Child Labour (Prevention and Regulation) Act, 1986. Mr. Sudhir Reddy has however in his reply to the complaint stated that he is not associated with Y.K. Reddy & Company in any manner and therefore be discharged from the case. The case has been posted for April 19, 2005.

## **Against our Promoter Group**

There are no outstanding or pending litigation(s) against Mr. E. Sudhir Reddy (except one case mentioned above), IVR Finlease Private Limited, S.V. Equities Limited, E. Sudhir Reddy (HUF), E. Sunil Reddy, E. Siddhanth Reddy, E. Sanjeeth Reddy, E. Sujatha



Reddy, V. Raja Mohan Reddy, E. Soma Reddy, E. Suha Reddy, E. Indra, V. Thirumala Reddy, V. Madhusudhan Reddy, E. Sunil Reddy (HUF).

### **Against our Group / Subsidiary Companies**

There are no contingent liabilities outstanding or pending litigations against our Group / Subsidiary Companies other than those mentioned below:

#### **IVR Prime Urban Developers Limited**

Contingent liabilities not provided for as of March 31, 2004 – NIL

#### **IVR Enviro Projects Private Limited**

IVR Enviro Projects Private Limited has invoked the dispute resolution clause for the failure on the part of Thirupur Municipality in supplying the contractually stipulated quantity of solid waste for the Municipal Solid Waste Recycling Plant at Tirupur. The Company has appointed Mr. P. Sridharan as the arbitrator by its letter dated July 9, 2004. The Commissioner Thirupur Municipality has by his letter dated August 10, 2004 called upon the Company for an amicable settlement. The parties are exploring the possibility of an amicable settlement.

Contingent liabilities not provided for as of March 31, 2004 – NIL

#### **First STP Private Limited**

Contingent liabilities not provided for as of March 31, 2004 – NIL

#### **IVRCL PSC Pipes Private Limited**

There is a suit (Special Civil Suit No 93 of 2001) against M/s IVRCL PSC Pipes Pvt Ltd before the Civil Judge, Senior Division, Panaji, Goa for the recovery of a sum of Rs. 354,300 with interest at 18% p. a from January 10, 2001 onwards. The company, in its written statement, has disputed the liability towards the plaintiff. The matter stands posted to March 23, 2005.

Contingent liabilities not provided for as of March 31, 2004 – NIL



## STATEMENT OF TAX BENEFITS

**Chaturvedi & Partners**  
**Chartered Accountants**  
**203 Kusal Bazar**  
**32-33 Nehru Place**  
**New Delhi 110 019**

IVRCL Infrastructures & Projects Limited  
M- 223RT, Vijaynagar Colony  
Vijaynagar Colony  
Hyderabad 500 057

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to **IVRCL Infrastructures & Projects Limited** (the "Company") and its shareholders under the current tax laws presently in force in India as amended by the Finance (No. 2) Act, 2004. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

**For Chaturvedi & Partners**  
**Chartered Accountants**  
**R. N. Chaturvedi**

**Partner**  
**Membership No. 092087**

**Deloitte Haskins & Sells**  
**Chartered Accountants**  
**7<sup>th</sup> Floor, Lingapur House**  
**Himayathnagar**  
**Hyderabad 500 029**

January 27, 2005

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
**P. R. Ramesh**

**Partner**  
**Membership No. 70928**



## ANNEXURE

### Statement of possible Direct Tax Benefits available to IVRCL Infrastructures & Projects Limited ("the Company") and its Shareholders

#### A. To the Company - Under the Income Tax Act, 1961 (the Act)

- The company is eligible to deduction under Section 80 IA of the Act in respect of the profits and gains derived from the eligible projects (undertakings) of infrastructure development for a period of 10 consecutive years, falling within the first 15 years, beginning from the year in which eligible undertaking start developing the Infrastructure facility on complying with the conditions specified in the said section

#### B. To the Members of the Company - Under the Act

##### B.1 Resident Members

- Under section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions notified by the Central Government and also the mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of its Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 111A of the Act, Short Term Capital Gains arising from the sale of securities transacted through a recognized stock exchange in India, on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains arising of the Act), i.e., if shares are held for a period exceeding 12 months, on transfer of shares in the Company, as and when it is listed, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

##### B.2 Non-Resident Indians/ Non Residents Members [Other than FIIs and Foreign venture capital investors].

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 111A of the Act, Short Term Capital Gains arising from the sale of shares transacted through a recognized stock exchange in India, on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).
- A non-resident Indian (NRI) (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) has an option to be governed by the provisions of Chapter XII-A of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents".
- Under section 115G of the Act, it shall not be necessary for a NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

- Under section 115-I of the Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 of the Act declaring therein that the provisions of this chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.
- Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares or debentures of the Indian company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

### **B.3 Foreign Institutional Investors (FIIs)**

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 115 AD of the Act, Short Term Capital Gains arising from the sale of shares transacted through a recognized stock exchange in India, with on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).

### **B.4 Approved Infrastructure Capital Funds/Companies/Co-operative Banks**

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.

### **B.5 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 thereunder;
- (ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorised 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.

### **C. Benefits available to the Members of the Company under the Wealth Tax Act, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957; hence the value thereof is not includible in the net wealth chargeable to Wealth Tax.

### **D. Benefits available to the Members of the Company under the Gift Tax Act, 1958**

Gift of shares of the company made on or after October 1, 1998 would not be liable to Gift tax.

### **Notes**

- All the above benefits are as per the current tax law as amended by the Finance (No 2) Act, 2004 and will be available only to the sole/first named holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this Note.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.



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## **MATERIAL DEVELOPMENTS**

Except as otherwise stated in this document, to the knowledge of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability/trading of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

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## **DIVIDEND POLICY**

For further details regarding our dividend policy please refer to page 236 of this Red Herring Prospectus.



## OTHER REGULATORY DISCLOSURES

### Stock Market Data for our Equity Shares

The Equity Shares of our Company are listed on the NSE and BSE. Earlier our shares were listed on the Hyderabad and Coimbatore Stock Exchanges also. However, our Company passed Special Resolution dated September 29, 2003, for delisting from these exchanges in accordance with the SEBI (Delisting of Securities) Guidelines – 2003 as our shares are frequently traded on BSE and NSE, which have nation wide network. The shares were delisted from the Hyderabad Stock Exchange with effect from May 21, 2004 and from the Coimbatore Stock Exchange with effect from March 31, 2004.

The Stock market data for NSE and BSE is as under:

#### For Last three years prior to March 02, 2005

YEARLY	High	Low	Avg.	Date of High	Date of Low	No. of shares traded		Volume for the period
						High	Low	
March 3 2002 – March 2, 2003	93.50	29.00	61.25	9/7/02	26/3/02	272842	6554	12944412
March 3 2003 – March 2, 2004	190.90	34.35	112.62	23/2/04	31/3/03	369104	2950	49755605
March 3 2004 – March 2, 2005	416.65	142.20	279.42	28/2/05	17/5/04	602232	182002	37359026

Source: NSE website

\*: Average of high and low prices

#### Monthly High and Low prices for the Six Months prior to March 02, 2005

MONTHLY	High	Low of High	Date of Low	Date	No. of shares traded the period		Volume for
					High	Low	
September 3, 2004 – October 2, 2004	217.5	187.00	1/10/04	3/9/04	163961	419091	5091687
October 3, 2004 – November 2, 2004	265.00	210.10	2/11/04	5/10/04	323368	94974	3795822
November 3, 2004 – December 2, 2004	290.95	240.40	23/11/04	19/11/04	77482	56469	1734834
December 3, 2004 – January 2, 2005	353.50	273.00	29/12/04	3/12/04	62804	40882	4102842
January 3, 2005 – February 2, 2005	360.00	290.00	5/1/05	25/1/05	141954	87249	1574224
February 3, 2005 – March 2, 2005	416.65	342.10	28/2/05	4/2/05	602232	72934	2994239

Source: NSE website



**For Last three years prior to March 02, 2005:**

YEARLY	High	Low	Avg.	Date of High	Date of Low	No. of shares traded		Volume for the period
						High	Low	
March 3 2002 – March 2, 2003	94.00	28.25	61.12	9/7/02	26/3/02	113949	301	2866149
March 3 2003 – March 2, 2004	190.70	35.00	112.85	23/2/04	31/3/03	102160	4500	22642672
March 3 2004 – March 2, 2005	416.55	142.30	279.42	28/2/05	17/5/04	137780	30414	13270961

Source: BSE website

\*: Average of high and low prices

**Monthly High and Low prices for the Six Months prior to March 02, 2005:**

MONTHLY	High	Low	Date of High	Date of Low	No. of shares traded		Volume for the period
					High	Low	
September 3, 2004 – October 2, 2004	217.90	187.25	1/10/04	3/9/04	48573	92020	1129952
October 3, 2004 – November 2, 2004	264.00	206.00	2/11/04	4/10/04	119705	72400	1238968
November 3, 2004 – December 2, 2004	289.00	241.00	23/11/04	8/11/04	11379	153237	1222813
December 3, 2004 – January 2, 2005	355.00	270.00	30/12/04	3/12/04	174154	6694	3597117
January 3, 2005 – February 2, 2005	362.00	274.00	2/2/05	25/1/05	30420	39027	574125
February 3, 2005 – March 2, 2005	416.55	342.05	28/2/05	4/2/05	137780	683505	1639718

Source: BSE website

The market price on August 19, 2004 the day after the resolution dated August 18, 2004 approved by the Board of Directors authorizing the issue was Rs. 193.80 and Rs. 193.70 at BSE and NSE respectively.

**Particulars Regarding Public Issues during the Last Five Years**

We have not made any public issues during the last five years.

**Companies Under the Same Management**

There are no companies under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, other than the subsidiaries and, associate companies, details of which are provided in the section entitled “Our Promoters, Subsidiaries, Associate Companies and Joint Ventures” on page 99 of this Red Herring Prospectus.



## Promise V/S Performance

a. Issuer : IVRCL Infrastructures & Projects Ltd.,

Rs. In million

Year ending March 31,	1995		1996		1997		1998		1999	
	P	A	P	A	P	A	P	A	P	A
Turnover	150.00	161.32	320.00	396.87	450.00	471.10	700.00	792.95	1000.00	1094.80
Other income	1.50	1.40	3.50	64.84	5.00	11.69	6.00	15.62	7.00	16.16
PBIDT	26.17	26.76	63.40	58.01	100.80	58.15	167.80	116.55	248.40	156.15
Interest	3.30	5.02	5.90	6.15	8.70	13.80	11.30	40.53	14.90	62.63
Depreciation	3.50	4.20	8.00	7.50	10.20	11.24	11.00	15.65	10.80	19.14
PBT	19.38	17.54	49.50	44.36	81.90	33.12	145.50	60.36	222.70	74.38
PAT	13.50	13.80	34.60	35.50	47.70	23.34	81.00	43.25	122.30	54.01
Paid up Equity	12.10	23.88	30.69	28.72	30.69	30.47	30.69	30.47	30.69	30.48
Reserves & Surplus	17.25	24.55	123.84	112.26	165.40	140.40	238.73	175.74	351.82	218.72
EPS (Rupees)	11.16	11.40	11.27	12.36	15.54	7.60	26.39	14.19	39.85	17.72
Book Value	24.26	20.28	50.35	49.09	63.89	56.08	87.79	67.68	124.64	81.76
Dividend %	15	15	18	18	20	18	25	30	30	30

Notes: P: Promise; A: Actual

At the time of our last public issue we were concentrating on building projects with little thrust in water related works, roads and power. Our prospects have substantially increased with the general thrust given by the Governments at Central and State levels to the development of social infrastructure and allowed us to foray into water sector in a big way and roads and power transmission lines. Our business proceeded generally along the lines disclosed in the offer document

The funds raised through the Initial Public Offering were utilised for the purposes intended as stated in the Prospectus dated March 22, 1995.

b. Listed ventures of Promoters: NIL

## Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, and us will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the 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 the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

There are no pending Investor Grievances as on March 03, 2005.



We have appointed an Investor Grievance Committee on January 29, 2001, chaired by Mr. E.Sudhir Reddy, Vice Chairman & Managing Director and with Mr. R. Balarami Reddy, Director-Finance and Mr. G. Rama Krishna Rao, Company Secretary as members. Mr. G. Rama Krishna Rao, Company Secretary will also serve as the Compliance Officer for this Issue. He can be contacted in case of any pre-issue or post-issue related Issue. He can be contacted at: M-22/3 RT, Vijayanagar Colony, Hyderabad – 500057, Tel: +91 40 2334 3678, 5510 9990; Fax: +91 40 23345906; Email:ivrcl.issue@ivrinfra.com

### **Details of borrowings of our Company**

Please see the section entitled “Financial Information” on page 202 of this Red Herring Prospectus for details of borrowings in our Company as specified in Annexure to the report on our unconsolidated financial statements under Indian GAAP.



## TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Authority for the Issue

The Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the annual general meeting of the shareholders of our Company held on September 17, 2004. The Board of Directors has pursuant to a resolution dated August 18, 2004 authorized the Issue, and by resolution dated September 17, 2004 has authorized a committee of its Directors referred to as the Public Issue Committee to take decisions on behalf of the Board in relation to the Issue.

### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company. Shareholders subscribing to our 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.

### Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being sold in the Issue at a total price of Rs. [.] per share. At any given point of time there shall be only one denomination for the Equity Shares.

### Compliance with SEBI Guidelines and Listing Agreement

Our Company has complied with all disclosure and accounting norms as specified by the Securities and Exchange Board of India ("SEBI") and has also periodically made disclosures as required under the listing agreement with the Stock Exchanges we are listed on.

### Listing Agreement

Our Company has paid the listing fees due till date to the Stock Exchanges we are listed on. We have also made all the requisite disclosures as per the terms of the listing agreements. Some of the disclosures have been filed with a delay of a few days. We have received letters from the Stock Exchanges regarding delayed filings, non-compliance and violations and have in certain cases replied to the same.

In compliance with the SEBI (Delisting of Securities) Guidelines, 2002, our Company had applied and subsequently gotten its script de-listed from the CSE with effect from May 21, 2004 and from the HSE with effect from March 31, 2004. Prior to the de-listing from HSE, our script was suspended from trading for the days of December 8, 1997 and December 9, 1997 for non-filing of the Annual Report with the exchange.

### SEBI Takeover Regulations

Our Company has filed the necessary disclosures under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Regulations"). While there was some delay in the initial reporting under the Takeover Regulations, our Company has filed disclosures under Regulation 8(3) of the SEBI Regularization Scheme 2000 for the period March 1997 to September 2000 with the HSE along with the requisite fees on March 31, 2003. We have filed copies of these disclosures with the BSE and the NSE on November 30, 2004. These disclosures have however not been filed with the CSE as the shares of our Company had been de-listed from the CSE with effect from May 21, 2004. We have filed the disclosure under Regulation 8(3) on October 5, 2004 for the record date September 13, 2004 however, as a result of certain omissions in the disclosures with regard to persons holding more than 15% shares or voting rights the same was filed again on November 16, 2004 with the relevant disclosures.

## SEBI Insider Regulations

Our Company has formulated and adopted a Code of Conduct for the Prohibition of Insider trading ("**Code of Conduct**") on April 29, 2003 pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("**SEBI Insider Regulations**") as amended from time to time. After the adoption of the Code of Conduct, our Company has collected and compiled a database of shares held by the Directors in our Company. The consolidated data of the Directors shareholding in our Company has not been submitted to the Stock Exchanges we are listed on. However, after adoption of the Code of Conduct, we have made all requisite disclosures in the prescribed format in respect of the transfer of shares under Regulation 13.

## ESOP Schemes

Our Company has formulated two ESOP Schemes: ESOP 2000 and ESOP 2004. Our Company approved 300,000 options under "IVRCL-ESOP:2000 Scheme" at the Extraordinary General Meeting held on March 17, 2000 and authorized the Compensation Committee to fix the exercise price. Of the above all the options were exercised except 4500 options which are under the vesting period.

Listing cum trading permission has been received from BSE on various dates and the final permission for all shares received with effect from December 01, 2004 under letter dated November 30, 2004. Listing cum trading permission has been received for 174,700 shares from NSE on various dates and the last permission with effect from February 16, 2004 under letter dated February 12, 2004 for the above. For the balance 120,800 shares listing and trading permission has been received on February 25, 2005 from NSE.

Our Company approved 400,000 options under the "IVRCL -ESOP: 2004 Scheme at the Extraordinary General Meeting held on January 5, 2004. The Compensation Committee of the Board of Directors approved the grant of 370,200 options.

We have filed the in principle listing application with BSE and NSE on December 02, 2004. We have been informed by NSE vide letter dated December 17, 2004 that the issue of in principle listing has been referred to SEBI seeking advice on the non-disclosure of information as per ESOP 2004 Scheme.

We have been informed by NSE vide letter dated December 17, 2004 that the issue of in principle listing has been referred to SEBI seeking advice on the non-disclosure of information as per ESOP 2004 Scheme.

## Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section entitled "Main Provisions of Articles of Association" on page 182 in this Red Herring Prospectus.

## Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Transfer of the Equity Shares upon allocation will be done only in electronic form in lots of 1 Equity Share.



## **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, India.

## **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

## **Application by Non Residents/NRIs/FIIs**

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation..

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

## ISSUE STRUCTURE

Public Issue of [●] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [●] for cash aggregating Rs. 1260 million is being made through a 100% book building process. Details of the Issue structure are tabulated below:

	<b>Employee Reservation</b>	<b>QIBs</b>	<b>Non Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of equity Shares	[●]	[●]	[●]	[●]
Percentage of Issue size available for allocation	Up to 10% of Issue size	Up to 50% of Issue size less allocation to non – institutional Bidders and Retail Individual Bidders	Minimum 25% of Issue size less allocation to QIBs and Retail Individual Bidders	Minimum 25% of Issue Size less allocation to QIBs and Non-Institutional Bidders
Basis of Allocation or Allotment if respective category is oversubscribed.	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid	15 Equity Shares and thereafter in multiples of 15	Such number of Equity Shares and in multiples of 15 Equity Shares thereafter, that the Bid Amount exceeds Rs. 50,000 and in multiples of 15	Such number of Equity Shares and in multiples of 15 Equity Shares thereafter, that the Bid Amount exceeds Rs. 50,000 and in multiples of 15	15 Equity Shares and thereafter in multiples of 15
Maximum Bid	Not exceeding [●] Equity Shares aggregating Rs. 2,075,000	Not exceeding the size of the Issue subject to applicable limits.	Not exceeding the size of the Issue	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 50,000
Allotment Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	15	15	15	15
Who can apply	Permanent Employees of the Company from the period commencing from the date of filing Red Herring Prospectus with RoC upto Issue Closing Date.	Public financial institutions as specified in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for an amount up to Rs. 50,000 amount.



	Employee Reservation	QIBs	Non Institutional Bidders	Retail Individual Bidders
		capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.		
Terms of Payment	Margin Amount applicable to Employees at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to non-Institutional Bidders at the time of submission of the Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to the Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate.
Margin Amount	Full Bid Amount on Bidding	Nil	Full Bid Amount on Bidding	Full Bid Amount on Bidding

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at the discretion of the Company, and the BRLM.

The unsubscribed portion if any out of the Equity Shares reserved for allotment to our Permanent Employees will be added back to the Net Issue to the Public.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue shall be available for allocation on a discretionary basis to QIBs. Further not less than 25% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 25% shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received on or above the Issue Price within the Price Band.

Bidders are required to submit their Bids through the members of the Syndicate. Our Company in consultation with the BRLM, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that Equity Shares will be allotted to successful Bidders only in dematerialised form.**

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 20 to Rs 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares at Rs.22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.78%
2500	20	7500	416.67%

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

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, ("CAN"), and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.



The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian public, NRIs applying on a non-repatriation basis	White
NRI or FII or Foreign Venture Capital Investors or Multilateral or Bilateral Financial Institutions applying on a repatriation basis	Blue
Permanent Employees/Whole-time Directors	Green

#### Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares;
10. Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
11. Scientific and/ or Industrial Research Organisations authorised to invest in Equity Shares;
12. Insurance companies registered with Insurance Regulatory and Development Authority;
13. Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
14. Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
15. Multilateral and bilateral development financial institutions.
16. Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

**Note:** The BRLM, Syndicate Members and any associate of the BRLM and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary, unless otherwise permitted by SEBI. Further, the BRLM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs .

As per the current regulations, OCBs cannot Bid in this Issue.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights.

As per current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of our Company (i.e. 10% of [-] Equity Shares of Rs. 10 each). In respect of an FII investing in the Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. The Board of Directors at their meeting held on August 18, 2004 and the Shareholders of our Company have passed a special resolution on September 17, 2004, permitting FII investment upto 100%.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25 % of our Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. We and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act ") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons "(as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "Qualified Institutional Buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.**

## **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 50,000. In case of revision of Bids, the Retail Individual Bidders should ensure that the Bid Amount does not exceed Rs.50,000. In case the Bid Amount is over Rs. 50,000 due to revision or on exercise of the Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders Category. The Cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares so as to ensure that the minimum Bid Amount is above Rs. 50,000. Above this minimum Bid Amount, the Bid should be in multiples of 15 Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 50,000 for being considered for allocation in the Non-Institutional portion. In case the Bid Amount reduces to Rs.



50,000 or less due to a revision in Bids, Bids by Non -Institutional Bidders who are eligible for allocation in the Retail portion would be considered for allocation under the Retail Portion.

- (c) **For Employee Reservation Portion:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The maximum Bid in this category cannot exceed Rs. 2,075,000.

### Information for Bidders

- (a) We will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our registered / head office or from the BRLM or Syndicate Members.
- (d) Investors who are interested in subscribing for the Company's Equity Shares should approach the BRLM or Syndicate Members or their authorised agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

### Method and Process of Bidding

- (a) The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Telugu). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses and telephone numbers of the BRLM and Syndicate Members and their bidding centres. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.

The bidding period shall be open for at least 5 days and not more than 10 days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and the Bidding Period shall be extended for a further period of three days, subject to the total bidding period not exceeding thirteen days.

During the bidding period the bidders may approach members of the Syndicate to submit their bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the bids.

- (b) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 158) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (c) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However the bidder can revise the bid through the Revision Form the procedure for which is detailed in paragraph Build Up of the Book and Revision of Bids on page 160 of this Red Herring Prospectus.
- (d) The BRLM and Syndicate Members will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, or TRS, for each price and demand option. Bidders should make sure that they ask for a copy of the computerised TRS for every Bid Option from the members of the Syndicate. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

- (e) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page 159 of this Red Herring Prospectus.

### **Bids at Different Price Levels**

1. The Price Band has been fixed at Rs. 385 to Rs. 415 per Equity Share, Rs. 385 being the Floor of the Price Band and Rs. 415 being the Cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1.
2. The Company, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate..
4. The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of Bidding Options not exceeding upto Rs. 50,000/- may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders will be rejected.
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.50,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain 15 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

### **Escrow Mechanism**

#### **Escrow Account for the Issue**

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks 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. All Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement entered into amongst the Company, BRLM, Registrar to the Issue and the Escrow Collection Bank(s). The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement.



The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLM and Syndicate Members to facilitate collections from the Bidders.

#### **Terms of Payment and Payment into the Escrow Collection Account**

In case of Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page 166 of this Red Herring Prospectus") and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stockinvest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLM. **If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected.** However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

#### **Electronic Registration of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
  - Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund, etc.
  - Numbers of Equity Shares bid for
  - Bid price
  - Bid-cum-Application Form number
  - Whether payment is made upon submission of Bid-cum-Application Form
  - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder

- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or us.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) **The members of the Syndicate have the right to review the Bid. Consequently, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed elsewhere in the Red Herring Prospectus.**
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by us, and BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the equity shares will be listed or will continue to be listed on the NSE and BSE.

#### **Build Up of the Book and Revision of Bids**

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
- (d) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (e) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (f) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.**
- (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. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.



- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (j) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM based on the physical book shall be final and binding to all concerned.

#### **Price Discovery and Allocation**

- (a) After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company in consultation with the BRLM, shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the Bidder determined broadly by the size, price and time of the Bid.
- (c) The allocation for QIBs would be upto 50% of the Issue Size on a discretionary basis. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 25% and not less 25% of the Issue Size respectively would be on proportionate basis, subject to valid Bids being received at or above the Issue Price.
- (d) Undersubscription, if any, in the Non-Institutional Portion and / or Retail Portion, would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company and BRLM.
- (e) The BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders.
- (f) **Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, without assigning any reason therefor.**

#### **Signing of Underwriting Agreement and RoC Filing**

- (a) We, the BRLM and the Syndicate Members shall enter into an underwriting agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we will file the Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

#### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by us 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 along with a table showing the number of Equity Shares to be issued. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note**

- (a) The BRLM /Registrars to the Issue shall send to the members of the Syndicate, a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted to such Bidder.

Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Issue at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be transferred to such Bidder.

**Designated Date and Allotment of Equity shares in the Issue**

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be allotted only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

We would make allotment of Equity Shares within 15 days of the Bid/Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.



## GENERAL INSTRUCTIONS

### Do's:

- (a) Check if you are eligible to apply;
- (b) Ensure that the Bid is only within the Price Band.
- (c) Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour), as the case may be;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be transferred in the dematerialized form only;
- (e) Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- (f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (g) Ensure that you have been given a TRS for all your Bid options; and
- (h) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS.

### Dont's:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/ revise Bid to a price that is less than the Floor of the Price Band or higher than the Cap of the Price Band;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash or through Stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- (f) Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- (g) A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.

## Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Members.

### Bids and revisions to Bids

Bids and revisions to Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bids must be for a minimum of 15 Equity Shares and in multiples of 15 thereafter subject to a maximum Bid Amount of Rs. 50,000.
- (d) For Permanent Employee, the Bid must be for a minimum of 15 Equity Shares in multiples of 15 thereafter subject to a maximum of [●] Equity Shares.
- (e) For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 50,000 and in multiples of 15 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 shares that can be held by them under the applicable laws or regulations.

- (f) In single name or in joint names (not more than three).
- (g) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

### **Bidder's Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk.

### **Bidders Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT-IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum application Form would not be used for these purposes by the Registrar.

**Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.**

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

### **Bids under Power of Attorney**

**In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.**

In case of Bids made pursuant to a Power of Attorney by FII's, a certified copy of the Power of Attorney or the relevant resolution



or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by Insurance Companies registered with Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as they may deem fit.

## **Bids by NRIs**

### **NRI bidders to comply with the following:**

- Individual NRI bidders can obtain the Bid cum Application Forms from our Head/Registered Office at 8-2-596, IVth Floor, IVRCL Towers, Road No. 10, Banjara Hills, Hyderabad – 500 034, India, or from members of the Syndicate or the Registrar to the Issue.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. All instruments accompanying Bids shall be made payable in Mumbai. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

### **Bids by NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

Bids and revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid Amount of up to Rs. 50,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; Bids by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 15 Equity Shares thereafter so that the Bid Amount exceeds Rs. 50,000; for further details see paragraph “- Maximum and Minimum Bid Size” on page 156 of this Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- 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 payable upon submission of the Bid cum Application Form or Revision Form 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/speed 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.

### **Bids by Permanent Employees of the Company**

For the purpose of the Employee Reservation Portion, Eligible Employee means Permanent Employees/directors of our Company who are Indian Nationals, are based in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Issue closing date.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Green colour Form).
- Eligible Employees, as defined above, should mention the following at the relevant place in the Bid cum Application Form:
  - Employee Code
- The sole/ first bidder should be Eligible Employees as defined above.
- Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 50,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 50,000.
- The maximum bid in this category by any Eligible Employee cannot exceed Rs. 20,75,000.
- Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Undersubscription in this category would be added back to the Net Issue to Public.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to paragraph "Basis of Allotment" on page 176 of this Red Herring Prospectus.
- Employees without demat can apply. Their shares would be held in a separate Escrow account whose nominees would be two independent Directors of our Company.

### **Payment Instructions**

Our Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

#### **Payment into Escrow Account:**

- The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument as specified hereinafter for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- In case no Margin Amount has been paid by the Bidders during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder or the balance amount, in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
  - (a) In case of Resident Bidders: **"Escrow Account - IVRCL – Public Issue"**
  - (b) In case of Non Resident Bidders: **"Escrow Account - IVRCL – Public Issue - NR."**



(c) In case of our Permanent Employees **"Escrow Account IVRCL - Public Issue -Employees"**

- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- Where a Bidder has been allocated lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Public Issue Account with the Bankers to the Issue.
- No later than 15 days from the Bid/ Issue Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by Bidding, if any, after adjusting for allocation to Bidders

**Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money orders/ Postal orders will not be accepted.**

### **Payment by Stockinvest**

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stockinvest would not be accepted in the Issue.

### **Submission of Bid-cum-Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLM or Syndicate Member at the time of submitting the Bid. **The BRLM/ members of the Syndicate may at its discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.**

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 BRLM or Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

### **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 refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder "). All communications will be addressed to the First Bidder and will be despatched to his or her address.

## Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/ First Bidder is one and the same.

## Procedure for Application by Mutual Funds

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 name of scheme concerned for which the Bid has been made.

Bid/ Application by Employees and directors of the Company can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

## PAN Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T.Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60(Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

## Unique Identification Number – MAPIN

In terms of SEBI, (Central Database of Market Participants) Regulations 2003, as amended from time to time and SEBI Notification dated November 25, 2003 and July 30, 2004, circular dated August 16, 2004 and press release dated December 31, 2004, no specified investor being a body corporate shall subscribe to securities which are proposed to be listed in any recognized stock exchange unless such specified investor, its Promoters and directors have been allotted unique identification numbers (UIN) save and except: (i) those Promoter or Directors who are persons resident outside India, who are required to obtain UIN before December 31, 2004; and (ii) where such specified investor being a body corporate has applied for allotment of a UIN before December 31, 2004 and has not yet been allotted the UIN until the disposal of his application or, where he has filed an appeal, till the disposal of the appeal, as the case may be.

In terms of the above it shall be compulsory for specified investor being a body corporate making application in this Issue to given their UIN. In case where a body corporate has made an application for such number before December 31, 2004 but the same has not been allotted, or where an appeal has been filed, but not disposed off, the investor shall indicate the same in the space provided in the Application form.

Application forms from specified investors being body corporate not providing their UIN or UIN application status incases which have applied for such UIN before December 31, 2004, shall be liable to be rejected.



## **Right to Reject Bids**

Our Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Permanent Employees our Company have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

## **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than Floor of the Price Band;
8. Bids at a price higher than the Cap of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 15;
11. Category not ticked;
12. Multiple bids
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bid-cum-Application Form does not have the stamp of the member of the Syndicate;
15. Bid-cum-Application Form does not have Bidder's depository account details;
16. Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
17. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at page 156 of this Red Herring Prospectus.
18. Bids not duly signed by the sole/joint Bidders;
19. Bids accompanied with Stockinvests;
20. Bids by OCBs; or
21. Bids by U.S. residents or U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.
22. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

## **Equity Shares in Dematerialised Form with NSDL or CDSL**

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be issued only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.)

In this context,

The following two tripartite agreements have been signed between Karvy, the Registrar to this Issue, the Depositories and the Company,

- a. An Agreement dated March 04, 2005 between the Company, NSDL and Karvy.
- b. An Agreement dated January 13, 2005 between the Company, CDSL and Karvy.

NSDL and CDSL have received an NOC from CIL Securities Limited the existing Registrar and Transfer Agent on December 25, 2004 to transfer the ISIN to Karvy the Registrar to this Issue. The ISIN has been transferred to Karvy on March 04, 2005 and March 03, 2005 by NSDL and CDSL respectively.

Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account details of the Bidder.
- e) Non-transferable CAN or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of Equity Shares of our Company would only be in dematerialized form for all investors.

## **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, draft number and issuing bank thereof.

## **Despatch of Refund Orders**

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Company.

## **Undertaking by us**

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available by us to the Registrar to the Issue;



- refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be despatched within the specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

### **Undertaking by our Company Secretary**

Based on undertaking by us, our Company Secretary confirm:

- All refund orders/certificates against previous issues were dispatched within the prescribed limit and in the prescribed manner;
- All security certificate were dispatched to the allottees within prescribed time and in the prescribed manner;
- The securities were listed within prescribed time and in the prescribed manner as specified in the offer document;

### **Utilisation of Issue proceeds**

The Board of Directors of our Company certify that:

- all monies received out of the Issue of Equity Shares to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;

The Board of Directors of our Company further certify that:

- the utilization of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- the details of all unutilized monies out of the fund received from reservations 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.

We shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the all the Stock Exchanges where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading "Objects of the Issue", the net proceeds from the Issue may be invested by us in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

### **Procedure and Time Schedule for Allotment of Equity Shares and Disposal of Applications and Application Money**

We reserve, at our absolute and uncontrolled discretion and without assigning any reason therefor, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. We shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment.

### **Disposal of Applications and Application Money**

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs.1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we, further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- We would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above.

We will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Interest on Refund of excess Bid Amount**

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter F-8/6/SE/79 dated July 21, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the industrial policy of the Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment is allowed up to 100% in companies in the infrastructure sector. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of its total issued capital. This can be raised to 100% by adoption of a special resolution by the Company's shareholders; Our Board of Directors at their meeting held on August 18, 2004 and the Shareholders of our Company have passed a special resolution on September 17, 2004, permitting FII investment upto 100%.

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of Equity Shares to NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

### **Investment by Non-Resident Indians**

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of the company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of the company. However, this



limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-issue paid up capital of the Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non-repatriable.

### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised upto the permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. We have as on September 17, 2004 taken shareholder approval to increase the limit from 24% to the applicable limit as permitted by law. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

### **Takeover Code**

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, or the Takeover Code, upon the acquisition of more than 5.0% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify our Company, and our Company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15.0% or more of such shares or voting rights or a change in control of our Company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20.0% of all the outstanding shares of our Company at a minimum offer price as determined pursuant to the Takeover Code.

The above information is given for the benefit of the bidders and neither our Company nor the BRLM are liable for any changes after the date of this Red Herring Prospectus.

## BASIS FOR ISSUE PRICE

### Quantitative Factors

Information presented in this section is derived from our unconsolidated financial statements prepared in accordance with Indian GAAP.

#### 1. Adjusted Basic earning per share (EPS)

Period	Rupees	Weight
Year ended March 31, 2002	14.52	1
Year ended March 31, 2003	15.50	2
Year ended March 31, 2004	29.46	3
Six Months Period ended September 30, 2004 (Annualised)	21.54	4
Weighted Average	22.01	

- (1) The earning per share has been computed on the basis of adjusted profits & losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.
- (2) The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.

#### 2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]

- a. Based on six months ended September 30, 2004 ; annualized EPS is 21.24
- b. P/E based on six months ended September 30, 2004 (annualised) is [●]
- c. Industry P/E<sup>(1)</sup>

Highest	24.9
Lowest	3.2
Industry Composite	10.9

(1) Source: Capital Market (Vol XIX/22) (Jan 3- Jan16, 2005)

#### 3. Return on Average Net Worth as per unconsolidated restated Indian GAAP financials

Sl. No.	Period	%	Weight
1	Year ended March 31, 2002	17.55	1
2	Year ended March 31, 2003	16.34	2
3	Year ended March 31, 2004	19.71	3
4	Six Months Period ended September 30, 2004 (Annualised)	16.56	4
	Weighted Average	17.56	

- (1) The average return on net worth has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

#### 4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS

The minimum return on increased net worth required to maintain pre-Issue EPS is [●] to [●].

#### 5. Net Asset Value per Equity Share of face value Rs. 10 as at September 30, 2004 – Rs. 135.08

Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by Equity Shares outstanding at the end of the period.



#### 6. Net Asset Value per Equity Share after Issue

The net asset value per Equity Share after the Issue is [●]

Issue Price per Equity Share: Rs. [●]

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

#### 7. Comparison of Accounting Ratios

	EPS <sup>(1)</sup>	P/E <sup>(1)</sup>	RONW <sup>(1)</sup>	NAV <sup>(1)</sup>
IVRCL Infrastructures & Projects Ltd	29.44	[●]	19.71 %	124.1
Industry Average		10.9		
Peer Group				
Hindustan Construction Company Ltd	17.4	15.9	23.5%	81.8
Nagarjuna Construction Company Ltd	21.4	14.5	23.3%	167.5
Gammon India	21.7	24.9	24.5%	190.9

*EPS, RONW and NAV are based on last audited results for the period ending March 31, 2004*

*(1) Source: Capital Market (Vol XIX/22) (Jan 3- Jan16, 2005)*

#### 8. The issue price is \_\_\_\_times of the Face Value.

## STATUTORY AND OTHER INFORMATION

### Consents

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the Auditors, Legal Advisors, Bankers to our Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue, and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisors to the Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Andhra Pradesh located at Hyderabad, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Chaturvedi and Partners and M/s Deloitte Haskins and Sells, chartered accountants, and our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Chaturvedi and Partners and M/s Deloitte Haskins and Sells, chartered accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

### Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the members of the Syndicate, if any, 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 becomes liable to pay the amount, our Company shall pay interest as per Section 73 of the Companies Act.

If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

### Expert Opinion

Except as stated on page 204 in this Red Herring Prospectus, we have not obtained any expert opinions.

### Changes in Auditors

There have been no changes of the auditors in the last three years except as detailed below

Name of Auditor	Date of Appointment	Date of resignation	Reasons for change
M/s. Deloitte Haskins & Sells, Chartered Accountants	September 17, 2004	-	To give effect to the Investment Agreement dated April 2, 2004

### 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 shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating Rs. 296.25 million at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand
- If the aggregate demand in this category is greater than [●] Equity Shares aggregating Rs. 296.25 million 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.

- Any under subscription in the reservation of Equity Shares for allotment to our Permanent Employees will be added back to the Net Issue to the Public under this category.

**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 Portion shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating Rs. 296.25 million 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 aggregating Rs. 296.25 million at or above the Issue Price, 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.

The aggregate allotment to Retail Individual and Non Institutional Bidders shall not exceed [●] Equity Shares.

**C. For QIBs**

- Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment would be decided by our Company in consultation with the BRLM and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- The aggregate allotment to QIBs shall not be less than [●] Equity Shares aggregating Rs. 592.50 million.

**D. For our Permanent Employees and Directors during the period commencing from the date of filing the Red Herring Prospectus with the RoC, Andhra Pradesh upto the Issue Closing Date (the "Employees" for purposes of this paragraph)**

- In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Offer Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating Rs. 75 million at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares aggregating Rs. 75 million at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Share. For the method of proportionate basis of allocation, refer below.
- Only Permanent Employees and directors of Our Company during the period of commencing from the date of filing the Red Herring Prospectus with RoC and the Offer Closing Date are eligible to apply.

**Method of Proportionate Basis of Allotment**

In the event of the Issue being over-subscribed, the basis of allotment to Retail Individual and Non Institutional Bidders shall be finalized by us in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.

- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the 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 15 Equity Shares per Bidder, the allotment shall be made as follows:
- Each successful Bidder shall be allotted a minimum of 15 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate allotment to a Bidder is a number that is more than 15 but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

#### Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately 5 % of the Issue size. All expenses with respect to the Issue would be borne out of Issue proceeds.

(Rs. In Million)	
Category	Approximate Cost
Marketing costs (advertising expenses, road shows)	5.80
Printing, Registrar costs, stamp duty, listing, depository costs and other expenses	15.23
Fees payable to the BRLM, legal counsel, Auditors	42.10

#### Fees Payable to the BRLM

The total fees payable to the Book Running Lead Manager will be as per the appointment letter dated September 20, 2004 issued by our Company, a copy of which is available for inspection at our corporate office.

#### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the letter of appointment dated September 20, 2004, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

#### Underwriting Commission and Brokerage

The underwriting commission and brokerage for the Issue is set out in the syndicate agreement among our Company, BRLM and Syndicate Members.



### **Previous Issue for Cash**

We have not made any previous issues except as stated in the section entitled "Capital Structure" and "History and certain Corporate Matters" on page 22 and 82 respectively of this Red Herring Prospectus.

### **Previous Public and Rights Issues (during last five years)**

There have been no Public or Rights Issues made by us in the previous five years.

### **Commission and Brokerage on Previous Issues**

Our Company paid brokerage @ 1.5% of the offer price of equity shares offered to public, in connection with our Initial Public Offering in April 1995.

### **Issue of shares otherwise than for Cash**

Except as stated in the section entitled "Capital Structure" on page 22 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

### **Outstanding Debentures or Bond Issues or Preference Shares**

We have no outstanding debentures or bond issues.

### **Capitalization of Reserves or Profits**

We have not capitalized our reserves or profits at any time, except as stated in the section entitled "Capital Structure" on page 32 of this Red Herring Prospectus.

### **Application in Issue/Option to subscribe**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

### **Purchase of Property**

Except as stated in the section "Business" on page 75 of this Red Herring Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Red Herring Prospectus

Except as stated in the section entitled "Related Party Transactions" on page 116 of this Red Herring Prospectus, we have not purchased any property in which any of our Promoters and Directors, have any direct or indirect interest in any payment made thereof.

## Remuneration of CEO/Executive Directors

Details of the remuneration of our Executive Directors for the year ended March 31, 2004 was as follows:

Sl. No.	Name and Designation of Director	Fixed Salary Component	Variable Component/ (Rs. per annum)	Total Salary (Rs. per annum) Commission (Rs. per annum)
	Mr. E. Sudhir Reddy, Vice Chairman & Managing Director	2,580,000	17,499,372	20,079,372*
	Mr. E. Sunil Reddy, Director-Legal	1,251,825	Nil	1,251,825
	Mr. R. Balarami Reddy, Director-Finance	881,830	Nil	881,830
	Mr. K. Ashok Reddy, Director-Resources	872,369	Nil	872,369

\* Salary - 200,000/- (Rupees two lakhs) per month.

Commission - 5% of net profits as per provisions of Section 198 and 309 of Companies Act, 1956 including salary and perquisites. As indicated below

Perquisites

### Category 'A'

- Housing : Free furnished residential accommodation.
- Maintenance & up keep of House: The expenditure incurred by our Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules 1962 subject, however to a ceiling of 10% (ten percent) of salary.
- Reimbursement of Medical Expenses : For self and family subject to a ceiling of one month's salary in an year or three months salary over a period of three years or such other higher reimbursement as approved by Board under special circumstances.
- Leave Travel: For self and family once a year anywhere in India or shall be eligible for overseas travel in view of domestic travel once in two years.
- Club Fees: Fees of clubs subject to a maximum of 2 clubs. This will not include admission and life membership fees.
- Personal Accident Insurance Premium not to exceed Rs.10,000/ per annum.

For the purpose of this category, "Family" shall mean the spouse, dependent children and dependent parents of Mr. E.Sudhir Reddy.

### Category "B"

- Company's contribution to Provident Fund : As per the Company's rules.
- Company's contribution to Superannuation Scheme: As per the Company's rules. The Company's contribution to the pension fund shall not together with the Company's contribution to the Provident fund exceed 25% (twenty five percent) of salary as laid down in the Income Tax Rules 1962.
- Leave : Four weeks for every 11 months service or one month leave with salary which may be accumulated to a maximum of 3 months with a right to encash the leave.
- Gratuity : The gratuity shall not exceed one half month's salary for each completed year of service.

### Category "C"

- Use of Company car and driver on Company's business: Such use will not be considered as a perquisite. Personal use of Company car will be billed to Mr.E.Sudhir Reddy.
- Use of residential telephone on Company's business: Such use will not be considered as a perquisite. Charges for personal long distance calls will be billed to Mr.E.Sudhir Reddy.



## Classes of Shares

### Payment or Benefit to Promoters or Officers of our Company

All the Directors, except Mr. E. Sudhir Reddy, are interested to the extent of fees, if any, payable to them for attending the meetings of the Board. The non-executive Directors may be concerned or interested to the extent of any commission payable to them.

## MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section shall have the same meaning that has been given to such terms in the Articles of Association of IVRCL Infrastructures & Projects Limited.

No regulations contained in Table "A" in the First Schedule to the Companies Act, 1956, or in the Schedule to any previous Companies Act, shall apply to. However, the regulations for the management of our Company and for the observance of the members thereof and their representatives, shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration or addition to its regulations by Special Resolution, as prescribed by the said Companies Act, 1956 be such as are contained in the Articles of our Company.

### SHARE CAPITAL

Article 3 provides as follows:

- (a) The Authorised Share Capital of the Company is Rs.400,000,000 divided into 35,300,000 equity shares of Rs. 10 each and 5,000,000 Preference Shares of Rs.10 each.
- (b) The Company shall have power to issue preference shares including Redeemable Preference Shares in accordance with the provisions of Section 80 and 85 to 90 or any statutory modifications thereof.

Article 5 provides as follows:

Subject to these Articles, the Company in General Meeting may, from time to time increase the Authorised capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Act, whenever the Capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Article 6 provides as follows:

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein continued with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 7 provides as follows:

Subject to the provisions of Sections 78, 80, 100 to 105 of the Act, and the other provisions of these Articles, the Company in General Meeting may, from time to time, by Special Resolution, reduce its Capital and any Capital Redemption Reserve Account to Share Premium Accounts in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power of the Company would have if it were omitted.

Article 8 provides as follows:

Subject to the provisions of Section 94 of the Act and the provisions of these Articles, the Company in General Meeting may from time to time, sub-divide or consolidate its shares, subject as aforesaid the Company in General Meeting may cancel shares, which have not been taken as agreed or be taken by any person, and diminish the amount of the shares so cancelled.

Article 9 provides as follows:

The Company in General Meeting may, subject to the provisions of these Articles, convert any fully paid up shares into stock and may at any time reconvert any stock into fully paid up shares of any denomination. The provisions of Clause 37, 38 and 39 of the Table 'A' to Schedule of the Act shall apply when shares are converted into stock as aforesaid.



## Further issue of shares

Article 13 provides as follows:

1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then, subject to these Articles:
  - a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company. In proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
  - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
  - c) The offer aforesaid shall be deemed to include a right exercisable by the person and the notice referred to in such clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the share offered, the Board of Directors may dispose off them in such manner and to such person(s) at they think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may, subject to these Articles, be offered to any persons (whether or not those personal include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever.
  - a) If a special resolution to that effect is passed by the Company in General Meeting, or
  - b) Where no such resolution is passed if the votes cast (whether on a show or hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any of the chairman) by the members who being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - a) To extend the time within which the offer should be accepted; or
  - b) To authorise any person to exercise the right of renunciation for a second time on the ground the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
  - i) To convert such debentures of loans into shares in the Company; or
  - ii) To subscribe for shares in the Company (whether such option in conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debenture or raising of the loans.

## Shares at the disposal of the Directors

Article 14 provides as follows:

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being

shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

## **Commission**

Article 24 provides as follows:

Subject to provisions of Section 76 of the Act and the other provisions of these Articles, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring or agreeing to procure subscription (whether absolute or conditional) for any share or debentures in the Company; but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued in the case of debentures two and a half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares of partly in one way and partly in the other.

## **Sub-division of shares**

Subject to the provisions of Section 94 of the Act and the provisions of these Articles, the Company in General Meeting may from time to time, sub-divide or consolidate its shares, subject as aforesaid the Company in General Meeting may cancel shares, which have not been taken as agreed or be taken by any person, and diminish the amount of the shares so cancelled.

## **SHARE CERTIFICATES**

### **Limitation of time for issue of certificates**

Article 19 provides as follows:

The Certificate of title of shares shall be issued within two months after allotment, and within one month from the date of the receipt of application for transfer (or within such other period as the Conditions of the Issue shall provide).

Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each clause of denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be. Every Certificate of shares shall be under the seal of the Company and shall specify the number and distinctive number of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

### **Issue of new certificate in place of one defaced lost or destroyed**

Article 20 provides as follows:

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the Article shall be issued without payment of such fee (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe.



Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is not further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any stock exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis-mutandis apply to debentures of the Company.

### **Dematerialisation**

The Company shall be entitled to dematerialize its existing shares, rematerialise its shares held in the Depositories and/or to offer further shares, and or other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **Instrument of Transfer**

Article 51 provides as follows:

The instrument of transfer of any shares shall be in writing in the prescribed form and all the provisions of section 108 of the Companies Act, 1956, and of any statutory modifications thereof for the time being shall be duly complied with the respect of all transfers of shares and registration thereof.

### **Execution of instrument of transfer**

Article 52 provides as follows:

Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

### **Partly paid-up shares Registration**

Where in the case of partly paid shares an application for registration is made by the transferor, the Company shall be given notice of the Application to the transferee in accordance with provision of Section 110 of the Act.

### **Board's liability in giving effect to Transfer of Share**

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right on neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

### **Restrictions on transfer**

Article 49A provides as follows:

### **Null and Void Transfers**

- i. Any Transfer or attempt to Transfer any Equity Shares in violation of this Article 49A shall be null and void ab initio, and the Company shall not register such Transfer and shall reject any such Transfer made or attempted, suo moto, without necessity of a Board decision and may institute proceedings for this purpose if required by Law.

### **Tag Along**

- ii. Subject to the lock in provisions specified in clause (h), if any Promoter proposes to Transfer any Equity Shares, then, such Promoter (hereinafter, "**Selling Shareholder**") shall first give a written notice (hereinafter referred to as "**Offer Notice**") to the Investors. The Offer Notice shall state (i) the name of the Selling Shareholder, (ii) the number of Equity Shares proposed to be Transferred (hereinafter referred to as the "**Sale Shares**") and the number and class of Equity Shares the Selling Shareholder owns at that time on an undiluted basis, (iii) the name and address of the proposed transferee, (iv) the proposed price, including the proposed amount and form of consideration and terms and conditions offered by such proposed transferee, (v) the date of consummation of the proposed Transfer, (vi) a representation that the proposed transferee has been informed of the "tag-along" rights provided for in the Agreement and these Articles and has agreed to purchase all the Equity Shares required to be purchased in accordance with the terms of this clause (b), and (vii) a representation that no consideration, tangible or intangible, is being provided to the Selling Shareholder that will not be reflected in the price paid to the Investor on exercise of his tag-along rights hereunder. In the event that the proposed consideration for the Transfer includes consideration other than cash, the Transfer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed Transfer is referred to herein as the "**Offer Price**". Such notice shall be accompanied by a true and complete copy of all documents constituting the agreement between the Selling Shareholder and the proposed transferee regarding the proposed Transfer.
- iii. The Investors shall be entitled to respond to the Offer Notice by serving a written notice ("**the Response Notice**") on the Selling Shareholder prior to the expiry of 7 (seven) Business Days from the date of receipt of the Offer Notice ("**Offer Period**") requiring the Selling Shareholder to ensure that the proposed transferee of the Sale Shares also purchases such number of the Equity Shares as mentioned in the Response Notice at the same price and on the same terms as are mentioned in the Offer Notice. It is clarified that all or any of the Investors shall be entitled to issue a Response Notice on the Selling Shareholder.
- iv. If the proposed transferee(s) is/are unwilling or unable to acquire all of the securities mentioned in each Response Notice upon such terms, then the Selling Shareholder may elect either to cancel such proposed Transfer or to allocate the maximum number of Equity Shares of the Company which the proposed transferee(s) is/are willing to purchase among the Sale Shares and the Equity Shares specified by the Investors in the Response Notice pro-rata in the ratio of the equity shareholding in the Company at such time of the Selling Shareholder and the concerned Investor(s), and to consummate such Transfer on such terms. The Selling Shareholder shall not be entitled to sell or transfer any of the Sale Shares to any proposed purchaser/transferee unless the proposed purchaser/transferee simultaneously purchases and pays for the required number of Equity Shares mentioned in this paragraph and/or in the Response Notice in accordance with the provisions of this Agreement.
- v. The Selling Shareholder shall ensure that, along with the Sale Shares, the proposed transferee also acquires the Equity Shares specified in each Response Notice for the same consideration and upon the same terms and conditions as applicable to the Sale Shares, provided that the Investor may choose to receive the cash equivalent of any such consideration which is in a form other than cash. Where the Investors (or any of them) have properly elected to exercise their tag-along right and the proposed transferee fails to purchase from all such Investors the Equity Shares which they are entitled to sell under this tag along provision, the Selling Shareholder shall not make the proposed Transfer, and if purported to be made, such Transfer shall be void and the Company shall not register any such Transfer of Equity Shares.
- vi. In the event none of the Investors deliver a Response Notice to the Selling Shareholder prior to the expiry of the Offer Period, then, upon the expiry of the Offer Period, the Selling Shareholder shall be entitled to sell and transfer the Sale Shares to the proposed transferee mentioned in the Offer Notice on the same terms and conditions and for the same consideration as is specified in the Offer Notice. Any transferee purchasing the Offered Shares shall deliver to the Selling Shareholder on or before the date of consummation of the proposed Transfer specified in the Offer Notice payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice and any requisite transfer taxes. If completion of the sale and transfer to the proposed transferee does not take place within the period of 30 days following the expiry of the Offer Period (which may be extended by a further period of 30 (thirty) days in order to obtain all necessary Governmental Approvals), the Selling Shareholder's right to sell the Sale Shares to such third party shall lapse and the provisions of clauses (b) – (f) shall once again apply to the Sale Shares.
- vii. The Parties agree that the Transfer restrictions in the Agreement and/or in these Articles shall not be capable of being avoided by the holding of Equity Shares indirectly through a company or other entity that can itself be sold in order to



dispose of an interest in Equity Shares free of such restrictions. Any Transfer, issuance or other disposal of any shares (or other interest) resulting in any change in the control, directly or indirectly, of the Promoters, or of any Affiliate of any Promoter which holds, directly or indirectly, any Equity Shares, shall be treated as being a Transfer of the Equity Shares held by the Promoter, and the provisions of this Agreement that apply in respect of the Transfer of Equity Shares shall thereupon apply in respect of the Equity Shares so held.

#### **Restrictions on Transfer**

- viii. Notwithstanding anything contained in the Agreement or these Articles, the Promoters shall not be entitled to, and shall not, Transfer or create any lien or Encumbrance over or dispose of any Equity Shares or other securities (including the Promoter Warrants) in the Company or any interest in such securities save and except with the Investors Consent and on such terms and conditions as the Investors may specify. Provided that, subject to clauses (b)- (f) , the Promoters shall be entitled to sell , in the aggregate upto a maximum of 889210 Equity Shares, of which the Promoter shall be entitled to transfer upto 355684 Equity Shares in any single calendar year.
- ix. Without prejudice to clause (h), Promoter No.1 shall not be entitled to Transfer or create any lien or Encumbrance over or dispose of more than 173935 Equity Shares of the Company during the term of this Agreement.
- x. Notwithstanding what is stated in clauses (h) and (i) above but subject to the other provisions of this Agreement, the Promoter No. 1 shall be entitled to Encumber his Equity Shares for the purpose of securing any reasonable working capital loans to the Company for use in the business of the Company.

#### **Reverse Tag Along**

Notwithstanding anything contained herein, the provisions of clauses (k) –(o) shall apply to any sale of Equity Shares by the Investors if, and only if, **all** the following conditions are fulfilled:-

The sale is other than on or through any stock exchange;

The sale is in respect of a single block of shares exceeding 5% of the share capital of the Company; and

The sale is to a strategic and non-financial investor.

Subject to clause (a) and (q) if any of the Investors desires to sell Equity Shares and all the conditions mentioned in clause (k) are fulfilled, then such Investor (hereinafter, "**Selling Investor**") shall first give a written notice (hereinafter referred to as "**Offer Notice**") to the Promoters. The Offer Notice shall state (i) the name of the Selling Investor, (ii) the number of Equity Shares proposed to be Transferred (hereinafter referred to as the "**Sale Shares**") and the number and class of Equity Shares the Investor owns at that time on an undiluted basis, (iii) the name and address of the proposed transferee, (iv) the proposed price, including the proposed amount and form of consideration and terms and conditions offered by such proposed transferee, (v) the date of consummation of the proposed Transfer. The total value of the consideration for the proposed Transfer is referred to herein as the "**Offer Price**".

The Promoters shall be entitled to respond to the Offer Notice by serving a written notice ("**the Response Notice**") on the Selling Investor prior to the expiry of 7 (seven) Business Days from the date of receipt of the Offer Notice ("**Offer Period**") requiring the Selling Investor to ensure that the proposed transferee of the Sale Shares also purchases such number of the Equity Shares as mentioned in the Response Notice at the same price and on the same terms as are mentioned in the Offer Notice.

If the proposed transferee(s) is/are unwilling or unable to acquire all of the securities mentioned in each Response Notice upon such terms, then the Selling Investor may elect either to cancel such proposed Transfer or to allocate the maximum number of Equity Shares of the Company which the proposed transferee(s) is/are willing to purchase among the Sale Shares and the Equity Shares specified by the Promoters in the Response Notice pro-rata in the ratio of the equity shareholding in the Company at such time of the Selling Investor and the concerned Promoter(s) and to consummate such Transfer on such terms. The Selling Investor shall not be entitled to sell or transfer any of the Sale Shares to any proposed purchaser/transferee unless the proposed purchaser/transferee simultaneously purchases and pays for the required number of Equity Shares mentioned in this paragraph and/or in the Response Notice in accordance with the provisions of the Agreement and these Articles.

The Selling Investor shall ensure that, along with the Sale Shares, the proposed transferee also acquires the Equity Shares

specified in each Response Notice for the same consideration and upon the same terms and conditions as applicable to the Sale Shares.

In the event none of the Promoters deliver a Response Notice to the Selling Investor prior to the expiry of the Offer Period, then, upon the expiry of the Offer Period, the Selling Investor shall be entitled to sell and transfer the Sale Shares to the proposed transferee mentioned in the Offer Notice on terms and conditions not more favourable than specified in the Offer Notice.

The provisions of clauses (k) – (o) shall not apply:

If the Company, any Promoter or Significant Shareholder suffers a loss of reputation for any reason including (without limitation) a scam, involvement in money laundering etc., or

If such sale is otherwise as a consequence of or related to any ethical concerns as to the Company or its management or shareholders; or

To any transfer of Equity Shares by any Investor to any member of such Investor's Group, subject however to each such transferee of the Equity Shares agreeing to be bound by the terms of this Agreement by executing a deed of adherence hereto in the Form annexed as Schedule 8 prior to such Transfer or creation of such Encumbrance. All the parties to this Agreement shall execute such deed of adherence.

### **Drag Along**

If at any time after the expiry of 30 months from the date of the Agreement the Investors together wishes to accept an offer from any person ("**third party purchaser**") to purchase all the Equity Shares held by the Investors and such offer is extended on identical terms (including as to price) to all or any (as the case may be) of the Equity Shares then held by the Promoter(s), then the Investors ("**the Selling Investor**") may require the Promoter(s) to accept such offer and, in such case, the Promoters shall be obliged to accept such offer and transfer all or some of the Equity Shares (as specified by the Investors) held by the Promoters in accordance with such offer.

In the event that the Promoters are required to sell all the Equity Shares held by them pursuant to this Article, then, subject to the concerned lenders' consent, the purchaser of such shares shall undertake that the Promoter No.1 shall, (i) within 6 months of the completion of such sale or (ii) the date of change of management, (whichever is earlier), be released from all personal guarantees provided by him for any loans taken by the Company.

Clause (r) shall not apply to the following guarantees provided by Promoter No. 1 :

Guarantee of Rs. 600 million in favour of LIC Housing Finance;

Guarantee of Rs. 200 million in favour of Sicom Ltd.; and

Guarantee of Rs. 100 million in favour of Punjab National Bank

All of which have been provided in connection with the National Games Village in Hyderabad.

If any Government Approvals are required for the aforesaid sale/purchase, the Promoters and the Company shall obtain all such approvals and/or shall promptly render all such assistance as may be required by the concerned Investor or the third party purchaser, including providing any such documents as may be reasonably requested by the Selling Investor or the third party purchaser, as the case may be, for obtaining such approvals.

In order to assist the Investor(s) to sell the Equity Shares and effectively exercise its / their Drag Along Rights, the Promoters and the Company shall not do or omit any act which has the effect of devaluing the Company and they shall do all necessary acts, deeds and things in order to retain and enhance the value of the Company.

Article 49B provides as follows:

### **Acquisition of additional equity shares**

- i. The Company agrees and acknowledge that the Investors or any member of the Investor Group may at any time, acquire additional Equity Shares in the Company by purchasing the same from shareholders (whether through purchases on the Exchanges or off-market block deals or otherwise) of the Company and at such time as the Investors may determine.



- ii. The Company hereby unconditionally and irrevocably consents to the Investors and/or any member of either Investor Group at any time and from time to time making investments in or entering into collaboration or other agreements or arrangements with Persons in India engaged in the same or a similar business as that of the Company. The Company shall from time to time at the request of any Investor, certify that it does not object to such investment, agreement or arrangement with such Persons and in such form as may be requested by the Investor.
- iii. Without prejudice to the generality of the aforesaid, the Company shall render all such assistance as the Investor may require to obtain any Governmental Approval required or considered desirable by the Investor for the acquisition of Equity Shares by the Investor or any member of the Investor Group.

In the event that the Company issues any Equity Shares, or any rights, options, warrants or instruments entitling the holder to receive any Equity Shares of the Company (a "Dilution Instrument") at any time, then each Investor and Promoter shall be entitled to acquire such number of Dilution Instruments as would enable such Investor and Promoter to maintain their proportion of shareholding in the Company, after the issue, conversion or exercise of the Dilution Instruments. The Investors and Promoters shall be entitled to acquire the Dilution Instruments on terms no less favourable than those on which the Company proposes to issue the Dilution Instruments to any other person. The Company agrees and undertakes that it shall not issue any Dilution Instrument in contravention of the provisions of this Clause.

Article 49C provides as follows:

#### **Registration rights**

- i. If any Equity Shares or other securities of the Company are listed or proposed to be listed on one or more stock exchanges overseas, then on the Investors request, the Company shall take all such steps, do all such things, execute all such writings and make all regulatory applications and filings as may be required by Law for permitting or facilitating the unrestricted sale and distribution of the Investor Shares on such exchanges, such that the Investor Shares are freely transferable on such stock exchanges.
- ii. If any Equity Shares or other securities of the Company are listed or proposed to be listed on one or more stock exchanges overseas, then the Investors shall be entitled to demand that all or part of the Investors' Shares be converted into American Depositary Receipts or Global Depositary Receipts ("**Full Fungibility**") as permissible under Indian Law. The Investors shall also be entitled to demand that the Company register the securities held by the Investors with appropriate and necessary regulatory authorities required in connection with such offering. Such demand registration may be effected upon the request of the Investors provided the Investors' Shares represent 5% or more of the Equity Share capital of the Company. Further, such demand registration may be requested on no more than a total of three occasions with no more than one such request in any period of twelve months. Such offering will be subject to limitations recommended by an independent advisor and the Company's option to delay for upto 90 days such public offering for to the required disclosure by the Company or material information that would otherwise not be disclosed at that time.
- iii. The Investors will be entitled unlimited piggyback rights (to make an offer for sale simultaneously) in all primary offering and all other secondary offerings. The Company will, subject to applicable law, pay the expenses of the Investors in all piggyback registrations (including the fees and expenses of one counsel for each Investor, but excluding underwriter's discounts and selling commissions)

The Company will not grant other registration rights, other than rights that are pari passu or subordinated to the rights of the Investors.

#### **ENTITLEMENT FOR DIVIDENDS**

Article 60 provides as follows:

A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or moneys as herein after provided, be entitled to receive and may give a discharge for any dividends or other money payable in respect of the shares.

## **MEETINGS OF MEMBERS**

### **Annual General Meetings**

Article 70 provides as follows:

Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held at the office or at some other place within the city, town or village in which the Registered office is situated as the Board may determine and the notice calling the meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every Member shall be entitled to attend either in person or by proxy and the auditor of the Company shall have the right to attend either and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting there shall be laid on the table the Directors' Report and Audited Account and Balance Sheet, Auditors' Report (if not already incorporated Accounts and Balance Sheets), the Register with proxies and the Register of Directors, shareholding which register shall remain open and accessible during the continuance of the Meeting. The Board shall prepare the annual list of Members, summary of Share Capital, Balance Sheet and Profit and Loss Account, forward the same to the Registrar of companies, in accordance with sections 159, 161 and 220 of the Act.

### **Extraordinary General Meeting**

Article 71 provides as follows:

The Board may, when every it thinks fit, call an extraordinary General Meeting and it shall do so upon a requisition in writing by any; Member holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carrying the right of voting in regard to the matter in respect of which the requisition has been made.

### **Board's Obligation to call an Extraordinary Meeting**

Article 73 provides as follows:

Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if it does not proceed within twenty one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than 45 days from the date of the deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital of the Company as is referred to Section 69(4) of the Act whichever is less may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

### **Quorum**

Article 78 provides as follows:

Five members present in person shall be a quorum for a General Meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

### **Chairman**

Article 80 provides as follows:

The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting whether Annual or Extraordinary, if there is no such Chairman of the Board of Directors or if at any meeting he is not present within ten minutes of the time appointed for holding such meeting or shall decline to take the Chair than the Managing Director shall be entitled to take chair and falling him the Members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their Members to be Chairman.

### **Voting by show of hands or poll**

Article 83 provides as follows:

The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting whether Annual or



Extraordinary, if there is no such Chairman of the Board of Directors or if at any meeting he is not present within ten minutes of the time appointed for holding such meeting or shall decline to take the Chair than the Managing Director shall be entitled to take chair and falling him the Members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their Members to be Chairman.

### **Nature of business at adjourned meeting**

Article 82 provides as follows:

The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place within the office is situated 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.

### **Demand & withdrawal of poll**

Article 85 provides as follows:

If a poll is demanded as aforesaid the same shall subject to Article 83 taken at such time (not later than forty eight hours from the time when the demand was made) and place within the city in which the office is situated and either by open voting or by ballot, as the Chairman shall direct, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise.

### **Business**

Article 88 provides as follows:

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

## **VOTING RIGHTS OF MEMBERS**

### **Disqualification of members to vote**

Article 89 provides as follows:

No members shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name of which any calls or other same presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

### **Rights of the Members**

Article 90 provides as follows:

Subject to the provisions of these Articles and without prejudice to any special privileges or restriction as to voting for the time being forming part of the capital of the Company, every Member not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting and on a show of hands every Member present in person or by proxy shall, subject to clause (b) of sub-section (i) of Section 87 of the Act, have one vote for every share held by him either alone or jointly with any other person or persons. Provided however, if any preference shareholder be present at any meeting of the Company then, save as provided clause (b) of sub-section (2) of Section 87 of the Act, he shall only have a right to vote in respect of such preference share on resolution placed before the meeting which directly affect the rights attached to his preference shares.

### **Mode of Depositing and validity of instrument**

Article 99 provides as follows:

The Instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

### **Validity proxy of vote**

Article 102 provides as follows:

No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy shall not be disallowed at such meeting or poll whatsoever.

## **BOARD OF DIRECTORS**

### **Number of Directors**

Article 105 provides as follows:

- i) Unless otherwise determined by General Meeting, the number of Directors shall neither be less than three nor be more than fifteen inclusive of the ex-office Directors, Nominee Directors, Technical Directors, Special Directors, Debenture Directors, Non-Executive Directors, Alternate and Additional Directors if any.
- ii) The Board shall at all times comprise of a maximum of fifteen directors or of such number as the Board may from time to time decide. As agreed to in the Agreement, the Board shall consist of
  - Promoter No. 1,
  - 1 (One) Professional CFO,
  - 1 (One) Director, appointed as described below by CIFC,
  - 1 (One) Director, appointed as described below by ChrysCapital,
  - 5 (five) Independent Directors, appointed as described below.Each of CIFC and ChrysCapital shall have the right to nominate 1 (one) Director on the Board (together, the **Investors' Directors**) as non-retiring directors.
- iii) To the extent permissible by Law, the appointment of the Investors' Directors shall be by direct nomination by the Investor and any appointment or removal under this clause shall, unless the contrary intention appears, take effect from the date it is notified to the Company in writing. If the Law does not permit the person nominated by the Investor to be appointed as a director of the Company merely by nomination by the Investor, the Company and the Promoters shall ensure that the Board forthwith (and in any event within 7 days of such nomination or at the next Board meeting, whichever is earlier) appoints such person as a director of the Company and further that, unless the Investor (as the case may be) changes or withdraws such nomination, such person is also elected as a director of the Company at the next general meeting of the shareholders of the Company.
- iv) If the concerned Investor desires that the Investor Director appointed and/or nominated by them should cease to be a Director, the Promoters shall exercise all their rights, including their rights as or in respect of directors and their voting rights in relation to the Shares held by them in the Company in such manner so as to ensure such removal as soon as may be practicable. The Investor who appointed/nominated the original nominee Director shall have a right to recommend any other person to be appointed as Director in place of the original nominee Director. The Parties shall ensure that the only such person is appointed in place of the nominee Director as is recommended by the Investor which appointed such original nominee Director. All nominations for the replacement Director made by the Investors shall be in writing and shall take effect on its receipt at the office of the Company and shall be given effect to in the manner mentioned above.
- v) Each Investor shall be entitled to nominate a person to be appointed as the alternate director to the Director nominated by such Investor; and the Company and the Promoters shall ensure that such persons are appointed as the Investor Director's alternate Director.

Subject to the relevant provisions of the Act, the Investor Directors shall be paid reasonable out of pocket expenses (including travel expenses) by the Company for attending shareholders' meeting and Board meeting of the Company.
- vi) The Investor Directors shall be non-executive Directors and shall have no responsibility for the day-to-day management of the Company and shall not be liable for any failure by the Company to comply with applicable Law. The Company shall nominate Directors or persons other than the Investor Directors as "persons in charge" as contemplated under applicable Law and shall ensure that the Nominee Directors are not included within the scope of "Officer who is in default" under



applicable Law. The Directors nominated by the Investors shall not be required to be an Independent Director (as such expression is defined in the Listing Agreement between the Company and the Exchanges ("**Listing Agreement**")) and the Company shall have such number of Independent Directors (other than the Investor Director) as are required under the provisions of the Listing Agreement.

- vii) The Professional CFO shall be appointed by the Promoters, subject to the Investors' Consent to such appointment.
- viii) The Chairman shall not have a casting vote.
- ix) The Promoters shall be entitled to appoint, 5 (five) independent Directors (excluding any Nominee Director) in compliance with the Listing Agreement, provided that the Investors' Consent is obtained to the persons to be so appointed. In the event that this Agreement terminates with respect to any Investor, then the Promoters shall be entitled to appoint the independent Directors as aforesaid subject to the consent of the Investor in respect of which this Agreement continues to subsist.
- x) Immediately upon Closing, the Company shall procure suitable Director and Officers Liability insurance in favour of all the Directors from a reputable insurance company in respect of claims or liabilities resulting from the actions or omissions of the Directors as Directors of the Company for an adequate amount as determined by the Board and in the case of the Investor Directors, as specified by the nominee of such Director.
- xi) The Company shall indemnify the Investor Directors against:-
  - a) any act, omission or conduct (including, without limitation, contravention of any Law) of or by the Company, the Promoters or its officials, employees, managers, representatives or agents as a result of which, in whole or in part, the Nominee Director is made a party to, or otherwise incurs any costs, charges, expenses, damages or Loss, (collectively "**loss**") including loss pursuant to or in connection with any action, suit, claim or proceeding arising out of or relating to any such act, omission or conduct; and
  - b) any action or omission to act by the Nominee Director at the request of or with the consent of the Company, its Promoters, officials, employees or agents.
- xii) The Promoters agree to use all their rights, including their rights as and in respect of directors and their voting rights in relation to Equity Shares, to effectuate the appointment and election of the Investor Directors as contemplated herein.
- xiii) The Investors' Directors shall not be required to hold any qualification Shares.
- xiv) Each of the nominee Directors of the Investors shall be entitled to be to be a member of, or at the option of the Investor, an invitee on any of the committees of the Board and the Company, including, without limitation, the compensation committee, audit committee and mergers and acquisitions committee (in each case, by whatever name so called).

## **Remuneration of Directors**

Article 111 provides as follows:

The remuneration of every Director, inclusive of the Alternate Director if any; and the Debenture Director if any shall be such amount as may be fixed by the Directors, subject to these Articles, and shall not exceed the amount prescribed by the Government under the provisions of Sec.310 of the Companies Act from time to time for every meeting of the Board or of a Committee or Directors attended by him. Notwithstanding anything contained in this Article, the Directors may at any time and from time to time at their absolute discretion resolve, without being bound to do so, reasons of commercial expediency, waive or forego a part or the whole of the remuneration payable to one or more of them under the aforesaid Article.

Article 112 provides as follows:

Subject to the provisions of Section 309, 311 and 214 of the said Act and the other provisions of these Articles:

- a) The Directors shall also be paid such further remuneration if any, as the Company in General Meeting may determine from time to time by special Resolution and such further remuneration shall be divided among the Directors in such proportion and manner as the Directors may agree among themselves from time to time and in the absence of any such agreement, in proportion to their respective attendance at the Board Meetings during the year proceeding the General Meeting.
- b) If any Director being willing shall be called upon to live and reside away from his usual place of residence on the Company's business, or to perform extra services (which expression shall include the work done by a Director in signing certificates of

Shares or Debentures issued by the Company; or work done by him as a member of any Committee appointed by the Directors in terms of these Articles), the Directors may, subject to these Articles, enter into an arrangement with such a Director for special Remuneration for the extra services performed either by way of salary or commission, or by way of participation in profits or by a fixed sum of money and such remuneration may be either in addition to or in lieu of his remuneration provided Articles 112(a).

- c) A Director shall also be paid in addition to the fee for attending meetings of the Board and Committee, a fair compensation to cover his travelling, lodging, boarding and other expenses incurred by him in the process of attending the meeting of the Board of committee at a venue in municipal limits whereof, he is not ordinarily a bonafide resident.
- d) The Directors shall be entitled to be repaid any travelling and other expenses incurred in connection with the business of Company.

### **Terms to enter into a contract with the Director or his relative or firm**

Article 115 provides as follows:

Subject to the provisions of Section 297 of the Act and the other provisions of these Articles, a Director or his relative firm in which such Director or relative is a partner, any other partner in such a firm or a Private Company, of which such Director is a member of Director, may enter into a contract with the Company for the sale, purchase or any supply of goods, material or services or for underwriting the subscription of any shares in, or debentures of the Company provided that the consent of the Directors in obtained by a Resolution passed at a meeting of the Directors before the contract is entered into or within three months of the date on which it was entered into. No such consent, however shall be necessary to any such contract or contracts for the purchase or sale of goods, materials for cash at prevailing market price or for the sale, purchase or supply of goods, materials or services in which either the Company or the Directors firm, partner of Private Company as the case may be regularly trades or does business provided that the value of such goods and the costs of such services do not exceed five thousand rupees in the aggregate in any calendar year comprised in the period of the contract or contracts or the Directors so contracting or being so interested shall not be liable to the Company for any profit realised by any contract or the fiduciary relation thereby established.

### **Directors interest in a contract and its disclosure to the Board**

Article 116 provides as follows:

A Director who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement entered into by or on behalf of the Company, shall disclose the nature of his concern or interest in a meeting of the Board in the manner provided in Section 299(2) of the Act, provided that it shall not be necessary for a Director to disclose his concern or interest in a contract arrangement entered into or to be entered into with any other company or two or more of them together held not more than two percent or the paid-up share capital in such other Company or the Company as the case may be, a General notice given to the Board by the Director, to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such General Notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such General Notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board of the Directors concerned takes reasonable steps to secure that it is brought up and read and at the first meeting of the Board after it is given.

### **Retirement of Directors by rotation**

Article 120 provides as follows:

Not less than two-thirds of the total number of Director of the Company shall be persons whose period of office is liable to determination of retirement of Directors by rotation and save as expressly provided in the Act and these Articles; be appointed by the Company in General meeting. The remaining Directors shall be in accordance with these Articles.



## **Retiring directors**

Article 121 provides as follows:

At every Annual General Meeting of Company; one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one third shall retire from office.

## **Retiring Directors deemed to have been re-appointed**

Article 126 provides as follows:

If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall, subject to these Articles be deemed to have been re-appointed at the adjourned meeting, unless:

- i) At that meeting or at the previous meeting a resolution for re-appointment of such Director has been put to the meeting and lost;
- ii) The Retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed;
- iii) He is not qualified or is disqualified for appointment;
- iv) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- v) The provision to sub-section (2) of Section 263 or subsection (3) of Section 280 of the Act is applicable to the case.

## **Appointment remuneration of Managing Director/s Joint Managing director/s and their powers**

Article 131 provides as follows:

- a) Subject to the provisions of Act and these Articles, the Board shall have power to appoint from time to time one or more of their body to the office of the Managing Director, or joint Managing Director/s, or whole time Director for such period and on such terms as they think fit, such period not exceeding five years at time. A director so appointed shall not whilst holding that office be subject retirement by rotating. The Board may, subject to these Articles, by resolution vest in such Managing Director or Joint Managing Director's such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions, as it may determine. The remuneration of the Managing Director or Joint Director/s or whole time Director may be by way of monthly-payment, participating in profits or by either or both these modes or any other modes or any other mode not expressly prohibited by the Act.
- b) Subject to the superintendence, control and directions of the Board and subject to the other provisions of these Articles, the Managing Director shall manage the whole of the business of the Company and all its affairs, shall exercise all powers, control its finances, appoint and manage employees of all grades, and perform all duties generally in relation to the management of affairs and transactions of the Company, as may be proper or expedient and in particular, exercise the powers conferred on the Board, except those which can only be exercised by the Board or the Company in general meeting, and the Managing Director shall always act for and on behalf of the Company in the management of its affairs.
- c) A Managing Director holding office is not subject to retirement by rotation.
- d) In the event of there being more than one Managing Director at any time holding office, whether designated as Managing Director or Joint Managing director, or otherwise, then, unless otherwise provided by the terms of their appointment or unless otherwise directed by the Board all the powers vested in the managing Director (s) by or under these presents shall be exercisable by either of them severally. They shall be deemed to hold their office under separate contract of service and not with standing the termination of the office of any of the Managing Director(s) the other Managing Director(s) shall be entitled to act and exercise all the powers conferred under these presents on the Managing Director(s).

## **Board Meetings**

Article 135 provides as follows:

The Directors may meet together as a Board for the dispatch of business from time to time as provided in Section 285 of the Act, the Director may adjourn and otherwise regulate their meetings as they think fit.

Article 136 provides as follows:

At least 7 (seven) days notice of each Board meeting shall be given to each Director unless, in any particular case all the Directors (including both the Investors' Directors) agree to a shorter notice. The agenda setting out in reasonable detail the items of business proposed to be transacted at the meeting of the Board (the "**Agenda**") for a Board meeting shall be sent to all the Directors at least 7 days before the date of the meeting of the Board, unless all the Directors (including both the Investors' Directors) agree to a shorter period. The items not specified in the agenda may not be discussed at any Board meeting save and except with the consent of both the Investors' Directors.

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off to one) or two directors (whichever is higher), including both the Investor's Directors, present throughout the meeting, unless otherwise agreed with the Investors' Consent.

## **Chairman**

Article 139 provides as follows:

The Board shall have the right to appoint one of the Directors of the Company as the Chairman of the Board of Directors of the Company, and delegate such power as they deemed fit from time to time. If at any meeting of the Board if the Chairman is not present within fifteen minutes after the time appointed for holding the same the Directors may choose one of their members to be Chairman of the meeting.

## **Power of the Board**

Article 141 provides as follows:

A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles, as for time being vested in or exercisable by the Board Generally.

## **Powers delegated to the Committees**

Article 142 provides as follows:

Subject to the restrictions contained in Section 292 of the Act the Board may delegate any of its powers to Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either whole or in part, and either as to persons or purposes but every Committee of the Board 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 Board. All Acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of its appointment but not otherwise shall have the like force and effect as if done by the Board.

## **DIVIDEND**

### **Amount of dividend**

Article 154 provides as follows:

The Company in Annual General Meeting may declare dividends to be paid to members according to their respective rights but no dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may, subject to these Articles declare as smaller dividend.



Article 155 provides as follows:

No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:

- a) If the Company has not provided for depreciation for any previous financial year or years it shall before declaring or paying dividend for any financial year provide for such depreciation but of the profits of that financial year out of the profits of any other previous financial year or years;
- b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 205(2) of the Act or against both.

### **Interim dividend**

Article 156 provides as follows:

The Board may from time to time pay to the Members such interim dividend as in their judgment the position of the Company is justified.

### **Entitlement for dividend**

Article 159 provides as follows:

The Board may retain the dividends payable upon shares in respect of which any person is under Article 60 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 of such shares or shall duly transfer the same.

### **Deduction of dues from dividends**

Article 161 provides as follows:

No member shall be entitled to receive payment of any interest of dividend in respect of his share or shares whilst any money may be due owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

### **Miscellaneous provisions relating to the Investors**

Articles 148A – 148E provide as follows:

- 148A The Company and the Promoters shall promptly obtain all Required Governmental Approvals and shall furnish copies thereof to the Investors. Without prejudice to the aforesaid, in the event that, at any time the Investors request the Company or the Promoters to obtain any Governmental Approvals, the Company or the Promoters (as the case may be) shall promptly obtain such Required Governmental Approvals.

The Company and the Promoters shall obtain and prepare all such forms, reports and documents required to be filed to obtain, or comply with, any Required Authorisation with any authority under any Law and/or pursuant to any previously obtained Governmental Approvals, including, without limitation, such documents as may be required under the Foreign Exchange Management Act, 1999 (or any legislation amending or replacing such Act) and/or the rules or regulations made thereunder (as then in effect), with the Reserve Bank of India. The Company and the Promoters shall make all such filings and reports with any authority as may from time to time be required under any Law in connection with the transactions contemplated herein and the obtaining of all Required Governmental Approvals.

The Company and the Promoters shall deliver copies of such forms, reports and documents to the Investors on or prior to Closing. The Company and the Promoters shall ensure that all forms, reports and documents, to be filed and

delivered under this Article 148A, are in the prescribed format, are accurately completed and are accompanied by all the required documents.

The Company and the Promoters shall promptly co-operate with any Governmental Authority for the purpose of obtaining any Required Governmental Approvals.

148B The Company and the Promoters shall jointly and severally indemnify, defend and hold harmless, the Investors and/or any member of the Investor Groups, promptly upon demand at any time and from time to time, against any and all Losses arising out of or in connection with:

- (i) any misrepresentation or any breach of any Warranty, and/or
- (ii) any liabilities (including contingent liabilities, whether or not known or contemplated at the time of execution of the Agreement) of the Company not reflected in the Accounts or otherwise not fully disclosed to the Investor in writing prior to the execution of the Agreement.

The Company and the Promoters have represented to the Investors that the Company has no, and will have no, :-

- (i) demand from any Taxation authority or
- (ii) liability on account of Taxation
- (iii) relating to the period prior to the Accounts Date other than as set out in the Disclosure Letter (as defined in the Agreement) ("**Tax Litigation**").

The Company and the Promoters agree that if the Company is required to make any payment towards Taxation relating to the period prior to the Accounts Date (being payment of a Taxation liability (a) not arising out of Tax Litigation or (c) which has not arisen due to any retrospective statutory change relating to the period prior to the Accounts Date) ("**New Tax Liability**"), the Company and the Promoters shall indemnify the Investors against all Losses caused to or incurred by the Investors (including any decrease in the value of the Investors' Shares) in connection with the payment of the New Tax Liability (including interest and penalty). The Investors' rights under this clause are in addition to, and without prejudice to, the Investors' other rights.

It is clarified that the benefit of the Warranties, and of the indemnities granted under this Article shall extend also to any and all Losses in relation to any Equity Shares purchased by the Investor or any member of the Investor Groups pursuant to the Takeover Offer.

The indemnification rights of the Investors under these Articles are independent of, and in addition to, such other rights and remedies as the Investors may have at Law or in equity or otherwise, including the right to seek specific performance, rescission, restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby.

148C The Investor shall also be entitled to receive, from the Company (or require the Company to provide the Investors' Director), the following information:-

- c) Unaudited quarterly financial statements, including cash flow statements certified by the Chief Financial Officer of the Company within 45 days of the end of each quarter;
- d) Audited financial statements, including cash flow statements within 90 days of the end of the relevant Financial Year;
- e) Monthly Operational Reports (MIS) within 15 days of the end of each month;
- f) Minutes of Board and Shareholders meetings, within 10 days of the concerned meeting;
- g) Annual Operating Financial budget as approved by the Board within 15 days of the Board approving the same;
- h) All instances of projects in which the Company bids and the difference between the Company's bid and next lowest bid is 20% or more;
- i) All contracts for projects entered into by the Company without any provision for escalation for steel prices; and
- j) Such additional information as may be reasonably requested by the Investor.
- k) Either or both Investors may, at any time, require the abovementioned information to be provided to the Investors' Director in place of or in addition to the Investor.

- l) Without prejudice to the above, the Company shall, ensure that the Investors are not provided with any unpublished price sensitive information and for this purpose shall, prior to providing any unpublished price sensitive information to the Investors, publish such information in accordance with Law in order to enable the Investors or any member of the Investors' Group to deal in the Equity Shares.
- m) Within 30 days of the date of this Agreement, the Company shall appoint a reputed consultant to determine a suitable MIS reporting format, such format to be acceptable to the Investors.

**148D Reserved Matters**

- (a) No action or decision relating to any of the following Reserved Matters shall be taken (whether by the Board, any committee, the shareholders of the Company, or any of the employees, officers or managers of the Company) unless the Investors' Consent is obtained for such action or decision:-
  - 1. Any amendment to the Charter Documents of the Company.
  - 2. Mergers, consolidation or sales of all significant assets, acquisitions, winding up of the Company or any reorganisation or restructuring of the Company's business, including but not restricted to the setting up of a subsidiary or the acquisition of a stake in the any other company.
  - 3. Re-capitalization or dissolution.
  - 4. Any change whatsoever in the capital structure of the Company or any Reorganisation or change in the authorised or issued share capital, including, without limitation, the issue of further shares or equity interest, the creation or change of any options or other rights relating to the shares of the Company, any purchase or redemption of the Company's shares, any bonus issues of shares or loan-stock or any granting of options to subscribe for shares.
  - 5. Any acquisitions (other than those made utilising capital expenditure within the limits mentioned in para 8 below), whether of assets or business or otherwise.
  - 6. Any buy-back of shares and any declaration of dividends in excess of 30% of the annual profits of the Company.
  - 7. Incurrence of significant indebtedness or grant of a lien to secure significant indebtedness. For this purpose, "significant indebtedness" shall mean:-
    - a. In the case of non-funded facilities, any debt or any series of debt of Rs. 150 million or more which increases the aggregate amount of the non-funded indebtedness of the Company to Rs. 500 crores or more; and
    - b. In the case of fund based facilities, any debt or any series of debt of Rs. 50 million or more which increases the aggregate amount of fund based indebtedness of the Company to Rs. 1500 million or more.

It is clarified that (a) and (b) shall apply even after the non-funded indebtedness of the Company becomes in excess of Rs. 5000 million and the fund based indebtedness of the Company becomes in excess of Rs. 1500 million.
  - 8. Incurring any capital expenditure of any nature in excess of Rs. 5,00,00,000/- in the aggregate in any Financial Year.
  - 9. Deviations of more than 10% in the key line items in the annual operating budget
  - 10. Entering into any new unrelated line of business by the Company (whether through a subsidiary, joint venture or otherwise).
  - 11. Management compensation exceeding Rs.25,00,000/- per annum per person (whether such compensation is by way of commissions or otherwise).
  - 12. Any agreements, transactions or arrangements with any Connected Party/Concern.
  - 13. Approval of annual operating budget

148E **Non-compete**

- a) This Article 148E shall apply to Promoters Nos.1 and 2.
- b) The Promoters shall not compete with the business of the Company.
- c) The Promoters Nos. 1 and 2 shall:
  - i. Devote their whole time and attention during business hours to the business of the Company and the duties of their employment with the Company and not to be concerned in any other business.
  - ii. As the Promoters, in the course of their employment and / or directorship, are likely from time to time to obtain knowledge of trade secrets and other confidential information of the Company and to have dealings with the customers and suppliers of the Company and in order to protect such trade secrets and other confidential information and the goodwill of the Company, the Promoters further undertake to the Investors and, as a separate undertaking, to the Company, in the terms set out below.
  - iii. Each Promoter undertakes to the Company and the Investors that, except as otherwise agreed in writing by the Board with the Investors' Consent and without prejudice to any other duty implied by law or equity, he shall not as long as he holds any shares in the Company and/or during the period of his employment with the Company and for a period of one year after the date on which he ceases to be employed by the Company or ceases to hold shares in the Company (whichever is later) (the "**Termination Date**"), either personally or through an agent, company or otherwise in any other manner directly or indirectly:
    - 1. be concerned in any business directly or indirectly manufacturing, operating, selling or distributing products or services which compete or may compete with any business then carried on by the Company;
    - 2. except on behalf of the Company, canvass or solicit business or custom for goods of a similar type to those being manufactured or dealt in or for services similar to those being provided by the Company from any person who is a customer of the Company;
    - 3. induce or attempt to induce any supplier of the Company to cease to supply, or to restrict or vary the terms of supply to, the Company or otherwise interfere with the relationship between such a supplier and the Company (save and except actions taken by the Promoter during the course of his / her employment with the Company in exercise of his power and authority as an employee of the Company and in, what he reasonably believes to be, in the interest of the Company); or
    - 4. induce or attempt to induce any director or key employee of the Company to leave the employment of the Company (save and except actions taken by a Promoter during the course of his / her employment with the Company in exercise of his power and authority as an employee of the Company and in, what he reasonably believes to be, in the interest of the Company).
  - iv. In the event that the employment of Promoter No. 1 with the Company is terminated on account of any action on the part of the Investors, then in such event, the provisions of clause (d) shall cease to apply to Promoter No.1 upon the expiry of one year from the date of such termination.
  - v. The Promoters undertake with the Company and the Investors that they shall not use (either personally or through an agent or otherwise, directly or indirectly) or (insofar as they can reasonably do so) allow to be used:
    - 1. any information of a secret or confidential nature relating to the business or affairs of the Company; or
    - 2. any trade name used by the Company, or any other name calculated or likely to be confused with such a trade name.
  - vi. Where the Promoters ceases to be employed by the Company or cease to hold shares in the Company (whichever is later),
  - vii. for the purposes of Clause (e) (i) the business carried on by the Company shall be deemed to be that carried on as at any time within the year ending on the Termination Date;
  - viii. for the purposes of Clause (e)(ii), the goods manufactured or dealt in or services provided by, and the customers of, the Company shall be deemed to be those as at any time within the year ending on the Termination Date;



- ix. for the purposes of Clause (e)(iii) the suppliers of the Company shall be deemed to be those as at any time within the year ending on the Termination Date; and
- x. for the purposes of Clause (e)(iv) references to directors and key employees shall be deemed to be those with whom the Promoter had material dealings during the year ending on the Termination Date.
- xi. For the purposes of Clause (d) and (e), the Promoter is concerned in a business if:
  - 1. he carries it on as principal or agent; or
  - 2. he is a partner, director, employee, secondee, consultant or agent in, of or to any person who carries on the business; or
  - 3. he or any of his Affiliates has any financial interest (as shareholder or otherwise) in any person who carries on the business; or
  - 4. he is a partner, director, employee, secondee, consultant or agent in, of or to any person who has a direct or indirect financial interest (as shareholder or otherwise) in any person who carries on the business,
  - 5. disregarding any financial interest of a person in securities which are listed or dealt in on any generally recognised stock exchange if the Promoter and any person connected with him are interested in securities which (collectively) amount to less than one per cent. of the issued securities of that class and which, in all circumstances, carry less than one per cent of the voting rights (if any) attaching to the issued securities of that class and provided that none of such persons are involved in the management of the business of the issuer of the securities or any person connected with it other than by the exercise of voting rights attaching to the securities; and references to the Company include its successors in business.
- xii. Any of the undertakings on the part of the Promoter under this Clause may be released either generally or in any particular case with the Investor's Consent but not otherwise.

Each covenant contained in each clause or paragraph above shall be, and is, a separate covenant by the Promoter and shall be enforceable separately against the Promoter and independently of each of the other covenants and its validity shall not be affected if any of the others is invalid; and if any of the covenants is void but would be valid if some part of the covenant were deleted the covenant in question shall apply with such modification as may be necessary to make it valid.

## FINANCIAL INFORMATION

**UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31ST DECEMBER, 2004 as Filed with the Stock Exchanges under the Listing Agreement**

Rs. in Millions

PARTICULARS	QUARTER ENDED DECEMBER 31, 2004 (Subject to Limited Review)
1 Income–	
From Operations	2,833.72
2 Other Income	9.41
<b>Total Income</b>	<b>2,843.13</b>
<b>3 Total Expenditure</b>	<b>2,615.83</b>
a) (Increase)/decrease in stock-in-trade	-
b) Construction and stores & spares other Materials	1,159.94
c) Expenditure through sub contractors	763.89
d) Masonry and other labour	528.46
e) Staff Cost	73.16
f) Other expenditure	90.39
<b>4 Profit before Interest, Depreciation and Taxes</b>	<b>227.30</b>
5 Interest & Financing Charges	63.20
6 Depreciation	18.83
<b>7 Profit before tax (1+2-3-5-6)</b>	<b>145.28</b>
8 ADD/(LESS) Tax adjustments for earlier years	-
9 Provision for taxation –	-
10. Current Tax	8.87
11. Deferred Tax	(6.71)
<b>12. Profit after Tax</b>	<b>143.12</b>
13. Paid up Equity Share Capital@Rs.10 each	169.80
14. Reserves excluding revaluation reserves (as per Audited Balance Sheet)	-
15. Basic EPS (in Rupees)	8.48
16. Diluted EPS (in Rupees)	8.41
17. Non- Promoter Shareholding	
Number of Shares	14623482
Percentage of holding	86.12

**Notes:**

1. The unaudited results have been prepared as per the accounting policies adopted by the Company consistently since the previous year and in compliance with applicable Accounting standards under Indian-GAAP, except for the change in accounting policy on creation of Contingency Reserve in the period ended 31st December, 2004. Accordingly the Company has not transferred any amount to Contingency Reserve. This change in the Accounting Policy has no impact on the Profit & Loss Account for the three quarters ended 31st December, 2004.
2. The Company provided an amount of Rs.58.02 lakhs for the Quarter ended 31st December, 2004 and Rs.215.55 lakhs for the nine months period ended 31st December, 2004 towards Employee Compensation Expense under the Employee Stock Option Scheme.
3. The Company has made provision for Income Tax under Minimum Alternative Tax (Section 115 JB) in view of deduction available under Chapter VI A of the Income Tax Act, 1961.
4. The Company is engaged in the business segment, 'Engineering & Construction' only. No separate geographical segment disclosure is considered necessary as the Company's business is only within India.
5. The Company has filed a draft red herring prospectus after 31-12-2004, for a public issue aggregating to an amount of Rs.1260 millions (excluding green shoe option), in accordance with the provisions of The Companies Act, 1956 and the regulations of Securities Exchange Board of India.
6. Figures were regrouped to facilitate comparison wherever necessary.
7. Investors' complaints: Pending as at October 1st 2004 - 1; Received during the quarter ended 31-12-2004 - 1; Pending as at 31-12-2004 - nil.

The results have been taken on record by the Board at its meeting held on 31st January, 2005.

**Chaturvedi & Partners**  
**Chartered Accountants**  
**203 Kusal Bazar**  
**32-33 Nehru Place**  
**New Delhi 110 019**

**Deloitte Haskins & Sells**  
**Chartered Accountants**  
**7<sup>th</sup> Floor, Lingapur House**  
**Himayathnagar**  
**Hyderabad 500 029**

## **AUDITORS REPORT**

To  
The Board of Directors,  
IVRCL Infrastructures & Projects Limited,  
M-22/3RT, Vijaynagar Colony,  
Hyderabad 500 057

Dear Sirs,

We have examined the financial information of IVRCL Infrastructures & Projects Limited ('the Company') annexed to this report and initialed by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") - Disclosure and Investor Protection Guidelines, 2000 [as amended vide Circular No. 11 on August 14, 2003] ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification; and in accordance with instructions received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Public Issue of Equity Shares (referred to as "the issue"). The financial information has been prepared by the Company and approved by the Public Issue Committee of the Board.

### **A. Financial information as per audited financial statements:**

We have examined the attached summary statement of profits and losses as restated of the Company for the half year ended September 30, 2004 and years ended March 31, 2004, 2003, 2002, 2001 and 2000 (Annexure I) and the attached summary statement of assets and liabilities as restated for each of the period/years ended on those dates (Annexure II), together referred to as 'summary statements'. These summary statements have been extracted from the financial statements of the year ended March 31, 2000 audited by M/s. G Ranga Reddy & Co., Chartered Accountants and March 31, 2001, 2002, 2003 and 2004 audited by M/s. Chaturvedi & Partners, Chartered Accountants, being the auditors of the Company for those years, and have been adopted by the Board of Directors / Members for those respective years. The financial statements for the half year ended September 30, 2004 have been jointly audited by M/s. Chaturvedi & Partners, Chartered Accountants and M/s Deloitte Haskins & Sells, Chartered Accountants and adopted by the Board of Directors. Based on our examination of these summary statements, we state that:

- The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year/period to which they are related.
- The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at September 30, 2004, as stated vide Annexure III to this report. The summary statements have to be read in conjunction with the notes given in Annexure IV to this report.
- There are no qualifications in the auditors' report that require any adjustment to the summary statements.
- There are no extra-ordinary items that need to be disclosed separately in the summary statements. Exceptional and non-recurring items which are material are given in Annexure IV.

## **B. Other Financial Information:**

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

- i. Cash Flow Statements for the years ended March 31, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.a)
- ii. Details of Secured and Unsecured Loans as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.b)
- iii. Details of Loans and Advances as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.c)
- iv. Details of Other Current Assets as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.d)
- v. Details of Sundry Debtors as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.e)
- vi. Statement of summary of Investments as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.f)
- vii. Details of Current Liabilities and Provisions as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –II.g)
- viii. Statement giving details of Other Income for the years ended March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –I.a)
- ix. Details of contingent liabilities as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –IV.a)
- x. Summary of accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as at March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –IV.b)
- xi. Capitalisation statement of the Company as at September 30, 2004. (Annexure IV.c)
- xii. Related party disclosure for the years ended March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004. (Annexure –IV.d)
- xiii. Statement of Tax shelters for the years ended March 31, 2000, 2001, 2002, 2003, and 2004 and half year ended September 30, 2004. (Annexure –IV.e)
- xiv. Statement of Dividend paid for the years ended March 31, 2000, 2001, 2002, 2003, and 2004 and half year ended September 30, 2004. (Annexure –IV.f)
- xv. Consolidated Summary Statement of Assets and Liabilities as restated (Annexure VI and V.b to V.f), Consolidated Summary Statement of Profit and Losses as restated (Annexure V and V.g), Consolidated Summary Statement of Cash Flow (Annexure V.a) and the Significant Accounting Policies (Annexure VII) and the Notes on Consolidated Accounts (Annexure VIII).
- xvi. Consolidated Summary of Accounting Ratios (Annexure V.h).
- xvii. Consolidated Summary of Related Parties transactions (Annexure V.i).
- xviii. Consolidated Summary of Investments (Annexure V.j).
- xix. Consolidated Statement of Contingent Liabilities (Annexure V.k).

The Consolidated Summary Statements as referred in serial no.xv to xix above have been extracted from the Consolidated Financial Statements of the Company. The financial statements of the Company for the year ended March 31, 2000 and of the subsidiaries for the years ended March 31, 2000, 2001, 2002, 2003, 2004 and half year ended September 30, 2004 have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as they relate to the amounts included in respect of the entities audited by other auditors, are based solely on the basis of these reports. The Consolidated

Financial Statements of the Company for the year ended on March 31, 2000, 2001, 2002, 2003 and 2004 and half year ended September 30, 2004 have been audited by M/s Chaturvedi & Partners, Chartered Accountants.

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

**For Chaturvedi & Partners**  
**Chartered Accountants**  
**R.N.Chaturvedi**

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
**P.R.Ramesh**

**Partner**  
**Membership No. 092087**  
**Hyderabad,**  
**January 27, 2005**

**Partner**  
**Membership No. 70928**  
**Hyderabad**  
**January 27, 2005**

## ANNEXURE I

### Summary of Profit & Loss Account, as Restated

The profit and loss statement of the Company for five financial years ended March 31, 2000 to 2004 read with significant accounting policies, after making certain regroupings for comparability and making adjustments as stated in notes to accounts, along with the profit and loss statement for the half year ended September 30, 2004 are set out below:

(Rs in million)

Particulars	For the half year ended September 30,2004	For the Financial Years Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>INCOME</b>						
Income from Operations	4,223.13	7,734.53	4,403.49	3,922.29	2,671.93	2,116.36
Other Income	7.78	21.13	10.54	3.74	9.60	8.61
<b>Total</b>	<b>4,230.91</b>	<b>7,755.66</b>	<b>4,414.03</b>	<b>3,926.03</b>	<b>2,681.53</b>	<b>2,124.97</b>
<b>EXPENDITURE</b>						
Construction Expenditure	3,685.90	6,707.48	3,711.28	3,355.45	2,190.73	1,782.39
Personnel Expenses	98.48	196.07	155.03	120.69	84.87	61.86
Administrative and Other Expenses	130.14	195.34	99.85	81.29	105.28	42.15
<b>Total</b>	<b>3,914.52</b>	<b>7,098.89</b>	<b>3,966.16</b>	<b>3,557.43</b>	<b>2,380.88</b>	<b>1,886.40</b>
Operating Profit before Finance cost, Amortisation & Depreciation and Prior period expenses	316.39	656.77	447.87	368.60	300.65	238.57
Interest and Financial charges	101.21	219.90	128.81	123.74	109.77	76.61
Depreciation and obsolescence	39.21	97.80	79.00	45.46	33.72	23.12
Operating profit before Prior Period Expenditure	175.97	339.07	240.06	199.40	157.16	138.84
Prior Period Expenses	-	-	-	0.18	3.38	2.25
<b>Profit before tax &amp; Extraordinary Items</b>	<b>175.97</b>	<b>339.07</b>	<b>240.06</b>	<b>199.22</b>	<b>153.78</b>	<b>136.59</b>
Add: Tax provision for earlier years written back	-	88.05	-	-	-	-
<b>Profit before tax</b>	<b>175.97</b>	<b>427.12</b>	<b>240.06</b>	<b>199.22</b>	<b>153.78</b>	<b>136.59</b>
Current	16.47	45.66	38.71	23.48	25.73	48.29
Deferred Tax	(16.26)	(10.35)	46.26	44.80	-	-
<b>Net Profit after tax (A)</b>	<b>175.76</b>	<b>391.81</b>	<b>155.09</b>	<b>130.94</b>	<b>128.05</b>	<b>88.30</b>
Impact of material adjustments for restatement in corresponding years(B)	5.47	(80.17)	6.86	20.73	22.09	(11.49)
<b>Adjusted Profit (A+B)</b>	<b>181.23</b>	<b>311.64</b>	<b>161.95</b>	<b>151.67</b>	<b>150.14</b>	<b>76.81</b>
Carry Forward Profit from Previous Year	318.96	295.36	277.65	190.47	97.57	44.24
<b>Total</b>	<b>500.19</b>	<b>607.00</b>	<b>439.60</b>	<b>342.14</b>	<b>247.71</b>	<b>121.05</b>

(Rs in million)						
Particulars	For the half year ended September 30,2004	For the Financial Years Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>APPROPRIATIONS</b>						
Proposed Dividend	-	50.59	31.49	31.33	31.33	11.23
Dividend Tax	-	6.48	4.03	-	3.20	2.25
General Reserve	-	230.97	108.72	33.16	22.71	10.00
<b>Profit/(Loss) carried forward to Balance Sheet</b>	<b>500.19</b>	<b>318.96</b>	<b>295.36</b>	<b>277.65</b>	<b>190.47</b>	<b>97.57</b>

The accompanying significant accounting policies (Annexure III ) and notes (Annexure IV ) are an integral part of this statement.



## ANNEXURE II

### Summary of Assets & Liabilities, as Restated

Assets & Liabilities of the Company as at the end of each financial year read with significant accounting policies, after making adjustments as stated in notes to accounts, are set out below along with the assets & liabilities as at September, 30 2004:

(Rs in million)

Particulars	As at September 30,2004	As at Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Fixed Assets</b>						
Gross Block	1036.81	964.35	898.61	755.19	496.64	333.74
Less: Depreciation	330.37	291.37	218.16	160.06	112.83	93.67
Net Block	706.44	672.98	680.45	595.13	383.81	240.07
Less: Revaluation Reserve	28.65	28.67	28.70	28.74	7.76	7.76
Net Fixed Assets after adjustment of Revaluation Reserve	677.79	644.31	651.75	566.39	376.05	232.31
Capital Work in Progress	50.05	7.63	1.14	31.01	6.11	0.00
<b>Total-A</b>	<b>727.84</b>	<b>651.94</b>	<b>652.89</b>	<b>597.40</b>	<b>382.16</b>	<b>232.31</b>
Investments-B	316.47	96.47	97.04	38.42	17.32	6.63
Deferred Tax Assets -C	43.60	29.67	13.31	1.35	1.02	1.20
<b>Current Assets, Loans &amp; Advances</b>						
Inventories	175.36	184.78	253.65	335.52	158.10	114.58
Sundry Debtors	2249.65	1744.29	1227.81	802.08	1067.99	417.30
Cash & Bank Balances	496.58	1233.98	262.27	322.76	188.73	106.27
Loans & Advances	942.19	916.48	730.51	630.57	431.33	190.35
Other Current Assets	1969.98	1695.98	691.26	344.14	205.80	80.30
<b>Total -D</b>	<b>5833.76</b>	<b>5775.51</b>	<b>3165.50</b>	<b>2435.07</b>	<b>2051.95</b>	<b>908.80</b>
<b>Total Assets(A+B+C+D)=E</b>	<b>6921.67</b>	<b>6553.59</b>	<b>3928.74</b>	<b>3072.24</b>	<b>2452.45</b>	<b>1148.94</b>
<b>Less: Liabilities and Provisions</b>						
Secured Loans	1453.65	1533.34	872.42	851.99	642.85	288.13
Unsecured Loans	447.62	187.94	27.68	0.00	1.37	123.35
Deferred Tax liabilities	101.65	109.45	172.08	116.32	71.19	50.98
Current Liabilities	2633.07	2549.98	1754.88	1140.86	894.61	411.98
Provisions	13.01	67.95	44.48	37.48	39.40	22.02
<b>Total Liabilities=F</b>	<b>4649.00</b>	<b>4448.66</b>	<b>2871.54</b>	<b>2146.65</b>	<b>1649.42</b>	<b>896.46</b>
<b>NET WORTH (E-F)</b>	<b>2272.67</b>	<b>2104.93</b>	<b>1057.20</b>	<b>925.59</b>	<b>803.03</b>	<b>252.48</b>

(Rs in million)						
Particulars	As at September 30,2004	As at Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>REPRESENTED BY</b>						
Share Capital	168.63	106.19	104.97	104.44	104.44	61.44
Advance Against Share Application Money	5.00	785.01	0.09	0.00	0.00	0.00
Reserve & Surplus	2127.69	1242.40	980.84	849.89	706.36	198.80
Less: Revaluation Reserve	28.65	28.67	28.70	28.74	7.76	7.76
<b>Net Reserves &amp; surplus</b>	2099.04	1213.73	952.14	821.15	698.59	191.04
<b>NET WORTH</b>	<b>2272.67</b>	<b>2104.93</b>	<b>1057.20</b>	<b>925.59</b>	<b>803.03</b>	<b>252.48</b>

The accompanying significant accounting policies (Annexure III) and notes (Annexure IV) are an integral part of this statement.

## ANNEXURE-II.a

### Summary of Cash Flow as Restated

(Rs in million)

	For the Half year ended September 30, 2004		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002	
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>								
<b>NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>		<b>175.97</b>		<b>354.89</b>		<b>228.85</b>		<b>189.60</b>
Adjustment for:								
Depreciation	39.21		74.30		83.90		49.98	
Dividend received on investments	-		-		-		(0.02)	
Profit/Loss on sale of fixed assets	0.01		1.44		1.02		4.00	
Employees Compensation under ESOS	15.75		7.03		4.56		2.23	
Provision for doubtful Amounts & Bad debts Written Off	-		73.20		30.56		19.93	
Loss on sale of Bonds/ Investments	-		32.07		-		-	
Interest paid (net)	101.21	156.18	219.90	407.94	128.80	248.84	123.74	199.86
<b>CHANGES</b>		<b>332.15</b>		<b>762.83</b>		<b>477.69</b>		<b>389.46</b>
Adjustment for:								
Trade and other receivables	(779.88)		(1,803.46)		(856.06)		(5.65)	
Inventories	9.42		64.08		81.87		(177.41)	
Interest Receipts	35.74		45.82		40.78		24.12	
Trade Payables	28.20		793.01		617.10		247.21	
Extraordinary item (Issue Expenses)	(29.28)	(735.80)	88.05	(812.50)	-	(116.31)	-	88.27
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(403.65)</b>		<b>(49.67)</b>		<b>361.38</b>		<b>477.73</b>
Interest and Finance Charges Paid	(136.95)		(265.72)		(169.58)		(147.86)	
Direct taxes paid	(41.72)	(178.67)	(187.20)	(452.92)	(70.39)	(239.97)	(79.10)	(226.96)
<b>CASHFLOW BEFORE EXTRAORDINARY ITEMS</b>		<b>(582.32)</b>		<b>(502.59)</b>		<b>121.41</b>		<b>250.77</b>

(Rs in million)							
	For the Half year ended September 30, 2004		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>							
Purchase of Fixed Assets	(115.48)		(70.57)		(141.44)		(273.54)
Sale of Fixed Assets, etc. (Amount realised)	0.36		0.59		1.01		4.35
Purchase/sale of Investments	(219.99)		0.56		(58.61)		(21.11)
Loss on Sale of Bonds	-		(32.07)		-		-
Dividend Received	-		-		-		0.02
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-	(335.11)	-	(101.49)	-	(199.04)	- (290.30)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>							
Proceeds from issue of Share Capital	62.45		1.13		0.62		-
Proceeds from Share Application Money pending Allotment	(780.01)		785.01		-		-
Proceeds from share premium	717.60		-		-		-
Proceeds from Long Term Borrowings(net of repayments)	(40.38)		337.92		(68.57)		281.06
Proceeds from Short Term Borrowings (net of repayments)	220.37		483.25		116.69		(73.29)
Dividends paid	-		(31.52)		(31.60)		(34.21)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		180.03		1,575.79		17.14	173.56
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH</b>		(737.40)		971.71		(60.49)	134.03
<b>CASH AND CASH EQUIVALENTS (Opening Balance)</b>		1,233.98		262.27		322.76	188.73
<b>CASH AND CASH EQUIVALENTS (Closing Balance)</b>		496.58		1,233.98		262.27	322.76

## ANNEXURE-II.b

### DETAILS OF SECURED LOAN

(Rs in million)

Particulars	As at September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>TERM LOANS</b>						
<b>From Financial Institutions &amp; Banks</b>						
1. Industrial Development Bank of India	5.00	7.50	107.50	141.50	87.50	47.50
2. ICICI Limited	-	-	75.00	100.00	100.00	40.90
3. Housing Development Fin.Corp Ltd	-	-	-	-	-	2.62
4. Citi corp Finance (India) Ltd	72.90	83.36	-	-	-	-
5. Lakshmi Vilas Bank Ltd	-	61.88	-	-	-	-
6. L & T Finance Ltd	55.00	-	-	-	-	-
<b>SUB TOTAL</b>	<b>132.90</b>	<b>152.74</b>	<b>182.50</b>	<b>241.50</b>	<b>187.50</b>	<b>91.02</b>
<b>Project Specific Term Loans</b>						
<b>From Financial Institutions &amp; Banks</b>						
1. Industrial Development Bank of India	65.00	-	-	-	-	-
2. Citi Bank NV	-	9.60	120.00	150.00	-	-
3. Development Credit Bank	52.50	51.93	-	-	-	-
4. IDFC Ltd	66.00	110.04	-	-	-	-
5. EXIM Bank	135.00	135.44	-	-	-	-
6. ICICI Limited/ICICI Bank	15.83	-	-	40.00	-	-
7. Other Financial Institutions/Banks	141.50	196.24	-	-	-	-
<b>SUB TOTAL</b>	<b>475.83</b>	<b>503.25</b>	<b>120.00</b>	<b>190.00</b>	<b>-</b>	<b>-</b>
<b>Cash Credit Accounts</b>	<b>751.40</b>	<b>790.70</b>	<b>467.70</b>	<b>378.71</b>	<b>450.63</b>	<b>189.63</b>
<b>Hire Purchase</b>	<b>93.52</b>	<b>86.65</b>	<b>102.22</b>	<b>41.78</b>	<b>4.72</b>	<b>7.48</b>
<b>Total Secured Loans</b>	<b>1453.65</b>	<b>1533.34</b>	<b>872.42</b>	<b>851.99</b>	<b>642.85</b>	<b>288.13</b>
<p>1. Term Loans: Secured by way of first charge and hypothecation of specific machinery and equipment purchased and also guaranteed by the Vice Chairman &amp; Managing Director and one ex-Whole Time Director.</p> <p>2. Project Specific Term Loan: Secured by hypothecation of Book debts and Inventory relating to the specific projects for which Term Loans have been availed and ranking pari-passu among the participating banks including those sanctioning nonfund based facilities and guaranteed by the Vice Chairman &amp; Managing Director .</p> <p>3. Cash Credit Accounts: Secured by hypothecation of book-debts,inventory and other current assets,excluding those charged to lenders of specific funded projects and some fixed assets not charged to other lenders'ranking pari-passu among the consortium banks and also guaranteed by the Vice Chairman &amp; Managing Director of the Company.All Assets charged to the participating banks mentioned in Note 2 above have been given on second charge to the consortium banks.</p> <p>4. Hire Purchase loan is secured against hypothecation of respective assets.</p>						

DETAILS OF SECURED LOANS OUTSTANDING AS ON SEPTEMBER 30, 2004						(Rs. in million)
Particulars of Loan	Institution/Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest P A(%)	Repayment Terms	Securities Offered
<b>1. Term Loans from Financial Institutions and Banks</b>	Industrial Development Bank of India	50.00	5.00	10.25	Quarterly instalment of Rs 2.50 million.	Secured by way of first charge and hypothecation of specific assets purchased and also guaranteed by the Vice-chairman & Managing Director.
	Citi Corp Finance (India) Limited	84.00	72.90	10.50	Monthly instalment of Rs 2.80 million.	
	L & T Finance Limited	55.00	55.00	7.50	36 equated quarterly instalments.	
<b>Total</b>		<b>189.00</b>	<b>132.90</b>			
<b>2. Project Specific Term Loans from Financial Institutions and Banks</b>	Industrial Development Bank of India	65.00	65.00	8.00	One monthly instalment of Rs 5 million and six monthly instalment of Rs 10 million each.	Hypothecation of book debts and inventory relating to CPWS-Achampet Project.
	Development Credit Bank	52.50	52.50	10.75	Three monthly instalment of Rs 7.50 million and three monthly instalment of Rs 10 million each.	Hypothecation of book debts and inventory relating to NPCI, Kaiga Project.
	IDFC Limited	110.00	66.00	12.25	Monthly instalment of Rs22 million.	Hypothecation of book debts and inventory relating to Narmada water resources and water supply Deptt. Pkg 5&6
	EXIM Bank	135.00	135.00	10.00	Monthly instalment of Rs 27 million.	Hypothecation of book debts and inventory relating to Gujarat water supply & sewerage Board Pkg no ANC 20 & 21
	ICICI Bank	23.75	15.83	13.00	Monthly instalment of Rs 4.63 million.	Hypothecation of book debts and inventory relating to Chennai water supply & sewerage Board Pkg no 4
	United Bank of India	65.00	65.00	7.50	Two monthly instalment Rs 7.50 million and five Monthly instalment of Rs 10 million each.	Hypothecation of book debts and inventory relating to Konkan Railways Corpn Ltd,Tunnel project,Jammu
	Bharat Overseas Bank Limited	76.50	76.50	7.50	Bullet payment in Feb,2005	Hypothecation of book debts and inventory relating to Chennai water supply & sewerage Board Pkg no 4
<b>Total</b>		<b>527.75</b>	<b>475.83</b>			

Note: Personal guarantee of the Vice-chairman & Managing Director has been provided for all the Project specific Term loans.



Particulars of Loan	Institution/Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest P A(%)	Securities Offered
<b>3. Cash Credit Facilities from Banks</b>	Tamilnad Mercantile Bank Limited	90.00	87.91	9.50	Secured by hypothecation of book-debts, inventory, and other current assets, excluding those charged to lenders of specific funded projects and some fixed assets not charged to other lenders ranking pari-passu among the consortium banks and also guaranteed by the Vice-chairman and Managing Director of the Company. All assets charged to the participating banks for Project specific term loans have been charged as second charge to the consortium banks.
	Tamilnad Mercantile Bank Limited	80.00	80.00	9.50	
	Corporation Bank	82.50	66.08	10.50	
	State Bank of Indore	60.00	60.59	11.40	
	State Bank of Indore	40.00	40.00	Libor+4%	
	Indian Overseas Bank	69.00	55.63	9.25	
	Indian Overseas Bank	68.50	55.00	9.00	
	Ing Vysya Bank Ltd	37.50	37.49	9.50	
	Ing Vysya Bank Ltd	37.50	37.50	8.00	
	United Western Bank	22.50	14.99	10.00	
	United Western Bank	22.50	18.00	10.00	
	Canara Bank	46.50	46.60	12.25	
	Canara Bank	46.50	46.50	10.75	
	Andhra Bank	17.50	17.68	11.88	
	Andhra Bank	17.50	17.50	11.88	
	Central Bank of India	12.00	12.13	13.00	
	Citi Bank	45.00	45.29	12.25	
	Central Bank of India	12.00	12.00	13.00	
	Other Banks		0.51		
	<b>Total</b>	<b>807.00</b>	<b>751.40</b>		
<b>4. Hire Purchase Loans</b>			<b>93.52</b>		Secured by first charge and hypothecation of specified machinery, equipment & vehicles.
<b>Total Secured Loans</b>			<b>1453.65</b>		

Note: The rate of interest and repayment schedules for numerous Hire Purchase Loans are as negotiated with the Banks and Financial Institutions for specific loans from time to time.

### Unsecured loans

The details of Unsecured Loans are as below:

(Rs. in million)

Particulars	As at September 30, 2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Unsecured Loans</b>						
Deposits from Public	30.12	39.25	7.18	-	1.37	11.67
Loan from Banks	400.00	125.69	-	-	-	111.67
Inter Corporate Deposits	-	-	3.00	-	-	-
Deposits from Promoter Group	17.50	23.00	17.50	-	-	0.01
<b>Total Unsecured Loans</b>	<b>447.62</b>	<b>187.94</b>	<b>27.68</b>	<b>-</b>	<b>1.37</b>	<b>123.35</b>

Details of Unsecured Loans outstanding as on September 30,2004					(Rs. in million)
Particulars of Loan	Bank/Parties Name	Sanctioned Amount	Amount Outstanding	Rate of Interest P A(%)	Repayment Terms
<b>1. Deposit from Public</b>					
a. Cumulative		-	14.04	10.50	As per Public Deposit Rules approved by the Board
b. Non Cumulative		-	16.08	10.25	
<b>2. Loans from Banks</b>	IDBI Bank Limited	100.00	100.00	6.75	180 days from the date of disbursal
	Lakshmi Vilas Bank	50.00	50.00	7.50	Bullet payment in March 2005
	United Western Bank	100.00	100.00	8.00	Bullet payment in September 2005
	Indian Overseas Bank	100.00	100.00	7.25	Bullet payment in February 2005
	State Bank of Indore	50.00	50.00	7.50	Bullet payment in August 2005
<b>3. Deposit from Promoter Group (Related Parties)</b>	Mr.E.Sudhir Reddy (Vice Chairman and Managing Director)		17.50	10.50	As per Public Deposit Rules approved by the Board
<b>Total Unsecured Loans</b>			<b>447.62</b>		
Note: The Company has provided Personal guaranttee of the Vice-chairman & Managing Director for the Unsecured Loans availed from Banks.					



## ANNEXURE-II.c

(Rs. in million)

### Loans and Advances

The details of Loans and advances are as below:

Particulars as on	As at September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Secured Loans	67.49	74.29	85.73	57.94	-	-
Loans to Bodies Corporate(Subsidiaries)	479.15	499.31	289.03	253.42	186.59	2.25
Advances to JV	36.67	36.94	37.28	53.55	-	-
Advances to be received in cash or kind or for value to be received	196.56	140.32	104.07	92.40	154.59	189.96
Advance Tax (Net of Provisions)	227.16	201.92	136.95	105.27	49.66	1.18
<b>Sub Total</b>	<b>1,007.03</b>	<b>952.78</b>	<b>653.06</b>	<b>562.58</b>	<b>390.84</b>	<b>193.39</b>
Provision for doubtful advances	64.84	36.30	10.60	4.46	1.61	-
<b>Total - As per Audited Statement</b>	<b>942.19</b>	<b>916.48</b>	<b>642.46</b>	<b>558.12</b>	<b>389.23</b>	<b>193.39</b>
Adjustment towards Income Tax	-	(88.05)	-	-	-	-
Distributed to respective years	-	-	15.60	30.35	45.14	(3.04)
Cumulative effect	-	88.05	72.44	42.10	(3.04)	-
<b>Total</b>	<b>942.19</b>	<b>916.48</b>	<b>730.51</b>	<b>630.57</b>	<b>431.33</b>	<b>190.35</b>
<b>Adjusted Loans &amp; Advances</b>	<b>942.19</b>	<b>916.48</b>	<b>730.51</b>	<b>630.57</b>	<b>431.33</b>	<b>190.35</b>

### Details of Advances to Bodies Corporate (Related Parties)

Bodies Corporate	As at September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
IVR PRime Urban Developers Ltd	400.64	419.28	222.18	239.87	166.39	-
IVRCL PSC Pipes Private Ltd	17.95	18.72	17.60	9.20	3.75	2.25
IVRCL Enviro Projects Private Ltd	25.88	25.48	24.58	1.63	16.11	-
First STP Private Ltd	34.68	35.83	24.67	2.72	0.34	-
<b>Total</b>	<b>479.15</b>	<b>499.31</b>	<b>289.03</b>	<b>253.42</b>	<b>186.59</b>	<b>2.25</b>

# ANNEXURE-II.d

(Rs. in million)

## OTHER CURRENT ASSETS

The details of other Current assets are as below:

Particulars as at	As at September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Interest accrued other than on investments	19.49	14.28	6.99	8.56	4.50	-
Security Deposits/Retention Money	426.98	406.80	288.59	195.22	127.70	64.10
Other deposits	83.91	123.38	57.70	142.43	75.92	16.20
Unbilled Revenue	1,449.25	1,157.78	348.36	-	-	-
<b>Sub Total</b>	<b>1,979.63</b>	<b>1,702.24</b>	<b>701.64</b>	<b>346.21</b>	<b>208.12</b>	<b>80.30</b>
Less: Provision for doubtful advances	9.65	6.26	10.38	2.07	2.32	-
<b>Total</b>	<b>1,969.98</b>	<b>1,695.98</b>	<b>691.26</b>	<b>344.14</b>	<b>205.80</b>	<b>80.30</b>



## ANNEXURE-II.e

(Rs. in million)

### SUNDRY DEBTORS

Particulars as at	As at September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Debts outstanding for a period exceeding six months	439.74	346.27	267.13	340.76	81.26	88.32
Debts outstanding for a period not exceeding six months	1,840.97	1,427.20	965.26	463.65	988.29	328.98
<b>Sub Total</b>	<b>2,280.71</b>	<b>1,773.47</b>	<b>1,232.39</b>	<b>804.41</b>	<b>1,069.55</b>	<b>417.30</b>
Less: Provisions for doubtful debts	31.06	29.18	4.58	2.33	1.56	-
<b>TOTAL SUNDRY DEBTORS</b>	<b>2,249.65</b>	<b>1,744.29</b>	<b>1,227.81</b>	<b>802.08</b>	<b>1,067.99</b>	<b>417.30</b>

The above includes the following debts due from Related Parties:

Particulars as at	As at September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
IVR Prime Urban Developers Ltd (Subsidiary)	95.53	126.07	15.27	26.64	-	-
First STP Pvt. Ltd (Subsidiary)	-	-	-	2.34	4.72	-
IVRCL Enviro Projects Pvt. Ltd (Subsidiary)	-	-	-	7.24	0.60	4.50
SPCL - IVRCL Joint Venture	82.21	18.24	163.22	54.21	-	-
<b>TOTAL DUES FROM RELATED PARTIES</b>	<b>177.74</b>	<b>144.31</b>	<b>178.49</b>	<b>90.43</b>	<b>5.32</b>	<b>4.50</b>

<b>ANNEXURE-II.f</b>						
<b>(Rs. in million)</b>						
<b>CURRENT LIABILITIES</b>						
<b>Particulars as at</b>	<b>As at September 30,2004</b>	<b>March 31, 2004</b>	<b>March 31, 2003</b>	<b>March 31, 2002</b>	<b>March 31, 2001</b>	<b>March 31, 2000</b>
<b>Advances received from contractee-clients(Secured)</b>						
- Payable within twelve months	223.27	437.55	393.61	372.74	61.66	100.59
- Payable beyond twelve months	178.19	70.60	63.19	14.54	68.47	10.37
Trade deposits payable beyond twelve months - Unsecured	71.10	59.02	73.22	22.88	-	-
Sundry creditors	2,074.31	1,951.88	1,167.61	728.34	760.52	289.61
Other Liabilities	22.47	27.13	49.66	-	0.43	7.99
Unclaimed dividends	0.04	0.08	0.12	0.39	0.07	-
Dividend Payable	50.59	-	-	-	-	-
Interest accrued but not due	13.10	3.72	7.47	1.97	3.29	-
<b>TOTAL</b>	<b>2,633.07</b>	<b>2,549.98</b>	<b>1,754.88</b>	<b>1,140.86</b>	<b>894.44</b>	<b>408.56</b>
Prior period Expenses	-	-	-	(0.18)	(3.38)	(2.25)
Adjustment towards Prior period Expenses	-	-	-	-	0.13	5.67
Cumulative effect of adjustments	-	-	-	0.18	3.42	-
<b>Total Adjusted Current Liabilities</b>	<b>2,633.07</b>	<b>2,549.98</b>	<b>1,754.88</b>	<b>1,140.86</b>	<b>894.61</b>	<b>411.98</b>
<b>PROVISIONS</b>						
Proposed dividend	-	50.59	31.49	31.33	31.33	11.23
Tax thereon	-	6.48	4.03	-	3.20	2.25
Provision for gratuity	8.68	6.43	5.56	3.79	2.86	2.86
Provision for Bonus	-	-	-	-	-	4.02
Provision for leave encashment	4.33	4.45	3.40	2.36	-	-
Adjustment towards leave encashment	-	-	-	-	2.01	1.66
<b>Total Provisions</b>	<b>13.01</b>	<b>67.95</b>	<b>44.48</b>	<b>37.48</b>	<b>39.40</b>	<b>22.02</b>

**STATEMENT GIVING DETAILS OF OTHER INCOME FOR THE FOLLOWING YEARS/PERIOD (Rs. in million)**

	For half year ending September 30, 2004	Financial Year/Period Ended					Nature of Income	Related or not related to business
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000		
<b>SOURCES OF INCOME</b>								
Scrap Sales	3.83	1.74	1.15	0.25	0.34	0.65	Recurring	Related
Lease Rental	-	-	-	-	4.20	6.00	Non-recurring	Not related
Dividend on Chits	-	-	-	0.12	0.58	1.03	Non-recurring	Not related
Rent Receipts	0.06	0.10	0.09	0.13	0.13	0.08	Recurring	Related
Miscellaneous Receipts	3.65	11.09	7.98	1.46	1.35	0.85	Non-recurring	Related
Excess Provision written back	0.24	8.20	1.32	1.78	3.00	0.00	Non-recurring	Related
<b>Total</b>	<b>7.78</b>	<b>21.13</b>	<b>10.54</b>	<b>3.74</b>	<b>9.60</b>	<b>8.61</b>		
Net Profit before tax as restated	181.23	311.64	161.95	151.67	150.14	76.81		
Percentage(%)	4.29	6.78	6.51	2.47	6.39	11.21		

Note: The classification of Income into recurring and non-recurring is based on the current operations and business activity of the Company.

## ANNEXURE III

### Summary of Significant Accounting Policies

#### 1. Basis of Preparation

The financial statements have been prepared under the historical cost convention (in the case of revaluation of fixed assets, at revalued figures) in accordance with Generally Accepted Accounting Principles (GAAP) comprising of the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956

#### 2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises inward freight, duties and taxes, incidental expenses including borrowing costs relating to acquisition and any attributable cost of bringing the asset to its working condition for its intended use.

Capital Work in Progress comprises advances paid to acquire fixed assets, and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

#### 3. Depreciation

Depreciation is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

(a)	Steel Shuttering	10%
(b)	Wood shuttering materials	33.33%
(c)	Pucca sheds and land acquired for quarrying aggregates, etc.	Over the period of the Project on project-to-project basis.
(d)	Fixed Assets costing less than Rs. 5,000/- each	Fully depreciated when they are put to use

#### 4. Use of Accounting Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and warranty costs.

#### 5. Investments

Long term Investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature. Short-term investments are stated at lower of cost or market value.

#### 6. Recognition of contract revenue and expenses

Contract Revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

An expected loss on the construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.

Price escalation and other claims and /or, variation in the contract work are included in contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim; and the amount that is probable will be accepted by the customer can be measured reliably.

Incentive payments, as per customer-specified performance standards, are included in contract revenue only when the contract is sufficiently advanced and that it is probable that the specified performance standards will be met and the amount of the incentive payment can be measured reliably.

**7. Revenue receipts on joint venture contracts**

In work sharing Joint Venture arrangements, (AOP) the revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

In profit sharing Joint Venture entities, (AOP) the services rendered to such Joint Ventures are accounted for as income on accrual basis. The Company's share of profit / loss is accounted for as and when determined by those Joint Venture entities.

In jointly controlled entities, the share of income and expenses is proportionately taken by way of line addition as per arrangement between the joint venturers.

**8. Foreign currency transactions**

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognised as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed asset.

**9. Borrowing costs**

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**10. Retirement benefits**

Company's contribution to provident fund and superannuation fund is charged to the Profit & Loss Account.

In terms of the Superannuation Scheme of the Company, certain employees of the Company are covered in the defined contribution plan. Under this plan, the Company makes annual contributions, up to the reporting date, to an approved Superannuation Fund under a policy with Life Insurance Corporation of India. The Company has no further obligations on this account.

Provision in the accounts for Liability towards Gratuity and leave encashment benefits to employees is based on actuarial valuation.

**11. Income Tax**

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit/ (loss) for the year.

Deferred tax assets and liabilities are recognised subject to prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realised.

**12. Earnings per Share**

The earnings considered in ascertaining the Company's EPS comprises the net profit / (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of adjustments becomes anti-dilutive.

## ANNEXURE IV

### Notes to Accounts

1. The Company was incorporated on November 16, 1987. The Company is engaged in the business of development and Execution of Engineering procurement, Construction Commissioning (EPCC) and Lump Sum Turn Key (LSTK) facilities in various Infrastructure Projects like water Supply, Roads and Bridges, Townships and Industrial Structures, Power Transmission Projects, etc for Central/ State Governments and other local bodies and other private bodies.
2. All amounts in the financial information / statements are presented in Rs. in million unless otherwise stated.

### 3. Adjustments/Regroupings

#### Impact of Change in Accounting Policies/Prior Period Items

(Rs. in million)

	Half year ending September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Net Profit as per audited statement of account (A)</b>	<b>175.76</b>	<b>391.81</b>	<b>155.09</b>	<b>130.94</b>	<b>128.05</b>	<b>88.30</b>
<b>Adjustments on Account of:</b>						
<b>Impact of material adjustments for restatement in corresponding years</b>						
1. Prior period items in respective years.	-	-	-	0.18	3.25	2.20
2. Change in depreciation policy enhancing depreciation rate of steel shuttering items from 4.75% to 10%.	-	23.51	(4.89)	(4.53)	(3.31)	(5.71)
3. Excess/Short tax provision including for tax benefit under part C of chapter VI A relating to earlier years restated.	-	(88.05)	15.60	30.35	45.14	(3.04)
4. Expenses on Completed contracts	-	(7.69)	(6.32)	(7.28)	-	-
5. Leave liability	-	-	-	2.01	(0.35)	(0.84)
6. Gratuity liability	-	-	-	-	(2.25)	2.25
7. Deferred tax liability transferred to respective years	5.47	(7.94)	2.47	-	(20.39)	(6.34)
<b>Total (B)</b>	<b>5.47</b>	<b>(80.17)</b>	<b>6.86</b>	<b>20.73</b>	<b>22.09</b>	<b>(11.49)</b>
<b>Adjusted Profit (A + B)</b>	<b>181.23</b>	<b>311.64</b>	<b>161.95</b>	<b>151.67</b>	<b>150.14</b>	<b>76.81</b>

Notes:

- a) **Prior Period Items:** These represent adjustments in respect of transaction items being material charges or credits which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior periods and /or material adjustments necessitated by circumstances which though related to previous periods are determined in the particular (current) period.

- b) **Depreciation:** The Company has in 2003-04 & 2000-01 re-estimated the useful life of certain Assets. As a result, revised depreciation rate adopted were higher than the rate prescribed under schedule XIV of the Companies Act, 1956, and depreciation charged during the years of such change include depreciation for earlier years also.
- c) **Provision for tax:** The Income Tax authorities have disallowed the deduction under chapter – VIA claimed by the Company for the assesment years 2001-02 and 2002-03. The Company is confident of getting the said deductions allowed in the appeals preferred. Hence the tax effect amounting to Rs. 124.42 million in respect of those disallowance upto September 30, 2004 have not been provided.
- d) **Expenses on completed contracts:** The Company had followed the policy of utilising a portion of the Contingency Reserve for expenses incurred on completed contracts, such utilisation was reflected as an adjustment against construction expenses. In order to reflect the expenditure actually incurred in a year the utilisation of Contingency Reserve have been regrouped ' Transfer to Contingency Reserve in the Profit and Loss Account Appropriation.
- e) **Leave encashment liability:** The Company had followed the policy of accounting for leave encashment liability on cash basis, i.e. the employees were entitled to encash their earned leave accruing during the course of their employment and this was accounted for as and when paid. From the accounting year 2001-02 onwards, the Company has changed the Leave encashment policy from cash basis to retiral basis and started accounting for leave encashment liability on the basis of actuarial valuation as certified by an actuary. Hence the leave liability as per actuarial valuation pertaining the years 1999-2000 and 2000-01 has been charged in the restated account.
- f) **Gratuity Liability:** The Company had been following the policy of accounting to gratuity liability on an estimated basis until the year 1999-2000 and started accounting the liability on the basis of actuarial valuation from the year 2000-01. Accordingly, gratuity liability as per actuarial valuation pertaining to the year 1999-00 has been charged in the restated account.

#### 4. Non Adjustments/ Regroupings

##### **Impact of Changes in Accounting Estimates/ Recognition of contract revenue:**

Revenue from construction contracts up to the Accounting year ended March 31, 2002 is recognised on percentage completion basis to the total contract value determined by the proportion of Progressive billing to contract value. With effect from the accounting year ended on March 31, 2003 contract revenue is continued to be recognised on percentage completion basis, and that is determined as a proportion of cost incurred to date to the total estimated contract cost and margin. There is no change in Accounting policy or application of Accounting standard (AS – 7), there is a change in the method of accounting estimate and the effect on account of this change is not quantifiable.

##### **Impact of change in valuation of work-in – progress:**

During 2000-01 the Company changed the policy to value work-in-progress at cost as against the previous practice of valuing work-in-progress at contract price . The figures of 1999 - 2000 have not been restated as it has not been possible to determine the impact of the change

The accounts for 2000 - 01 and 1999- 2000 did not include provision for leave salary as the Company's leave encashment scheme did not contemplate any retirement benefits under the then scheme ,the employees were entitled to en-cash their un-availed leave accruing during the course of employment and the same was accounted for as and when claimed

#### 5. Deferred Tax

In accordance with accounting standard (AS 22) "Accounting for taxes on Income" issued by the ICAI, the Company has accounted for deferred taxes during the year.

Following are the major components of deferred tax assets / (liabilities):

(Rs. in million)

Deferred Tax Liability components:	As at September 30,2004	March 31,2004
Difference in depreciation between Accounting books and tax Return	101.65	109.45
<b>Total Deferred Tax Liability</b>	101.65	109.45
<b>Deferred Tax Assets Components:</b>		
Provision for retirement benefits	(4.76)	(3.91)
Provision for doubtful debts, advances and deposits and diminution in the value of investments	(38.84)	(25.76)
<b>Total Deferred Tax Assets</b>	(43.60)	(29.67)
<b>Net Deferred Tax Liability</b>	<b>58.05</b>	<b>79.78</b>

**6. Escalation Claims in Srikakulam Road Project**

The Clients, The National Highways Authorities of India (NHAI) New Delhi, have taken a unilateral decision to stop releasing the escalation amounts due to the Company and gave notice of such arbitrary decision to the Company. The Company contested the same in the Courts of Srikakulam (A.P) and sought injunction against the notice issued by NHAI. The Court has by its order dated 30/09/2004 directed NHAI to release the escalation amounts as hither to the Company. The amount outstanding on this account is Rs 33.98 million

**7. Contract claims receivable:** The status of claims outstanding as on 30/09/2004 are as follows.

**7.1 Thiruvaroor bridges** – The Company had completed 11 bridges, of which some bridges had deviations in the design and hence resulting in increase in the cost of project. As per the contract terms the Company filed a claim against the customer, a Government department and the claim outstanding as on 30/09/2004 Rs. 45.00 Millions.

The customer as per the contract terms has paid Rs.10.10 million during the last financial year and a high level administrative sanction committee set up by the Government of Tamil Nadu has approved an additional sum of Rs. 45.00 million for payment in favourable settlement of the Company's claims as per relevant clause in the contract agreement. Hence the Company carries in its books Rs. 45.00 million as good for recovery.

**7.2 Purandhar Water supply project** – The customer, a Government department had temporarily stalled the project resulting in considerable delays for completing the project by the Company. The contract provides reimbursement of idle cost arising out of customer delays. Accordingly, the Company has filed a claim for Rs.192 million towards reimbursement of idle cost which has reached a mature stage of negotiation. The Company is confident that it is probable that the customer will accept the settlement of the claim in favour of the Company.

**7.3 Srikakulam Road Project** - The Company had made a claim for idle costs of Rs 139.90 million as on September 30, 2004. The contract provides for reimbursement of idle cost and hence the claim is tenable legally.

**8. In terms of the disclosures required to be made under the accounting standard (AS) 7 (revised) issued by the Institute of Chartered Accountants of India for 'Construction Contracts', the amounts considered in the financial statements up to the reporting date are as follows: The paragraph references mentioned against each item below are as given in the said accounting standard.**

Particulars	As at September 30,2004	March 31,2004
Contract costs incurred and recognized profits, less losses-(paragraph39a)	4216.51	7715.78
Contract costs incurred and recognized profits, less losses-(paragraph39a)	4202.09	7675.92
Advances received, net of recoveries from progressive bills-( paragraph 39b)	401.45	508.14
Gross amount due from customers for contract works-(paragraph 41a)	2249.65	1157.78
Gross amounts due to customers for contract work- (paragraph 41b)	Nil	Nil

# 9. Earnings Per Share:

Particulars	As at September 30,2004	March 31,2004
<b>Basic and Diluted Earnings per Share</b>		
Profit attributable to Equity Shareholders after excluding extraordinary item (A) Rs	175,761,810	303,761,653
Weighted Average Number of Equity Shares Outstanding during the year (B)	16,824,802	10,578,844
Weighted Average Number of Equity Shares considered for basic and potential shares outstanding during the year( C )	17,068,663	10,586,847
Nominal Value of Equity Shares – each (Rs.)	10/-	10/-
Basic Earnings per Share (Rs.) (A) / (B)	10.45	28.71
Diluted Earnings per Share (Rs.) (A) / (C)	10.30	28.69

Share application money pending allotment as at the Balance Sheet Date amounting to Rs.780 million has not been considered for the purpose of calculation of diluted earnings per share for the year ended March 31, 2004.

# 10. Segmental Reporting:

## Business Segment:

The Company has considered "Construction & Engineering " as one business segment for disclosure in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India. The Company is engaged in the business of, Construction & Engineering segment only.

## Geographical Segment:

During the year under report, the Company has engaged in its business only within India and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

# 11. Sundry Creditors include amount payable to Small Scale Industrial Undertakings (SSI's) as at September, 30 2004, Rs Nil (based on the information, to the extent available with the Company, and as certified by the management).

# 12. Exceptional/ non recurring expenses

- 12.1 Provision for diminution for the value of investment: Provided in the Profit and Loss Account during the year 2000-01, 2.25 million , 2002-03, 0.34 million and for the half year ended September 30<sup>th</sup> 2004, 0.50 million.
- 12.2 Personal guarantee Commission : Provided in the Profit and Loss Account during the year 2000-01, 32.50 million and during the year 2001-02, 25.96 million
- 12.3 Provision for doubtful debts : Provided in the Profit and Loss Account during the year 2000-01, 50.95 million- 2001-02, 19.93 million - 2002-03, 30.96 -2003-04, 72.68 million and for the half year ended September 30, 2004, Rs. 33.81million

**13. Contingent liabilities not provided for in respect of :**
**ANNEXURE-IV.a**
**(Rs. in million)**

Particulars as at	September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Bank Guarantees/Letters of Credit issued by the Banks on behalf of the Company ( Net of Margins)	3703.58	2830.3	2001.44	968.96	585.45	354.34
Corporate Guarantees issued by the Company on behalf of its subsidiaries	688.10	840.98	922.50	706.67	85.00	-
Claims against the company not acknowledged as debts	18.50	18.50	4.13	4.13	4.13	-
Income tax matters contested in Appeal	124.42	13.55	13.55	13.55	13.55	13.55
Estimated amount of contracts remaining to be executed on capital account and not provided for(net of advances)	-	-	-	21.04	8.98	-
<b>Total</b>	<b>4,534.60</b>	<b>3703.33</b>	<b>2941.62</b>	<b>1714.35</b>	<b>697.11</b>	<b>367.89</b>

### ANNEXURE-IV.b

#### SUMMARY ACCOUNTING RATIOS FOR THE FOLLOWING YEARS AND SIX MONTHS PERIOD ENDED

Particulars as at	As at September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
1. Adjusted profit to Income from Operations (%)	4.29	4.03	3.68	3.87	5.62	3.63
2. Basic EPS	10.77	29.46	15.50	14.52	14.38	12.50
3. Diluted EPS	10.62	29.44	15.33	14.50	14.35	12.50
4. Cash EPS	13.10	38.70	23.07	18.87	17.60	16.26
5. Return on Net Worth(%) *annualised	15.95*	14.81	15.32	16.39	18.70	30.42
6. Return on Avg.Net Worth(%) *annualised	16.56*	19.71	16.34	17.55	28.45	30.62
7. Net Asset value per Share	135.08	198.98	101.21	88.62	76.89	41.09
No. of Equity Shares(Basic)	16,824,802	10,578,844	10,445,786	10,444,200	10,444,200	6,144,200
No. of Equity Shares(Diluted)	17,068,663	10,586,847	10,564,305	10,460,522	10,462,478	6,144,200

#### Notes to Accounting Ratios:

- Adjusted profit as a percentage to income from operations has been computed by dividing Adjusted profit by Income from operations for each financial year.
- Earning per Share represents earning per Share calculated on the basis of Adjusted profit divided by the average number of Equity Shares(Basic/Diluted) as at the end of the year.
- Cash earning per Share represents Adjusted profit plus non cash charges divided by the average number of Equity Shares-Basic as at the end of the year.
- Net Asset value has been computed on the basis of Net Equity Method(Net Worth at the end of each financial year divided by the average no of Equity Shares-Basic at the end of each financial year).
- Return on Net worth as a percentage represents Adjusted profit after tax divided by Net worth at the end of each financial year.
- Return on Average Net worth as a percentage represents Adjusted profit divided by the Average Net worth as at the end of each financial year. Average Net worth is the aggregate net worth at the beginning of the year and at the end of the year divided by two.
- Profit & Loss as restated has been considered for the purpose of computing the above ratios.

## ANNEXURE-IV.C

### CAPITALISATION STATEMENT

Particulars	Pre-issue as at September 30, 2004	Post-issue as at
<b>Borrowings:</b>		(Refer note no.3)
Short-term Debt(Refer note no.2)	880.90	
Long-term Debt	1020.37	
Total Debts	1901.27	
<b>Shareholders Funds:</b>		
Share Capital - Equity	168.63	
Advance against Share Application	5.00	
Reserves - Securities Premium	2099.04	
Other Reserves	-	
Total Shareholders Funds	2272.67	
Total Capitalisation	4173.94	
Long-term Debt/Equity Ratio	0.45	

**Notes:**

1. The above has been computed on the basis of restated statement of accounts.
2. Short-term Debts are debts maturing within the next one year from the date of the above statement.
3. The Statement for the Post-issue period will be made on conclusion of the Book Building Process.

# **ANNEXURE-IV.d**

## **RELATED PARTIES TRANSACTIONS**

	<b>OUTSTANDING AS ON</b>	<b>Equity Capital</b>	<b>Advance</b>	<b>Gross bills</b>	<b>DEBTS DUE</b>	<b>Retention Money</b>	<b>Corporate Guarantee given</b>
<b>IVRCL PSC Pipes (P) Ltd</b>	September 30, 2004	1.67	17.95	-	-	-	-
	March 31, 2004	1.67	18.72	-	-	-	-
	March 31, 2003	1.67	17.59	-	-	-	-
	March 31, 2002	1.67	11.48	-	-	-	-
	March 31, 2001	1.67	8.75	-	-	-	-
	March 31, 2000	1.67	2.25	-	4.50	-	-
<b>IVRCL Enviro Projects Pvt Ltd</b>	September 30, 2004	6.75	25.88	-	-	2.07	-
	March 31, 2004	6.75	25.48	-	-	2.07	-
	March 31, 2003	6.75	24.58	-	-	2.07	-
	March 31, 2002	6.75	13.19	8.24	7.24	2.07	-
	March 31, 2001	2.31	16.10	12.47	0.60	1.24	-
	March 31, 2000	2.31	-	-	-	-	-
<b>IVR PRIME URBAN DEVELOPERS LTD.</b>	September 30, 2004	300.00	400.64	39.17	95.53	10.84	687.45
	March 31, 2004	78.00	419.29	114.28	126.07	10.46	825.69
	March 31, 2003	78.00	222.18	415.63	15.27	9.31	900.00
	March 31, 2002	10.00	239.83	494.84	26.64	5.25	300.51
	March 31, 2001	1.00	166.39	30.25	-	1.51	-
	March 31, 2000	-	-	-	-	-	-
<b>First STP (P) Ltd</b>	September 30, 2004	4.75	34.68	-	-	1.40	13.12
	March 31, 2004	4.75	35.83	-	-	1.40	15.29
	March 31, 2003	4.75	24.67	-	-	1.40	22.50
	March 31, 2002	0.10	2.62	13.39	2.34	0.92	30.00
	March 31, 2001	0.10	0.33	5.08	4.72	0.25	-
	March 31, 2000	-	-	-	-	-	-

Associates and Joint Ventures							
	OUTSTANDING AS ON	Equity Capital	Advance	Gross bills	DEBTS DUE	Retention Money	Corporate Guarantee given
<b>Bhanu IVRCL Associates</b>	September 30, 2004	0.01	36.67	-	-	-	-
	March 31, 2004	0.01	36.94	-	-	-	-
	March 31, 2003	0.01	37.30	-	-	-	-
	March 31, 2002	0.01	53.54	-	-	-	-
	March 31, 2001	0.01	2.52	-	-	-	-
	March 31, 2000	-	-	-	-	-	-
<b>SPCL – IVRCL JV</b>	September 30, 2004	-	19.72	348.20	223.13	0.27	-
	March 31, 2004	-	46.60	513.06	101.20	0.27	-
	March 31, 2003	-	13.34	970.16	163.22	30.12	-
	March 31, 2002	-	-	210.13	54.21	-	-
	March 31, 2001	-	-	-	-	-	-
	March 31, 2000	-	-	-	-	-	-
<b>IVRCL Tantia JV</b>	September 30, 2004	0.82	-	-	-	-	-
	March 31, 2004	0.82	-	-	-	-	-
	March 31, 2003	3.08	-	-	-	-	-
	March 31, 2002	2.33	-	-	-	-	-
	March 31, 2001	0.01	-	-	-	-	-
	March 31, 2000	-	-	-	-	-	-
<b>U A. N Raju IVRCL Constrution (J V)</b>	September 30, 2004	-	-	16.83	16.83	-	-
	March 31, 2004	-	5.45	-	-	-	-
	March 31, 2003	-	-	-	-	-	-
	March 31, 2002	-	-	-	-	-	-
	March 31, 2001	-	-	-	-	-	-
	March 31, 2000	-	-	-	-	-	-

Key Management Personal/Relatives	YEAR	Designation	Remuneration	Dividend	Office rent	Interest Income	Guarantee Commission
i) Mr. E. Sudhir Reddy	September 30, 2004	Vice Chairman and Managing Director	11.16	-	-	3.76	-
	March 31, 2004		20.08	0.71	-	1.92	-
	March 31, 2003		13.37	0.71	-	3.25	-
	March 31, 2002		10.57	0.63	-	-	9.28
	March 31, 2001		7.97	0.70	-	-	10.04
	March 31, 2000		4.74	0.43	-	-	-
ii) Mr. E. Sunil Reddy	September 30, 2004	Whole Time Director	0.72	-	-	0.63	-
	March 31, 2004		1.25	0.47	-	0.01	-
	March 31, 2003		0.93	0.47	-	-	-
	March 31, 2002		0.81	0.42	-	-	3.70
	March 31, 2001		0.64	0.47	-	-	6.22
	March 31, 2000		0.52	0.26	-	-	-
iii) Mr. R. Balarami Reddy	September 30, 2004	Whole Time Director	0.50	-	-	-	-
	March 31, 2004		0.88	0.01	-	-	-
	March 31, 2003		0.65	0.01	-	-	-
	March 31, 2002		0.56	0.01	-	-	-
	March 31, 2001		0.46	0.01	-	-	-
	March 31, 2000	Whole Time Director	0.33	0.01	-	-	-
iv) Mr. K Ashok Reddy	September 30, 2004		0.50	-	-	-	-
	March 31, 2004		0.87	0.01	-	-	-
	March 31, 2003		0.65	0.02	-	-	-
	March 31, 2002		0.56	0.01	-	-	-
	March 31, 2001		0.45	0.01	-	-	-
	March 31, 2000		0.33	0.01	-	-	-
v) Mr Sham Prasad Reddy	September 30, 2004	Whole Time Director	-	-	-	-	-
	March 31, 2004		-	-	-	-	-
	March 31, 2003		-	-	-	-	-
	March 31, 2002		1.72	0.24	-	-	12.98
	March 31, 2001		7.97	1.07	-	-	16.25
	March 31, 2000		4.74	0.65	-	-	-

vi) Mr E. Ella Reddy	September 30, 2004	Director	-	-	-	-	-
	March 31, 2004		-	0.02	-	-	-
	March 31, 2003		-	0.02	-	-	-
	March 31, 2002		-	0.02	-	-	-
	March 31, 2001		-	0.02	-	-	-
	March 31, 2000		-	0.02	-	-	-
v) Relatives	September 30, 2004		-	-	0.15	-	-
	March 31, 2004		-	1.93	0.30	-	-
	March 31, 2003		-	2.03	0.09	-	-
	March 31, 2002		-	-	0.09	-	-
	March 31, 2001		-	-	0.09	-	-
	March 31, 2000		-	-	0.09	-	-



# **ANNEXURE-IV.e**

(Rs. in million)

## **STATEMENT OF TAX SHELTER**

Particulars	As at September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Profit/(loss) before tax but after extraordinary items as per books(A)</b>	<b>175.97</b>	<b>339.07</b>	<b>240.06</b>	<b>199.39</b>	<b>157.16</b>	<b>138.84</b>
Tax thereon – rate	0.37%	0.36%	0.37%	0.36%	0.40%	0.39%
<b>Tax at the above rates</b>	<b>64.39</b>	<b>121.66</b>	<b>88.22</b>	<b>71.18</b>	<b>62.16</b>	<b>53.45</b>
<b>Adjustments</b>						
<b>Permanent Differences</b>						
Profit on sale of Investments	0.50	(0.27)	(0.12)	-	-	-
Prior period expense	15.75	-	0.04	0.17	-	(3.37)
Others	(0.11)	(7.8)	(7.36)	(9.34)	(14.66)	-
<b>Total Permanent Differences (B)</b>	<b>16.14</b>	<b>(8.07)</b>	<b>(7.44)</b>	<b>(9.17)</b>	<b>(14.66)</b>	<b>(3.37)</b>
<b>Timing Differences</b>						
Loss/Profit on sale of fixed assets	0.08	0.33	1.37	1.94	0.42	0.53
Unpaid Gratuity	2.25	1.02	1.67	0.93	(1.37)	3.12
Others (Depreciation)	(14.18)	(15.62)	(59.62)	(69.15)	(26.05)	(18.83)
Disallowances u/s 43B (net)		-	-	-	-	(0.02)
Provision for Doubtful Debts & Advances	33.81	45.94	16.72	3.36	5.48	-
Others	(4.91)	(0.31)	0.89	0.55	0.39	-
Net effect of Retention Money / 80IA	(242.89)	(233.27)	(283.07)	-	(77.63)	(27.90)
<b>Total Timing Differences (C )</b>	<b>(225.84)</b>	<b>(201.91)</b>	<b>(322.04)</b>	<b>(62.37)</b>	<b>(98.76)</b>	<b>(43.10)</b>
<b>Net Adjustments (B+C)</b>	<b>(209.70)</b>	<b>(209.98)</b>	<b>(329.48)</b>	<b>(71.54)</b>	<b>(113.42)</b>	<b>(46.47)</b>
<b>Tax Expense/(Saving) thereon</b>	<b>(76.73)</b>	<b>(75.34)</b>	<b>(121.08)</b>	<b>(25.54)</b>	<b>(44.86)</b>	<b>(17.89)</b>
<b>Profit/(Loss) as per Income Tax as returned</b>	<b>(33.73)</b>	<b>129.08</b>	<b>(89.42)</b>	<b>127.69</b>	<b>43.74</b>	<b>92.39</b>
<b>Taxable Income/(Loss) (D + E)</b>	<b>(33.73)</b>	<b>129.08</b>	<b>(89.42)</b>	<b>127.69</b>	<b>43.74</b>	<b>92.39</b>
Taxable Income as per MAT	175.97	-	240.06	-	-	-
Tax as per Income Tax as returned	12.10	46.31	18.91	45.59	17.3	35.56

Note:

- The information pertaining to the years ended March 31 2000 to 2004 are as per the return of income filed by the Company. The effect of assessment / appellate orders have not been considered above.
- The statement of tax shelter has been prepared based on income tax return filed by the Company, except for the half year ended 30.09.2004 and not based on restated profits as per annexure I. The statement of tax shelter for half year ended 30.09.2004 is based on computation of tax as the return of income is filed only for the whole year.

Note: The Company has not issued any preference shares so far out of 5 million preferential shares of the face value of Rs. 10/- each, hence no dividends on preference shares has been paid.

### ANNEXURE-IV.f

#### STATEMENT OF DIVIDEND PAID

Particulars	As at September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Dividends						
Number of equity shares	16824802	10578844	10445786	10444200	10444200	6144200
Rate of Dividend	-	30%	30%	30%	30%	30%
Amount of equity dividend (Rs. In Millions)	-	50.59	31.49	31.33	31.33	11.23
Tax on equity dividend (Rs. In Millions)	-	6.48	4.03	-	3.20	2.25

### ANNEXURE-II.g

#### SUMMARY OF INVESTMENTS

Particulars as at	As at September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Subsidiary companies	313.98	92.48	94.75	35.29	10.78	3.98
Equity Shares	0.29	0.29	0.29	1.13	0.76	2.65
Units of Mutual Funds	—	1.50	—	—	—	—
Bonds/others	2.20	2.20	2.00	2.00	5.78	—
<b>Total</b>	<b>316.47</b>	<b>96.47</b>	<b>97.04</b>	<b>38.42</b>	<b>17.32</b>	<b>6.63</b>
Aggregate Book value of quoted investment	0.08	0.08	0.08	0.66	0.66	1.65
Aggregate Market value of quoted investments	0.14	0.13	0.10	4.57	0.42	1.56
Aggregate Book value of un-quoted investments	316.39	96.39	96.96	37.76	16.66	4.98

## ANNEXURE V

### SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT AS RESTATED

The profit and loss statement of The Company for five financial years ended March 31, 2000 to 2004 read with significant accounting policies, after making adjustments as stated in notes to accounts, along with the profit and loss statement for the half year ended Sept 30 2004 are set out below

(Rs in million)

CONSOLIDATED PROFIT & LOSS ACCOUNT	For the Half year ended September 30,2004	For the Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>INCOME</b>						
Income from Operation	4,509.10	7,765.87	4,420.31	3,920.84	2,642.99	2,116.54
Other Income	8.65	25.52	10.79	14.80	10.34	8.61
<b>Total</b>	<b>4,517.75</b>	<b>7,791.39</b>	<b>4,431.10</b>	<b>3,935.64</b>	<b>2,653.33</b>	<b>2,125.15</b>
<b>EXPENDITURE</b>						
Construction & other expenditure	3,922.89	6,717.39	3,696.66	3,328.45	2,147.60	1,782.41
Personnel Expenditure	113.40	197.31	157.25	120.12	71.18	61.90
Administrative and Other Expenditure	128.22	209.68	126.21	108.62	126.54	42.22
<b>Total</b>	<b>4,164.51</b>	<b>7,124.38</b>	<b>3,980.12</b>	<b>3,557.19</b>	<b>2,345.32</b>	<b>1,886.52</b>
<b>Operating Profit / (Loss ) before Finance Expenses, Amortisation and Depreciation</b>	<b>353.24</b>	<b>667.01</b>	<b>450.98</b>	<b>378.45</b>	<b>308.01</b>	<b>238.62</b>
Interest and Financial Charges	102.94	224.49	145.77	164.47	117.51	76.64
Depreciation and obsolescence	44.72	105.26	83.64	47.53	34.31	23.18
<b>Operating Profit/(Loss) before Prior Period Expenditure</b>	<b>205.58</b>	<b>337.26</b>	<b>221.57</b>	<b>166.45</b>	<b>156.19</b>	<b>138.80</b>
<b>Less: unrealised profit/loss from intra group transaction</b>	<b>0.69</b>	<b>8.42</b>	<b>14.36</b>	<b>18.80</b>	<b>(0.00)</b>	<b>0.00</b>
Prior Period Expenses	0.00	0.00	0.00	0.23	3.38	2.25
<b>Profit before tax &amp; Extraordinary Items</b>	<b>204.89</b>	<b>328.84</b>	<b>207.21</b>	<b>147.42</b>	<b>152.81</b>	<b>136.55</b>
Add: Tax provision for earlier years written back	-	88.05	-	-	-	-
<b>Profit before tax</b>	<b>204.89</b>	<b>416.89</b>	<b>207.21</b>	<b>147.42</b>	<b>152.81</b>	<b>136.55</b>
Current	17.45	45.94	39.63	5.99	26.02	48.29
Deferred Tax	(11.93)	(18.86)	46.26	44.80	0.00	0.00
<b>Net Profit after tax before minority interest</b>	<b>199.37</b>	<b>389.81</b>	<b>121.32</b>	<b>96.63</b>	<b>126.79</b>	<b>88.26</b>
<b>Add/(Less)minority interest</b>	<b>0.00</b>	<b>(0.36)</b>	<b>0.14</b>	<b>0.18</b>	<b>0.56</b>	<b>0.01</b>
<b>Net Profit after tax (A)</b>	<b>199.37</b>	<b>389.45</b>	<b>121.46</b>	<b>96.81</b>	<b>127.35</b>	<b>88.27</b>

(Rs in million)						
CONSOLIDATED PROFIT & LOSS ACCOUNT	For the Half year ended September 30,2004	For the Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Adjustments on Account of:</b>						
<b>Impact of material adjustments for restatement in corresponding years (B)</b>	5.47	(80.17)	6.86	20.80	22.09	(11.54)
<b>Adjusted Profit (A+B)</b>	<b>204.84</b>	<b>309.28</b>	<b>128.32</b>	<b>117.61</b>	<b>149.44</b>	<b>76.73</b>
Carry Forward Profit from Previous Year	<b>248.13</b>	<b>226.88</b>	<b>242.80</b>	<b>189.69</b>	<b>97.49</b>	44.24
Borrowing cost of previous year transferred to inventory in the subsidiary's accounts	-	-	-	30.88	-	-
<b>Total</b>	<b>452.97</b>	<b>536.16</b>	<b>371.11</b>	<b>307.30</b>	<b>246.94</b>	<b>120.97</b>
<b>APPROPRIATIONS</b>						
Proposed Dividend	-	50.59	31.49	31.33	31.33	11.23
Dividend Tax	-	6.48	4.03	0.00	3.20	2.25
General Reserve	-	230.96	108.71	33.17	22.72	10.00
<b>Profit/(Loss) carried forward to Balance Sheet</b>	<b>452.97</b>	<b>248.13</b>	<b>226.88</b>	<b>242.80</b>	<b>189.69</b>	<b>97.49</b>

The accompanying significant accounting policies (Annexure III) and notes (Annexure IV) are an integral part of this statement.

## ANNEXURE VI

### Summary of Assets & Liabilities, as Restated

Assets & Liabilities of The Company as at the end of each financial year read with significant accounting policies, aftermaking adjustments as stated in notes to accounts, are set out below along with the assets & liabilities as at September 30 2004:

(Rs In million)

CONSOLIDATED BALANCE SHEET	Half year ended September 30,2004	As at Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>APPLICATION OF FUNDS</b>						
<b>Fixed Assets-(A)</b>						
Gross Block	1,173.12	1,080.94	1,015.34	783.42	511.89	347.21
Less Depreciation	350.70	306.19	225.52	162.78	113.48	93.73
Net Block	822.42	774.75	789.82	620.64	398.41	253.48
Less revaluation reserve	28.65	28.67	28.70	28.74	7.76	7.76
<b>Net of revaluation reserve</b>	<b>793.77</b>	<b>746.08</b>	<b>761.12</b>	<b>591.90</b>	<b>390.65</b>	<b>245.72</b>
Pre operative Expenditure	-	-	-	-	-	-
Capital Work in Progress	50.05	7.62	1.15	95.18	32.28	3.34
<b>Total</b>	<b>843.82</b>	<b>753.70</b>	<b>762.27</b>	<b>687.08</b>	<b>422.93</b>	<b>249.06</b>
<b>Investments-(B)</b>	<b>2.49</b>	<b>4.49</b>	<b>2.79</b>	<b>3.63</b>	<b>1.17</b>	<b>2.65</b>
<b>Deferred Tax Assets-( C )</b>	<b>49.05</b>	<b>68.53</b>	<b>13.31</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Assets, Loans &amp; Advances-( D)</b>						
Inventories	1,644.81	1,647.31	1,465.39	982.11	206.10	115.48
Sundry Debtors	2,178.99	1,641.56	1,248.72	889.91	1,062.67	417.30
Cash & Bank Balances	529.17	1,265.06	267.17	451.18	254.87	106.29
Loans & Advances	582.83	465.33	514.75	466.49	300.85	188.63
Other Current Assets	1,980.05	1,700.27	706.25	335.98	223.17	80.32
<b>Total</b>	<b>6,915.85</b>	<b>6,719.53</b>	<b>4,202.28</b>	<b>3,125.67</b>	<b>2,047.66</b>	<b>908.02</b>
<b>Total Assets (A+B+C+D)= E</b>	<b>7,811.21</b>	<b>7,546.25</b>	<b>4,980.65</b>	<b>3,816.38</b>	<b>2,471.76</b>	<b>1,159.73</b>
<b>Liabilities and Provisions</b>						
Secured Loans	2,175.11	2,377.91	1,801.92	1,198.05	658.75	290.67
Unsecured Loans	447.62	187.94	28.12	0.44	1.37	124.56
Deferred Income Tax	102.91	139.79	172.08	114.97	70.17	49.78
Current Liabilities	2,813.37	2,704.63	1,913.26	1,542.97	898.37	419.11
Provisions	13.01	67.95	44.48	37.48	39.40	22.02
<b>Total Liabilities= F</b>	<b>5,552.02</b>	<b>5,478.22</b>	<b>3,959.86</b>	<b>2,893.91</b>	<b>1,668.06</b>	<b>906.14</b>
<b>NET WORTH (E-F)</b>	<b>2,259.19</b>	<b>2,068.03</b>	<b>1,020.79</b>	<b>922.47</b>	<b>803.70</b>	<b>253.59</b>

Rs In million						
CONSOLIDATED BALANCE SHEET	Half year ended September 30,2004	As at Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>REPRESENTED BY</b>						
Share Capital	168.63	106.19	104.97	104.44	104.44	61.44
Advance Against Share Application Money	5.00	785.01	0.09	-	-	-
Reserve & Surplus	2,111.35	1,202.45	943.25	845.93	705.58	198.92
Less : revaluation reserve	28.65	28.67	28.70	28.74	7.76	7.76
<b>Net of revaluation reserve</b>	<b>2,082.70</b>	<b>1,173.78</b>	<b>914.54</b>	<b>817.19</b>	<b>697.82</b>	<b>191.16</b>
Minority Interest	2.85	3.05	1.19	0.84	1.44	0.99
<b>NET WORTH</b>	<b>2,259.19</b>	<b>2,068.03</b>	<b>1,020.79</b>	<b>922.47</b>	<b>803.70</b>	<b>253.59</b>
The accompanying significant accounting policies (Annexure III) and notes (Annexure IV) are an integral part of this statement.						

# **ANNEXURE-V.a**

## **CASH FLOW STATEMENT**

(Rs. in million)

	For the Half year ended September 30, 2004		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002	
A. CASHFLOW FROM OPERATING ACTIVITIES								
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		204.89		344.30		196.14		168.92
Adjustment for:								
Depreciation	44.72		81.76		88.54		52.05	
Dividend received on investments	-		-		-		(0.02)	
Profit/Loss on sale of fixed assets	0.01		1.44		1.02		4.00	
Employees Compensation under ESOP	15.75		7.03		4.56		2.23	
Provision for doubtful Amounts & Bad debts Written Off	-		73.20		30.56		-	
Loss on sale of Bonds/ Investments	-		32.07		-		-	
Interest paid (net)	102.94	163.42	172.98	368.48	145.77	270.45	123.74	182.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		368.31		712.78		466.59		350.92
Adjustment for:								
Trade and other receivables	(908.75)		(1,456.46)		(760.68)		3.41	
Inventories	2.50		(181.93)		(483.29)		(776.01)	
Interest Receipts	35.75		45.30		42.44		24.12	
Trade Payables	60.28		793.32		373.38		645.55	
Extraordinary item (Issue Expenses)	(29.28)	(839.50)	-	(799.77)	-	(828.15)	-	(102.93)
CASH GENERATED FROM OPERATIONS		(471.19)		(86.99)		(361.56)		247.99
Interest and Finance Charges Paid	(138.69)		(218.28)		(188.21)		(147.86)	
Direct taxes paid	(49.89)	(188.58)	(80.74)	(299.02)	(71.24)	(259.45)	(84.74)	(232.60)
CASHFLOW BEFORE EXTRAORDINARY ITEMS		(659.77)		(386.01)		(621.01)		15.39

	For the Half year ended September 30, 2004		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002	
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>								
Purchase of Fixed Assets	(135.29)		(75.37)		(165.90)		(325.63)	
Sale of Fixed Assets, etc. (Amount realised)	0.36		0.59		1.01		4.35	
Purchase/sale of Investments	2.00		(1.70)		0.84		(2.46)	
Loss on Sale of Bonds	-		(32.07)		-		-	
Dividend Received	-		-		-		0.02	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(132.93)		(108.55)		(164.05)		(323.72)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>								
Proceeds from issue of Share Capital	62.34		3.14		1.11		0.47	
Proceeds from Share Application Money pending Allotment	(780.01)		785.01		-		-	
Proceeds from share premium	717.60		-		-		-	
Proceeds from L.T. Borrowings(net of repayments)	(163.49)		253.00		514.86		611.23	
Proceeds from S.T. Borrowings ( net of repayments)	220.37		482.81		116.69		(72.85)	
Dividends paid	-		(31.52)		(31.60)		(34.21)	
<b>NET CASH FROM FINANCING</b>		56.81		1,492.44		601.06		504.64
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(735.89)		997.88		(184.00)		196.31
<b>CASH AND CASH EQUIVALENTS (Opening Balance)</b>		1,265.06		267.18		451.18		254.87
<b>CASH AND CASH EQUIVALENTS (Closing Balance)</b>		529.17		1,265.06		267.18		451.18



## ANNEXURE-V.b

### Secured loans

The details of Secured Loans are as below:

(Rs. in million)

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Term Loans from Financial Institutions/Banks	839.59	993.43	1,111.99	587.06	203.40	91.02
Interest Accrued & due on Term loans from Financial Institutions	-	-	-	-	-	-
Project specific Term Loans	475.83	503.25	120.00	190.00	-	-
Earth Moving Equipments and vehicle loans from banks & NBFC's	108.30	90.53	102.22	42.29	4.72	7.47
<b>Total</b>	<b>1,423.72</b>	<b>1,587.21</b>	<b>1,334.21</b>	<b>819.35</b>	<b>208.12</b>	<b>98.49</b>
Working Capital Demand Loans from Consortium Banks	706.39	645.70	423.38	378.70	450.63	192.18
Working Capital Loans - Project Specific	45.00	145.00	44.33	-	-	-
<b>Total</b>	<b>751.39</b>	<b>790.70</b>	<b>467.71</b>	<b>378.70</b>	<b>450.63</b>	<b>192.18</b>
<b>Total Secured Loans</b>	<b>2,175.11</b>	<b>2,377.91</b>	<b>1,801.92</b>	<b>1,198.05</b>	<b>658.75</b>	<b>290.67</b>

### Unsecured loans

The details of Unsecured Loans are as below:

(Rs. in million)

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Unsecured Loans</b>						
Deposits from Public	30.12	39.25	7.18	0.44	1.37	11.67
Loan from Banks	400.00	125.69	-	-	-	111.67
Inter Corporate Deposits	-	-	3.00	-	-	-
Deposits from Promoters (Related Party)	17.50	23.00	17.50	-	-	1.21
Privately Placed NCD's	-	-	-	-	-	0.01
From others	-	-	0.44	-	-	-
<b>Total Unsecured Loans</b>	<b>447.62</b>	<b>187.94</b>	<b>28.12</b>	<b>0.44</b>	<b>1.37</b>	<b>124.56</b>

## ANNEXURE-V.c

### Loans and Advances

The details of Loans and advances are as below:

(Rs. in million)

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Secured Loans</b>	76.97	74.29	85.73	61.70	55.23	186.21
Advance to Joint Venture	31.86	36.94	37.29	53.55	2.53	-
Advances recoverable in cash or kind or for the value to be received	310.91	188.43	154.55	155.12	153.23	4.27
Advance Tax (Net of Provisions)	227.93	201.97	159.73	128.12	49.36	1.19
<b>Total</b>	<b>647.67</b>	<b>501.63</b>	<b>437.30</b>	<b>398.49</b>	<b>260.35</b>	<b>191.67</b>
Less: Provision for doubtful advances	64.84	36.30	10.60	4.45	1.60	-
Loans & Advance net of Provisions	<b>582.83</b>	<b>465.33</b>	<b>426.70</b>	<b>394.05</b>	<b>258.75</b>	<b>191.67</b>
Adjustment INCOME TAX	-	(88.05)	-	-	-	-
Distributed to respective years	-	-	15.60	30.35	45.14	(3.04)
Cumulative effect	-	88.05	72.44	42.10	(3.04)	-
Adjusted Advance tax	-	-	88.05	72.44	42.10	(3.04)
<b>Total - As per Audited Statement</b>	<b>582.83</b>	<b>465.33</b>	<b>602.79</b>	<b>538.94</b>	<b>342.95</b>	<b>185.58</b>
<b>Adjusted Loans &amp; Advances</b>	<b>582.83</b>	<b>465.33</b>	<b>514.75</b>	<b>466.49</b>	<b>300.85</b>	<b>188.63</b>

## ANNEXURE-V.d

### OTHER CURRENT ASSETS

Details of Other Current Assets

(Rs. in million)

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Interest accrued other than on investments	19.50	14.28	6.99	8.56	5.25	-
Security Deposits	431.10	410.87	285.12	186.97	144.20	64.10
Other deposits	84.42	123.60	76.16	142.52	76.04	16.22
	<b>535.02</b>	<b>548.75</b>	<b>368.27</b>	<b>338.05</b>	<b>225.49</b>	<b>80.32</b>
Less: Provision for doubtful advances	9.65	6.26	10.38	2.07	2.32	-
	<b>525.37</b>	<b>542.49</b>	<b>357.89</b>	<b>335.98</b>	<b>223.17</b>	<b>80.32</b>
Unbilled Revenue	1,454.68	1,157.78	348.36	-	-	-
<b>Total Other Current Assets</b>	<b>1,980.05</b>	<b>1,700.27</b>	<b>706.25</b>	<b>335.98</b>	<b>223.17</b>	<b>80.32</b>

## ANNEXURE-V.e

### Sundry Debtors

The details of Sundry Debtors are as below:

(Rs. in million)

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
<b>Debts outstanding for a period exceeding six months</b>						
Considered good	447.25	253.11	267.13	334.45	75.94	88.32
Less Provision for doubtful debts	31.06	29.18	4.58	2.33	1.56	-
	<b>416.19</b>	<b>223.93</b>	<b>262.55</b>	<b>332.12</b>	<b>74.38</b>	<b>88.32</b>
<b>Debts outstanding for a period not exceeding six months</b>						
Considered good	1,762.80	1,417.63	986.17	557.79	988.29	328.98
<b>Total Sundry debtors</b>	<b>2,178.99</b>	<b>1,641.56</b>	<b>1,248.72</b>	<b>889.91</b>	<b>1,062.67</b>	<b>417.30</b>

## ANNEXURE-V.f

### CURRENT LIABILITIES

Details of Current Liabilities

(Rs. in million)

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Advances received from contractee-clients(Secured)						
- Payable within twelve months	223.26	276.77	5.60	86.84	68.47	10.37
- Payable beyond twelve months	257.04	261.27	481.39	371.62	61.66	100.58
Trade deposits payable beyond twelve months - Unsecured	71.10	59.02	73.22	23.83	-	-
Sundry creditors	2,175.76	2,072.16	1,295.77	1,056.64	763.14	-
Other Liabilities	22.47	31.61	49.70	-	1.51	304.67
Unclaimed dividends	0.04	0.08	0.12	0.39	0.07	-
Dividend Payable	50.59	-	-	-	-	-
Interest accrued but not due	13.11	3.73	7.46	3.64	3.29	-
<b>TOTAL</b>	<b>2,813.37</b>	<b>2,704.64</b>	<b>1,913.26</b>	<b>1,542.96</b>	<b>898.14</b>	<b>415.62</b>
Prior period Expenses	-	-	-	(0.23)	(3.38)	(2.24)
Adjustment towards Prior period Expenses	-	-	-	-	0.13	5.73
Cumulative effect	-	-	-	0.23	3.48	-
Adjusted Current Liabilities	2,813.37	2,704.64	1,913.26	1,542.96	898.37	419.11

### PROVISIONS

Details of Provisions

Particulars as on	September 30,2004	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Proposed dividend	-	50.59	31.49	31.33	31.33	11.23
Tax thereon	-	6.48	4.03	-	3.20	2.25
Provision for gratuity	8.68	6.43	5.56	3.79	2.86	2.86
Provision for Bonus	-	-	-	-	-	4.02
Provision for Tax	-	-	-	-	-	-
Provision for leave encashment	4.33	4.45	3.40	2.36	2.01	1.66
<b>TOTAL</b>	<b>13.01</b>	<b>67.95</b>	<b>44.48</b>	<b>37.48</b>	<b>39.40</b>	<b>22.02</b>

### ANNEXURE-V.g

#### STATEMENT GIVING DETAILS OF OTHER INCOME FOR THE FOLLOWING YEARS/PERIOD

	For half year ending September 30,2004	Financial Year/Period Ended					Nature of Income	Related or not related to business
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000		
SOURCES OF INCOME								
Scrap Sales	3.83	1.74	1.15	0.25	0.34	0.65	Recurring	Related
Lease Rental	-	-	-	-	4.20	6.00	Non-recurring	Not related
Dividend on Chits	-	-	-	0.12	0.58	1.03	Non-recurring	Not related
Rent Receipts	0.06	0.10	0.09	0.13	0.13	0.08	Recurring	Related
Miscellaneous Receipts	4.52	15.48	8.23	12.52	2.09	0.85	Non-recurring	Related
Excess Provision written bank	0.24	8.20	1.32	1.78	3.00	-	Non-recurring	Related
<b>Total</b>	8.65	25.52	10.79	14.80	10.34	8.61		
Net Profit after tax as restated	204.84	309.28	128.32	117.61	149.44	76.73		
Percentage (%)	4.22	8.25	8.41	12.58	6.92	11.22		

Note: The classification of Income into recurring and non –recurring is based on the current operations and business activity of the Company

### ANNEXURE-V.h

#### SUMMARY ACCOUNTING RATIOS FOR THE FOLLOWING YEARS AND SIX MONTHS PERIOD ENDED

Particulars as at	As at September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
1. PAT to Revenue (%)	4.54	3.98	2.90	3.00	5.65	3.63
2. Basic EPS (Rs.)	12.17	29.24	12.28	11.26	14.31	12.49
3. Diluted EPS (Rs.)	12.00	29.21	12.15	11.24	14.28	12.49
4. Cash EPS (Rs.)	14.83	39.19	20.29	15.81	17.59	16.26
5. Return on Net Worth (%) * annualized	18.13	14.96	12.57	12.75	18.59	30.26
7. Net Asset value per Share (Rs.)	134.28	195.49	97.72	88.32	76.95	41.27
No. of Equity Shares (Basic)	16,824,802	10,578,844	10,445,786	10,444,200	10,444,200	6,144,200
No. of Equity Shares (Diluted)	17,068,663	10,586,847	10,564,305	10,460,522	10,462,478	6,144,200

#### Notes to Accounting Ratios:

1. Profit after tax a percentage to Revenue has been computed by dividing Profit after tax by Total Income for each Financial Year.
2. Earning per Share represents earning per Share calculated on the basis of Profit after tax and before extraordinary items, divided by average number of Equity Shares (Basic/Diluted) as at the end of the year.
3. Cash earning per Share represents Profit after tax and before extraordinary items plus non cash charges divided by the average number of Equity Shares-Basic as at the end of the year.
4. Net Asset value has been computed on the basis of Net Equity Method (Net Worth at the end of each financial year divided by the average no of Equity Shares – Basic at the end of each financial year).
5. Return on Net worth as a percentage represents Profit after tax before extraordinary items divided by Net worth at the end of each financial year.
6. Profit & Loss as restated has been considered for the purpose of computing the above ratios.

# ANNEXURE-V.i

## RELATED PARTIES TRANSACTIONS

Key Management Personal/Relatives	YEAR	Designation	Remuneration	Dividend	Office rent	Interest Income	Guarantee Commission
i) Mr. E. Sudhir Reddy	September 30, 2004	Vice Chairman and Managing Director	11.16	-	-	3.76	-
	March 31, 2004		20.08	0.71	-	1.92	-
	March 31, 2003		13.37	0.71	-	3.25	-
	March 31, 2002		10.57	0.63	-	-	9.28
	March 31, 2001		7.97	0.70	-	-	10.04
	March 31, 2000		4.74	0.43	-	-	-
ii) Mr. E. Sunil Reddy	September 30, 2004	Whole Time Director	0.72	-	-	0.63	-
	March 31, 2004		1.25	0.47	-	0.01	-
	March 31, 2003		0.93	0.47	-	-	-
	March 31, 2002		0.81	0.42	-	-	3.70
	March 31, 2001		0.64	0.47	-	-	6.22
	March 31, 2000		0.52	0.26	-	-	-
iii) Mr. R. Balarami Reddy	September 30, 2004	Whole Time Director	0.50	-	-	-	-
	March 31, 2004		0.88	0.01	-	-	-
	March 31, 2003		0.65	0.01	-	-	-
	March 31, 2002		0.56	0.01	-	-	-
	March 31, 2001		0.46	0.01	-	-	-
	March 31, 2000	Whole Time Director	0.33	0.01	-	-	-
iv) Mr. K Ashok Reddy	September 30, 2004		0.50	-	-	-	-
	March 31, 2004		0.87	0.01	-	-	-
	March 31, 2003		0.65	0.02	-	-	-
	March 31, 2002		0.56	0.01	-	-	-
	March 31, 2001		0.45	0.01	-	-	-
	March 31, 2000		0.33	0.01	-	-	-

Key Management Personal/Relatives	YEAR	Designation	Remuneration	Dividend	Office rent	Interest Income	Guarantee Commission
v) Mr Sham Prasad Reddy	September 30, 2004	Whole Time Director	-	-	-	-	-
	March 31, 2004		-	-	-	-	-
	March 31, 2003		-	-	-	-	-
	March 31, 2002		1.72	0.24	-	-	12.98
	March 31, 2001		7.97	1.07	-	-	16.25
	March 31, 2000		4.74	0.65	-	-	-
vi) Mr E. Ella Reddy	September 30, 2004	Director	-	-	-	-	-
	March 31, 2004		-	0.02	-	-	-
	March 31, 2003		-	0.02	-	-	-
	March 31, 2002		-	0.02	-	-	-
	March 31, 2001		-	0.02	-	-	-
	March 31, 2000		-	0.02	-	-	-
v) Relatives	September 30, 2004		-	-	0.15	-	-
	March 31, 2004		-	1.93	0.30	-	-
	March 31, 2003		-	2.03	0.09	-	-
	March 31, 2002		-	-	0.09	-	-
	March 31, 2001		-	-	0.09	-	-
	March 31, 2000		-	-	0.09	-	-

## ANNEXURE-V.j

### SUMMARY OF INVESTMENTS

Particulars as at	As at September 30,2004	Financial Year/Period Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Equity Shares	0.29	0.79	0.79	1.63	0.76	2.65
Units of Mutual Funds	-	1.50	-	-	-	-
Bonds/Others	2.20	2.20	2.00	2.00	0.41	-
<b>Total</b>	<b>2.49</b>	<b>4.49</b>	<b>2.79</b>	<b>3.63</b>	<b>1.17</b>	<b>2.65</b>
Aggregate Book value of quoted investments	0.08	0.08	0.08	0.66	0.66	1.65
Aggregated Market value of quoted investments	0.14	0.13	0.10	4.57	0.42	1.56
Aggregated Book value of un-quoted investments	2.41	4.41	2.71	2.97	0.51	1.00

## Significant Accounting Policies

### 1. Basis of Preparation

The financial statements have been prepared under the historical cost convention (in the case of revaluation of fixed assets, at revalued figures) in accordance with Generally Accepted Accounting Principles (GAAP) comprising of the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956

### 2. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises inward freight, duties and taxes, incidental expenses including borrowing costs relating to acquisition and any attributable cost of bringing the asset to its working condition for its intended use.

Capital Work in Progress comprises advances paid to acquire fixed assets, and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

### 3. Depreciation

Depreciation is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

(a)	Steel Shuttering	10%
(b)	Wood shuttering materials	33.33%
(c)	Pucca sheds and land acquired for quarrying	Over the period of the Project on project-to-project basis.
(d)	Fixed Assets costing less than Rs. 5,000	Fully depreciated when they are put to use

### 4. Use of Accounting Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and warranty costs.

### 5. Investments

Long term Investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature. Short term investments are stated at lower of cost and market value.

### 6. Revenue Recognition

Contract Revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

An expected loss on the construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.

Price escalation and other claims and /or, variation in the contract work are included in contract revenue only when Negotiations have reached an advanced stage such that it is probable that customer will accept the claim; and the amount that is probable will be accepted by the customer can be measured reliably.

Incentive payments, as per customer-specified performance standards, are included in contract revenue only when the contract is sufficiently advanced and that it is probable that the specified performance standards will be met and the amount of the incentive payment can be measured reliably.

Revenue from sale of properties shall be recognised based on the terms of agreement with buyers. If the agreement conditions specify that the date of sale would be determined with reference to the date of execution of sale deed for the underlying property, revenue shall be recognised on the date of execution of the sale deed.

Revenue from Service provided / sale of goods is recognised based on the terms of agreement with clients

Interest is recognised using the time proportion method, based on rates implicit in the transaction.

#### **7. Revenue receipts on joint venture contracts**

In work sharing Joint Venture arrangements, (AOP) the revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

In profit sharing Joint Venture entities, (AOP) the services rendered to such Joint Ventures are accounted for as income on accrual basis. The Company's share of profit / loss is accounted for as and when determined by those Joint Venture entities.

In jointly controlled entities, the share of income and expenses is proportionately taken by way of line addition as per arrangement between the joint venturers.

#### **8. Foreign currency transactions**

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates

Resultant exchange differences arising on payment or conversion of liabilities are recognised as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed asset.

#### **9. Borrowing costs**

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of that asset. A qualifying asset is one that requires substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **10. Retirement benefits**

Company's contribution to provident fund and superannuation fund is charged to the Profit & Loss Account.

In terms of the Superannuation Scheme of the Company, certain employees of the Company are covered in the defined contribution plan. Under this plan, the Company makes annual contributions, up to the reporting date, to an approved Superannuation Fund under a policy with Life Insurance Corporation of India. The Company has no further obligations on this account.

Provision in the accounts for Liability towards Gratuity and leave encashment benefits to employees is based on actuarial valuation.

#### **11. Income Tax**

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit/ (loss) for the year.

Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax asset to the extent it pertains to brought forward losses and unabsorbed depreciation, is recognised only to the extent that there is virtual certainty of realisation, based on expected profitability in the future as estimated by the Company.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

#### **12. Earnings per Share**

The earnings considered in ascertaining the Company's EPS comprises the net profit / (loss) after tax. The number of

shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of adjustments becomes anti-dilutive.

## B. NOTES ON CONSOLIDATED ACCOUNTS

1. All amounts in the financial statements are presented in Rupees in million except amount per share and as otherwise stated. Figures in brackets represent corresponding previous year figures. Figures for the previous year have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

### 2. CRITERIA FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 IVRCL Infrastructures & Projects Limited has presented consolidated Financial Statements by consolidating its stand-alone financial statements with those of its Subsidiaries and Joint Ventures in accordance with Accounting Standard-21 (Consolidated Financial Statements) and Accounting Standard-27 (Financial Reporting of Interests in Joint Ventures under the Indian GAAP).

2.2 The Financial statements of each of those Subsidiaries and Joint Ventures are prepared according to Uniform Accounting Policies and in accordance with the generally accepted accounting principles & Accounting policies of the Parent Company. The effects of inter-Company transactions between consolidated companies/entities are eliminated in consolidation.

3. Disclosure of Particulars regarding subsidiaries and Joint Ventures considered in the consolidation for the year of account:

Names Of Subsidiaries	Controlling Interest With Voting Power	Country Of Incorporation
IVR Enviro Projects Private Ltd.	89.94%	India
IVRCL PSC Pipes Private Ltd.	66.43%	India
IVR Prime Urban Developers Ltd.	99.99%	India
First STP Private Ltd.	95.00%	India

Name of the Joint Ventures	Share of Interest
SPCL-IVRCL (JV) (AOP)	49% (Jointly Controlled Operations)
IVRCL-TANTIA (JV) (AOP)	50% (Jointly Controlled Entity)
UAN RAJU – IVRCL Construction (JV) (AOP)	51% (Jointly Controlled Operations)

### 4. Principles of consolidation:

- 4.1 The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions including those resulting in un-realised profits or losses, unless cost cannot be recovered.
- 4.2 The difference between the costs of investments in the subsidiary companies over the net assets is recognised in the financial statements as Goodwill upon consolidation.
- 4.3 The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the parent Company i.e., September 30, 2004.
- 4.4 Investments in associate companies have been accounted as per Accounting Standard-23 under Indian GAAP.
- 4.5 Share of Minority interests, arising out of net profit/losses of subsidiaries consolidated for the year, is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the Company.

- 4.6 Share of Minority interests, arising out of net assets of consolidated subsidiaries, is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity attributable to the shareholders of the Company.
- 4.7 In reporting of Joint Venture interests, Consolidated Accounts reflect the substance and economic reality of the arrangement between the ventures and the control over each venture's share of economic benefits through their respective share of assets and liabilities, irrespective of the structure or form.
- 4.8 In respect of the Jointly Controlled entity, M/s IVRCL-TANTIA(JV), proportionate consolidation has been done. In respect of Jointly Controlled operations, the assets controlled, the liabilities / expenses incurred and the income earned from the Joint Venture operations have been recognised both in the stand-alone financial statements of the Company and, consequently, in the Consolidated Accounts.

Contingent Liabilities Not provided for in respect of	Half year ended September 30,2004	As at Financial Year Ended				
		March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000
Bank Guarantees/Letters of Credit issued by the Banks on behalf of the Company (Net of Margins)	3703.58	2830.30	2001.44	1144.46	585.45	354.34
Corporate Guarantees issued by the Company on behalf of its subsidiaries	688.10	840.98	922.50	706.67	85.00	-
Claims against the Company not acknowledged as debts	18.50	18.50	4.13	4.13	4.13	-
Income tax matters contested in Appeal	124.42	13.55	13.55	13.55	13.55	13.55
Estimated amount of contracts remaining to be executed on capital account and not provided for(net of advances)	-	-	-	48.66	8.98	-
<b>Total</b>	<b>4534.60</b>	<b>3703.33</b>	<b>2,941.62</b>	<b>1917.47</b>	<b>697.11</b>	<b>367.89</b>

**LIST OF SUBSIDIARY COMPANIES AND AUDITORS FOR THE RESPECTIVE YEARS**

<b>Year end</b>	<b>Name of the Subsidiary</b>	<b>Name of the Auditor</b>
March 31, 2000	IVR-Prime Urban Developer Ltd IVR Enviro Project Private Ltd IVRCL PSC Pipes Private Ltd. First STP Private Ltd.	T.Vijay Kumar  G.Ranga Reddy & Co.
March 31, 2001	IVR-Prime Urban Developer Ltd IVR Enviro Project Private Ltd IVRCL PSC Pipes Private Ltd. First STP Private Ltd.	T.Vijay Kumar  G.Ranga Reddy & Co.
March 31, 2002	IVR-Prime Urban Developer Ltd IVR Enviro Project Private Ltd IVRCL PSC Pipes Private Ltd. First STP Private Ltd.	T.Vijay Kumar  G.Ranga Reddy & Co.
March 31, 2003	IVR-Prime Urban Developer Ltd IVR Enviro Project Private Ltd IVRCL PSC Pipes Private Ltd. First STP Private Ltd.	T.Vijay Kumar  G.Ranga Reddy & Co.
March 31, 2004	IVR-Prime Urban Developer Ltd IVR Enviro Project Private Ltd IVRCL PSC Pipes Private Ltd. First STP Private Ltd.	T.Vijay Kumar  G.Ranga Reddy & Co.
September 30, 2004	IVR-Prime Urban Developer Ltd IVR Enviro Project Private Ltd IVRCL PSC Pipes Private Ltd. First STP Private Ltd.	T.Vijay Kumar  G.Ranga Reddy & Co.

## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS**

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 Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Andhra Pradesh, at Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the Head office of our Company situated at 8-2-596, IVth Floor, IVRCL Towers, Road No. 10, Banjara Hills, Hyderabad – 500 034 from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

### **Material Contracts**

1. Letter of appointment dated September 20, 2004 to Enam Financial Consultants Pvt. Ltd. from our Company appointing it as BRLM.
2. Memorandum of Understanding dated January 27, 2005 amongst our Company and the BRLM.
3. Memorandum of Understanding dated December 29, 2004 by our Company and Registrar to the Issue
4. Agreements executed by our Company with Bankers to the Issue.
5. Escrow Agreement dated [●] between [●], [●] and [●]
6. Syndicate Agreement dated [●] between [●] and [●]
7. Underwriting Agreement dated [●] between [●], [●] and [●]

### **Material Documents**

1. Our Memorandum and Articles of Association as amended from time to time
2. Our certification of incorporation dated November 16, 1987
3. Our fresh certificate consequent to a change of name dated September 29, 1994
4. Our fresh certificate consequent to a change of name dated December 6, 1994
5. Our fresh certificate consequent to a change of name dated April 7, 1999
6. Investment Agreement dated April 2, 2004
7. Shareholders' resolutions in relation to this Issue and other related matters such as appointment of auditors, formation and revision of Audit, Remuneration and other committees
8. Resolutions of the Board of Directors and Public Issue Committee
9. Present terms of employment between our Company and Managing Director
10. Report of the statutory auditors, M/s. Chaturvedi & Partners and M/s. Deloitte Haskins & Sells dated January 27, 2005 prepared as per Indian GAAP and mentioned in the Red Herring Prospectus
11. Copies of annual reports of our Company, and our subsidiaries for the years ending March 31, 2001, March 31, 2002, March 31, 2003 March 31, 2004 and for the half year ended September 30, 2004.
12. Copy of Tax Benefit statement dated January 27, 2005 from statutory auditors.
13. Consent of the statutory auditors being M/s. Chaturvedi & Partners and M/s. Deloitte Haskins & Sells for inclusion of their report on accounts in the form and context in which they appear in the Red Herring Prospectus.
14. General Power of Attorney executed by the Director(s) of our Company in favour of Mr. E. Sudhir Reddy, for signing and making necessary changes to the Red Herring Prospectus and other related documents.
15. Consents of the Statutory Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, legal counsel to the Issue, Lenders, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
16. In-principle listing approval dated February 09, 2005 and February 24, 2005 from NSE and BSE respectively.
17. Initial listing applications dated January 31, 2005 and January 31, 2005 filed with NSE and BSE respectively.



18. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated March 04, 2005.
19. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated January 13, 2005.
20. Stabilisation Agreement dated January 27, 2005.
21. Due diligence certificate dated January 28, 2005 to SEBI from Enam Financial Consultants Pvt. Ltd.
22. SEBI observation letter No. CFD/DIL/34725/2005 dated February 25, 2005.

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 the company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the companies act and other relevant statutes.

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and fair.

## **CONFIRMATION**

All provisions of the Securities Contract (Regulation) Act, 1956 and the provisions of the Securities Contract Regulation Rules, 1957, as applicable and terms of the listing agreements have been complied with and continuous disclosures have been made thereunder.

### **SIGNED BY ALL THE DIRECTORS OF IVRCL INFRASTRUCTURES & PROJECTS LTD.**

Mr. Arvind Pande, Chairman

Mr. E. Sudhir Reddy, Vice Chairman & Managing Director

Mr. R. C. Sinha, Director

Mr. E. Ella Reddy, Director

Mr. K. Ashok Reddy, Director-Resources

Mr. R. Balarami Reddy, Director-Finance

Mr. E. Sunil Reddy, Director-Legal

Mr. T. N. S Chaturvedi, Director

Mr. Ashish Dhawan, Director

Mr. Vivek Chhachhi, Director

Mr. T.R.C.Bose, Director

### **SIGNED BY VICE CHAIRMAN & MANAGING DIRECTOR**

Mr. E. Sudhir Reddy

### **SIGNED BY CHIEF FINANCIAL OFFICER**

Mr. R. Balarami Reddy  
(DIRECTOR FINANCE)

Date : March 10, 2005

Place : Hyderabad