

**RED HERRING PROSPECTUS**

Dated November 02, 2010

Please read Section 60B of the Companies Act, 1956

(To be updated upon ROC filing)

**100% Book Building Issue****R.P.P. INFRA PROJECTS LIMITED**

Our Company was originally incorporated as R.P.P. Constructions (Private) Limited on May 4, 1995 under the Companies Act, 1956. Subsequently the name of our Company was changed to R.P.P. Infra Projects Private Limited on November 27, 2009. Our Company was subsequently converted to a public limited company pursuant to a Special Resolution passed at the Shareholders Meeting held on January 21, 2010. Our Company was issued a Fresh Certificate of Incorporation by the Registrar Of Companies, Coimbatore on March 8, 2010.

**Registered Office:** P and C Tower, 140, Perundurai Main Road, Erode 638 011, India. For changes in the registered office, please see the section titled "History and Certain Corporate matters" beginning on page 123 of this Red Herring Prospectus. **Telephone:** + 91 424 225 9022 **Facsimile:** +91 424 225 3130

**Contact Person:** Ms. S. Saritha, Company Secretary and Compliance Officer; **E-mail:** ipo@rppipl.com; **Website:** www.rppipl.com

**Promoters of our Company:** Mr. P. Arul Sundaram and Ms. A. Nithya

**PUBLIC ISSUE OF 65,00,000 EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS.[●] LAKHS, COMPRISING OF A FRESH ISSUE OF 61,00,000 EQUITY SHARES BY R.P.P. INFRA PROJECTS LIMITED AND AN OFFER FOR SALE OF 4,00,000 EQUITY SHARES BY THE PROMOTERS, ("THE SELLING SHAREHOLDERS"). THE FRESH ISSUE AND THE OFFER FOR SALE ARE JOINTLY REFERRED TO AS THE "ISSUE". THE ISSUE COMPRISES OF A RESERVATION OF 4,00,000 EQUITY SHARES FOR ELIGIBLE EMPLOYEES OF RS. 10 EACH (THE "EMPLOYEE RESERVATION PORTION") AND A NET ISSUE TO THE PUBLIC OF 61,00,000 EQUITY SHARES OF RS.10 EACH (THE "NET ISSUE"). THE ISSUE WILL CONSTITUTE 28.76% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY. THE NET ISSUE WILL CONSTITUTE 26.99% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY.**

**PRICE BAND: RS.[●] TO RS.[●] PER EQUITY SHARE OF FACE VALUE RS.10 EACH.  
THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES  
THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.**

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

This Issue is being made through the 100% book building process wherein upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**RISKS IN RELATION TO THE FIRST ISSUE**

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

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of 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 statements in the section "Risk Factors" beginning on page 12 of this Red Herring Prospectus.

**COMPANY'S & SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY**

The Company and the Selling Shareholders, 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 that is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**IPO GRADING**

This Issue has been graded by Fitch Ratings India Private Limited and has been assigned the "IPO Grade 2" indicating Average Fundamental, through its letter dated October 22, 2010. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For details regarding the grading of the Issue, see the section "General Information" beginning on page 35 of this Red Herring Prospectus.

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated June 25, 2010 and August 24, 2010, respectively. For the purposes of the Issue, the BSE shall be the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGER****VC CORPORATE ADVISORS PRIVATE LIMITED**

31, Ganesh Chandra Avenue

2nd Floor, Suite No. 2C, Kolkata 700 013, India

**Telephone:** +91 33 2225 3940 /3941 /4116**Facsimile:** +91 33 2225 3941**Email:** mail@vccorporate.com**Investor Grievance:** grievance@vccorporate.com**Contact Person:** Mr. Anup Kumar Sharma**Website:** www.vccorporate.com**SEBI registration number:** INM000011096**REGISTRAR TO THE ISSUE****CAMEO****CAMEO CORPORATE SERVICES LIMITED**

Subramaniam Building # 1, Club House Road

Chennai 600 002, India.

**Telephone:** +91 44 2846 0390**Facsimile:** +91 44 2846 0129**Email:** rppipo@cameoindia.com**Contact Person:** Mr. R.D. Ramaswamy**Website:** www.cameoindia.com**SEBI registration number:** INR000003753**BID/ISSUE PROGRAM****BID/ISSUE OPENS ON : THURSDAY, NOVEMBER 18, 2010****BID/ISSUE CLOSING ON : MONDAY, NOVEMBER 22, 2010**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

#### Company Related Terms

| Term                                            | Description                                                                                                           |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| "R.P.P.Infra Projects Limited" or "our Company" | R.P.P. Infra Projects Limited, a public limited company incorporated under the provisions of the Companies Act, 1956. |
| "We" or "us" and "our"                          | Unless the context otherwise require, refers to R.P.P. Infra Projects Limited.                                        |
| AOA/Articles/Articles of Association            | Articles of Association of our Company                                                                                |
| Auditors                                        | The statutory auditors of our Company being M/s Karthikeyan & Jayaram, Chartered Accountants.                         |
| Board of Directors / Board/ Directors           | The Board of Directors of our Company                                                                                 |
| Bankers to our Company                          | Axis Bank Limited, Indian Overseas Bank and ICICI Bank Limited.                                                       |
| Equity Shares                                   | Equity Shares of our Company of face value of Rs.10 each unless otherwise specified in the context thereof            |
| Group Companies                                 | Dexterity Business Analysts Private Limited, SPAC Tapioca Products (India) Limited and M/s RPP Sago Factory           |
| MOA/Memorandum/Memorandum of Association        | Memorandum of Association of our Company                                                                              |
| Promoters                                       | Mr. P.Arul Sundaram and Ms. A. Nithya                                                                                 |
| Registered Office of our Company                | P and C Tower, 140, Perundurai Main Road, Erode 638 011, India.                                                       |

#### Issue Related Terms

| Term                                           | Description                                                                                                                                                                                                  |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BRLM Agreement                                 | The Agreement entered into on May 17, 2010 between our Company and BRLM pursuant to which certain arrangements are agreed in relation to the Issue.                                                          |
| Allotment/ Allotment of Equity Shares          | Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.                                                                                                                        |
| Allottee                                       | The successful bidder to whom the Equity Shares are being / have been issued.                                                                                                                                |
| Application Supported by Blocked Amount / ASBA | An application for subscribing to an issue containing an authorization to block the application money in a bank account                                                                                      |
| ASBA Investors/ Bidder                         | Any Bidder who/which intends to apply through ASBA and is applying through blocking of funds in a bank account with an SCSB.                                                                                 |
| ASBA Bid cum Application Form or ASBA          | The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus. |
| ASBA Revision Form                             | The forms used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Forms (if submitted in physical form).                                                     |
| Bid                                            | An indication to make an offer during the Bid/Issue Period by a Bidder (other than an ASBA Bidder), pursuant to submission of a Bid cum Application Form to                                                  |

| <b>Term</b>                      | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  | <p>subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period, pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares of our Company.</p>                    |
| Bid Amount                       | The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.                                                                                                                                                                                                                        |
| Bid/ Issue Closing Date          | The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and a Tamil regional newspaper.                                                                                                                                             |
| Bid/ Issue Opening Date          | The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper and a Tamil regional newspaper.                                                                                                                                     |
| Bid-cum-Application Form         | The form in terms of which the Bidder (including the format of such application form used by the ASBA Bidder that can be either physical or electronic) shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and Prospectus.                          |
| Bidder                           | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including the ASBA Bidders.                                                                                                                                                                                                                 |
| Bidding / Issue Period           | The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.                                                                                                                                                                                                          |
| Book Building Process            | Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is made.                                                                                                                                                                                                                                                |
| BRLM / Book Running Lead Manager | The Book Running Lead Manager, for the Issue being VC Corporate Advisors Private Limited.                                                                                                                                                                                                                                                                                  |
| Cap Price                        | The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.                                                                                                                                                                                                                                               |
| Controlling Branches             | Such branches of the SCSBs which co-ordinate Bids under this Issue made by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>                                                                                                                  |
| Cut-Off / Cut-Off Price          | The Issue Price finalised by our Company and the Selling Shareholders in consultation with the BRLM and it shall be any price within the Price Band. Only Retail Individual Bidders whose Bid Amount does not exceed Rs.1,00,000 are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.                |
| Depository Act                   | The Depositories Act, 1996.                                                                                                                                                                                                                                                                                                                                                |
| Depository                       | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996.                                                                                                                                                                                                                                                                         |
| Depository Participant           | A depository participant as defined under the Depositories Act.                                                                                                                                                                                                                                                                                                            |
| Designated Branches              | Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form from the ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> .                                                                                                                                                                   |
| Designated Date                  | The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders. |
| Designated Stock Exchange        | Bombay Stock Exchange Limited                                                                                                                                                                                                                                                                                                                                              |

| <b>Term</b>                           | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Draft Red Herring Prospectus          | This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue.                                                                                                                                                                                                                                                                                                                                                                                     |
| Eligible NRI                          | NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Eligible Employees                    | Permanent and full-time employee of the Issuer, working in India or abroad or of the holding company or subsidiary company or of that material associate(s) of the issuer whose financial statements are consolidated with the Issuer's financial statements as per Accounting Standard 21, or a director of the Issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse) on the date of submission of the Bid-cum-Application form. |
| Employee Reservation Portion          | The Portion of Issue being up to 4,00,000 Equity Shares available for allocation to Eligible Employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Equity Shares                         | Equity Shares of our Company of face value of Rs.10 each unless otherwise specified in the context thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Escrow Account(s)                     | Account(s) opened with Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.                                                                                                                                                                                                                                                                                                                                                                                            |
| Escrow Agreement                      | Agreement to be entered into amongst our Company, the Selling Shareholders, the Registrar to this Issue, the Escrow Collection Banks, the Syndicate Member(s) and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (excluding the ASBA Bidders) of the amounts collected, to the Bidders.                                                                                                                                                                                                                                                                         |
| Escrow Collection Bank(s)             | The bank(s), which are clearing members and are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank Limited and ING Vysya Bank Limited.                                                                                                                                                                                                                                                                                                                                                                             |
| FII / Foreign Institutional Investors | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.                                                                                                                                                                                                                                                                                                                                                                                                                            |
| First Bidder                          | The Bidder whose name appears first in the Bid-cum-Application Form or the ASBA Bid cum Application Form or Revision Form.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Floor Price                           | The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| FVCI                                  | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Indian GAAP                           | Generally Accepted Accounting Principles in India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Issue                                 | Issue of 65,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share aggregating to Rs.[●] lakhs, comprising of a fresh issue of 61,00,000 Equity Shares by R.P.P. Infra Projects Limited and an Offer for Sale of 4,00,000 Equity Shares by the Selling Shareholders. The Fresh Issue and the Offer for Sale are jointly referred to as the "Issue". The issue comprises of a reservation of 4,00,000 Equity Shares for Eligible Employees of Rs. 10 each and a Net Issue to the public of 61,00,000 Equity Shares of Rs.10 each.                                           |
| Issue Agreement                       | The agreement entered dated May 17, 2010 executed amongst our Company, the Selling Shareholder and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer.                                                                                                                                                                                                                                                                                                                                                                                                            |
| 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, the Selling Shareholders in consultation with the BRLM on the Pricing Date.                                                                                                                                                                                                                                                                                                                                                                 |
| I. T. Act                             | The Income Tax Act, 1961, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| I. T. Rules                           | The Income Tax Rules, 1962, as amended, except as stated otherwise.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Margin Amount                         | The Bid Amount paid by the Bidder at the time of submission of the Bid                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| <b>Term</b>                                  | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Members of the Syndicate                     | Syndicate Members                                                                                                                                                                                                                                                                                                                                                                                                 |
| Mutual Funds                                 | Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended. Upto 5% of the QIB portion that shall be available for allocation on proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB bidders, including Mutual Funds.                                              |
| Mutual Fund Portion                          | 5% of the QIB portion or 1,52,500 Equity Shares available for allocation to mutual Fund only, out of the QIB Portion.                                                                                                                                                                                                                                                                                             |
| Net Issue                                    | The Issue of Equity Shares other than Equity Shares included in Employee Reservation Portion i.e. 61,00,000 Equity Shares of Rs.10 each.                                                                                                                                                                                                                                                                          |
| Net Proceeds                                 | The Issue Proceeds less the Issue expenses. For further information on the use of Issue Proceeds and Issue expenses, please refer to the section titled "Objects of the Issue" beginning on page 52 of this Red Herring Prospectus.                                                                                                                                                                               |
| Non Institutional Bidders                    | All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.                                                                                                                                                                                                                                                      |
| Non Institutional Portion                    | The portion of this Issue being not less than 15% of the Net Issue consisting of 9,15,000 Equity Shares, available for allocation to Non Institutional Bidders.                                                                                                                                                                                                                                                   |
| Pay-in-Period                                | The period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date.                                                                                                                                                                                                                                                                                                             |
| Price Band                                   | The price band of a minimum price ("Floor Price") of Rs.[●] and the maximum price ("Cap Price") of Rs.[●] and includes revisions thereof.                                                                                                                                                                                                                                                                         |
| Pricing Date                                 | The date on which our Company, the Selling Shareholders in consultation with the BRLM finalises the Issue Price.                                                                                                                                                                                                                                                                                                  |
| Prospectus                                   | The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.                                                                                                                                                 |
| Public Issue Account                         | The bank account opened under Section 73 of the Companies Act with the Banker to the Offer to receive money from the Escrow Accounts on the Designated Date and where the funds transferred by the SCSBs from the ASBA Accounts shall be received.                                                                                                                                                                |
| QIB Portion                                  | Consists of 30,50,000 Equity Shares being upto 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.                                                                                                                                                                                                     |
| Red Herring Prospectus or RHP                | The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Offer. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the opening of the Issue and will become a Prospectus after filing with the RoC after the pricing and allocation. |
| Refund Bankers                               | The bank(s) which is a/ are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being HDFC Bank Limited.                                                                                                                                                                                                                           |
| Refund Account                               | The account opened with Escrow Collection Bank(s), from which refunds, if any, (excluding to the ASBA Bidders) shall be made.                                                                                                                                                                                                                                                                                     |
| Refunds through electronic transfer of funds | Refunds through ECS, Direct Credit, RTGS or the ASBA process, as applicable.                                                                                                                                                                                                                                                                                                                                      |
| Registrar/ Registrar to this Issue           | Cameo Corporate Services Limited.                                                                                                                                                                                                                                                                                                                                                                                 |
| RoC / Registrar of Companies                 | Registrar of Companies, Coimbatore, Tamil Nadu                                                                                                                                                                                                                                                                                                                                                                    |
| Retail Individual                            | Individual Bidders (including HUFs in the name of Karta and Eligible NRIs) who                                                                                                                                                                                                                                                                                                                                    |

| <b>Term</b>                           | <b>Description</b>                                                                                                                                                                                                                                            |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bidders                               | have Bid for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in this Issue.                                                                                                                                                        |
| Retail Portion                        | Consists of 21,35,000 Equity Shares being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).                                                                                                                        |
| Revision Form                         | The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).                                                                                             |
| SCSB Agreement                        | The deemed agreement to be entered into between the SCSBs, the BRLM, the Registrar to the Issue and our Company only in relation to the collection of Bids from the ASBA Bidders.                                                                             |
| Self Certified Syndicate Bank or SCSB | The Banks which are registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> . |
| Selling Shareholders                  | Mr. P. Arul Sundaram and Ms. A. Nithya                                                                                                                                                                                                                        |
| Syndicate                             | The BRLM and the Syndicate Members.                                                                                                                                                                                                                           |
| Syndicate Agreement                   | The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from ASBA Bidders).                                                                                |
| Syndicate Members                     | Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM and in this case, being Comfort Securities Private Limited.                                                                              |
| Transaction Registration Slip/ TRS    | The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.                                                                                                                                                      |
| Underwriters                          | The BRLM and the Syndicate Members.                                                                                                                                                                                                                           |
| Underwriting Agreement                | The Agreement among the Underwriters, the Selling Shareholders and our Company to be entered into on or after the Pricing Date.                                                                                                                               |

### **Conventional and General Terms**

| <b>Term</b>                           | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Companies Act                         | The Companies Act, 1956                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Depositories Act                      | The Depositories Act, 1996                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| FEMA                                  | Foreign Exchange Management Act, 1999 and the rules and regulations issued thereunder.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| FII / Foreign Institutional Investors | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.                                                                                                                                                                                                                                                                                                                                                            |
| Financial Year/ Fiscal/ F.Y.          | The period of twelve (12) months ended March 31 of that particular year.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Indian GAAP                           | Generally Accepted Accounting Principles in India                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Non Resident                          | A person who is not resident in India except NRIs and FIIs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| NRI/ Non-Resident Indian              | A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.                                                                                                                                                                                                                                                                                                                                   |
| Overseas Corporate Body / OCB         | OCB/Overseas Corporate Body - Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue. |
| Person(s)                             | Any individual, sole proprietorship, unincorporated association, unincorporated                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| <b>Term</b>                            | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        | organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Qualified Institutional Buyers or QIBs | A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India. |
| SEBI                                   | The Securities and Exchange Board of India constituted under the SEBI Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| SEBI Act                               | Securities and Exchange Board of India Act, 1992.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| SEBI (ICDR) Regulations                | SEBI (Issue of Capital and Disclosure Requirements) 2009, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| SEBI Takeover Regulations              | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SEBI Insider Trading Regulations       | The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Stock Exchanges                        | BSE & NSE, referred to collectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| TRS or Transaction Registration Slip   | The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| U.S. GAAP                              | Generally Accepted Accounting Principles in the United States of America                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

#### Technical and Industry Terms/Abbreviations

| <b>Term</b> | <b>Description</b>                                                              |
|-------------|---------------------------------------------------------------------------------|
| AGM         | Annual General Meeting                                                          |
| AS          | Accounting Standards issued by the Institute of Chartered Accountants of India. |
| A/c         | Account                                                                         |
| ASBA        | Application Supported by Blocked Amount                                         |
| BG          | Bank Guarantee                                                                  |
| BOOT        | Build, Own, Operate and Transfer                                                |
| BOM         | Bill of Materials                                                               |
| BOT         | Build, Operate and Transfer                                                     |
| BSE         | Bombay Stock Exchange Limited                                                   |
| CDSL        | Central Depository Services (India) Limited                                     |
| CLRA        | Contract Labour (Regulation and Abolition) Act, 1970                            |
| CPWD        | Central Public Works Department                                                 |
| CRISIL      | Credit Rating Information Services of India Limited                             |
| DBFO        | Design Build Finance Operate                                                    |
| DIN         | Director Identification Number                                                  |
| DP          | Depository Participant                                                          |
| ECS         | Electronic Clearing System                                                      |
| EBITDA      | Earnings before Interest, Tax Depreciation and Amortisation                     |
| EGM         | Extraordinary General Meeting of the shareholders                               |
| EMD         | Earnest Money Deposit                                                           |
| EPC         | Engineering Procurement & Commissioning                                         |

| <b>Term</b>    | <b>Description</b>                                                                             |
|----------------|------------------------------------------------------------------------------------------------|
| EPS            | Earnings Per Share                                                                             |
| ESIC           | Employee's State Insurance Corporation                                                         |
| F&B            | Food and Beverage                                                                              |
| FCNR Account   | Foreign Currency Non Resident Account                                                          |
| FIPB           | Foreign Investment Promotion Board                                                             |
| FIs            | Financial Institutions                                                                         |
| F.Y.           | Financial Year                                                                                 |
| GDP            | Gross Domestic Product                                                                         |
| GIR Number     | General Index Registry Number                                                                  |
| GoI/Government | Government of India                                                                            |
| HUF            | Hindu Undivided Family                                                                         |
| IPO            | Initial Public Offering                                                                        |
| ISO            | International Organization for Standardization                                                 |
| IT             | Information Technology                                                                         |
| JV             | Joint Venture                                                                                  |
| LC             | Letter of Credit                                                                               |
| MABG           | Mobilization Advance Bank Guarantee                                                            |
| MOU            | Memorandum of Understanding                                                                    |
| NAV            | Net Asset Value                                                                                |
| NH             | National Highway                                                                               |
| NHAI           | National Highways Authority of India                                                           |
| NHDP           | National Highways Development Project                                                          |
| NOC            | No Objection Certificate                                                                       |
| NPV            | Net Present Value                                                                              |
| NRIs           | Non Resident Indians                                                                           |
| NRE Account    | Non-Resident (External) Account                                                                |
| NRO Account    | Non-Resident (Ordinary) Account                                                                |
| NSDL           | National Securities Depository Limited                                                         |
| NSE            | National Stock Exchange of India Limited                                                       |
| Order Book     | Expected revenues from the uncompleted portions of our existing contracts as of a certain date |
| O&M Contracts  | Operations and Maintenance Contracts                                                           |
| P.A., p.a.     | Per annum                                                                                      |
| P/E Ratio      | Price/Earnings Ratio                                                                           |
| PAN            | Permanent Account Number                                                                       |
| PAT            | Profit After Tax                                                                               |
| PSU            | Public Sector Undertaking                                                                      |
| PWD            | Public Works Department                                                                        |
| PPP            | Public Private Partnership                                                                     |
| QIB            | Qualified Institutional Buyer                                                                  |
| RBI            | Reserve Bank of India                                                                          |
| ROE            | Return on Equity                                                                               |
| RoC            | Registrar of Companies                                                                         |
| RONW           | Return on Net Worth                                                                            |
| SH             | State Highways                                                                                 |
| SRP            | State Roads Project                                                                            |
| SPV            | Special Purpose Vehicle                                                                        |
| Sq. ft.        | Square Feet                                                                                    |
| USD/US\$       | United States Dollar                                                                           |
| VAT            | Value added tax                                                                                |
| YoY            | Year on Year                                                                                   |

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

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial information for the financial years ended March 31, 2010, 2009, 2008, 2007, 2006, 2005 prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve-month (12) period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

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

Any percentage amounts, as set forth in the sections titled "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 12, 99 and 168 respectively of this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial information prepared in accordance with Indian GAAP.

For definitions, see the section titled "Definitions and Abbreviations" beginning on page 2 of this Red Herring Prospectus. In the section entitled "Main Provisions of the Articles of Association" beginning on page 240 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles.

### **Use of Market data**

Market and industry data used in this Red Herring Prospectus has been obtained or derived from industry publications and sources. These 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. Accordingly, no investment decision should be made based on such information. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

Additionally, the extent to which the market and industry data presented in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

### **Currency of Presentation**

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "U.S.\$", "USD", "U.S. Dollar(s)" or "US Dollar(s)" are to United States Dollars, the official currency of the United States of America and all references to GBP or "£" are to Pound Sterling, the official currency of the United Kingdom.

Rs.1.00 Crore = Rs.10.00 million

Rs.1.00 Lakh = Rs.0.10 million

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated based on our financial statement prepared in accordance with Indian GAAP.

### **Exchange Rates**

This Red Herring Prospectus contains translations of certain U.S. Dollar, GBP and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars, GBP and other currency amounts). These have been presented solely to comply with the requirements of SEBI (ICDR) Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar, GBP or other currencies could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate or at all. Unless otherwise specified, all currency translations provided herein have been made based on the RBI reference rate specified at March 31, 2010 which was US\$1.00=Rs. 45.14 and £1.00 = Rs. 60.56 (Source: Reserve Bank of India available at [www.rbi.org.in](http://www.rbi.org.in))

## FORWARD LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as "will", "aim", "is likely to result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward-looking statements".

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

- Our ability to successfully implement strategy, growth and expansion plans;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully carry out the projects and business plans for which funds are being raised through this Issue;
- Implementation risks involved in our projects;
- Changes in political and social conditions in India or in countries where we are executing projects, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our ability to raise capital for our future projects;
- Changes in the value of the Rupee and other currencies;
- Changes in the foreign exchange control regulations in India;
- The performance of the financial markets in India and globally; and
- Changes in the prices of the raw materials and increase in labour cost.

For a further discussion of factors that could cause our actual results to differ from our expectations, see the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 12, 99 and 168, respectively, 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.

Forward looking statements speak only as of the date of this Red Herring Prospectus. Neither our Company, the Selling Shareholders, our Directors and officers, the Underwriters, nor any of our respective affiliates or associates has 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 the final listing and commencement of trading of the Equity Shares allotted pursuant to the Issue on the Stock Exchanges.

## SECTION II: RISK FACTORS

### RISK FACTORS

*The risks and uncertainties described below, together with the other information contained in this Red Herring Prospectus, should be carefully considered before making an investment decision in our Equity Shares. These risks are not the only ones relevant to our Company and our business, but also include risk relevant to the industry and geographic regions in which we operate. Additional risks, not presently known to us or that we currently deem immaterial may also impair our business and operations. To obtain a complete understanding of our Company and prior to making an investment decision, prospective investors should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 99 and 168, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus. If any of the risks described below actually occur, our business prospects, financial condition and results of operations could be materially affected, the trading price of our Equity Shares could decline, and investors could lose all or part of their investment.*

*Prospective investors should pay particular attention to the fact that we are incorporated under the laws of India and are subject to a legal and regulatory environment that differs in certain respects from that of other countries.*

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

#### Internal Risk Factors

- 1. Our Company, Promoters, Group Companies and directors thereof are involved in various litigation, the outcome of which could adversely affect our business and financial operations.***

Summary of litigation are given below:

| No.                                                              | Particulars                                        | No. of cases / disputes | Amount involved where quantifiable (Rs. In Lakhs) |
|------------------------------------------------------------------|----------------------------------------------------|-------------------------|---------------------------------------------------|
| <b>LITIGATION BY AND AGAINST OUR COMPANY</b>                     |                                                    |                         |                                                   |
| <b><i>Litigation against our Company</i></b>                     |                                                    |                         |                                                   |
| 1.                                                               | Civil cases against our Company                    | 4                       | 14.00                                             |
| <b><i>Indirect tax proceedings filed against our Company</i></b> |                                                    |                         |                                                   |
| 1.                                                               | Service tax proceedings                            | 1                       | 620.49 <sup>#</sup>                               |
| <b><i>Litigation filed by our Company</i></b>                    |                                                    |                         |                                                   |
| 1.                                                               | Civil cases filed by our Company                   | 1                       | 363.85                                            |
| <b>LITIGATION BY AND AGAINST OUR GROUP COMPANIES/ ENTITIES</b>   |                                                    |                         |                                                   |
| <b><i>Litigation filed by our Group Companies/ Entities</i></b>  |                                                    |                         |                                                   |
| 1.                                                               | Civil cases filed by our Group Companies/ Entities | 5                       | 193.60                                            |

<sup>#</sup>*The above tax liabilities are subject to interest charges and penalty imposed by the Department, if any.*

*For details of the above litigation, please refer to the section titled "Outstanding Litigation" beginning on page 181 of this Red Herring Prospectus.*

2. ***Our Managing Director, Mr. P. Arul Sundaram, has attracted disqualification under section 274(1)(g) of the Companies Act 1956 from being appointed / reappointed as Director on the Board of any other public limited company for a period of five (5) years ending November 30, 2012.***

Our Managing Director, Mr. P. Arul Sundaram is on the Board of SPAC Tapioca Products (India) Limited (SPAC), a public limited company registered under the Companies Act 1956 and a group company of the Issuer, whose Directors have attracted disqualification under section 274(1)(g) of the Companies Act read with Rule 5 of Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003, due to non-filing of its Annual Accounts and Annual Returns for a continuous period of three (3) financial years commencing from Fiscal Years 2004-05 to 2006-07.

Subsequently, in the month of November 2009, SPAC filed the Annual Accounts and Annual Returns for the year ended March 31, 2005 and March 31, 2006 on November 7, 2009 and for the year ended March 31, 2007 on November 10, 2009. Further, SPAC have also made a compounding application under section 621A of the Companies Act, 1956, with the ROC Coimbatore on June 25, 2010 for removal of the disqualification of the directors. The above application is pending before the Ministry of corporate affairs, New Delhi.

3. ***We have not executed BOT projects in the past and hence have no prior experience of executing BOT projects.***

We intend to bid for BOT projects. We have not executed any BOT/BOOT projects in the past. Currently our business verticals primarily provide civil engineering solutions across various segments of construction and infrastructure industry related domains. In the construction sector we are focused on designing and execution of projects and in providing an integrated one stop solution in allied and connected services across the value chain such as in mechanical, electrical, plumbing, fire-fighting, ventilation and air conditioning, interior fit out services, landscape and glazing solutions. Likewise we provide civil engineering solutions in our other business verticals comprising irrigation and water supply projects / industrial construction projects such as development of Special Economic Zones / waste water management projects / transportation engineering projects / civil works for thermal and hydel power projects. All projects that we have executed / are at various stages of execution / unexecuted order on hand have been awarded to us on the basis of certain pre-qualification criterion and through a process of competitive bidding in which the revenue streams and associated cost structures can reasonably and fairly be estimated.

However, BOT/ BOOT projects that we propose to make a foray into operate on Private Public Partnerships model of financing, developing, operating and maintaining such projects. In such projects, we will be required to source the financing and incur all expenditure related to the project and will be executed under joint venture agreements with other industry participants through Special Purpose Vehicles. Under this business model we will be required to maintain and manage project assets for a stipulated period during which we would derive income from such projects. The risks associated with undertaking BOT/BOOT projects can be substantial, including the risk of incorrect forecasts at the bid stage of the estimated revenues to be derived from the use of the constructed facility and the risk of extended exposure to fluctuating economic conditions including change in government policy. BOT/ BOOT projects typically have long gestation periods and we may incur substantial capital expenditure on these projects before we derive expected benefits or returns on our investment. This can adversely impact on our business, result of operations and financial condition.

4. ***Our revenues largely depend on acceptance of the bids submitted to the Government and other Government Departments. Our performance could be affected in case majority of the bids are not accepted/awarded to us or we negotiate a lower bid value.***

Our business is substantially dependent on infrastructure projects undertaken by governmental authorities/government departments and other entities funded by the government. Contracts awarded by state and local governmental authorities are tender based. We compete with various infrastructure

companies while submitting the tender to Government and other agencies. In case we do not qualify or are not amongst the lowest bidders, we stand to lose the business. We cannot assure that any of the bids we submit would be accepted/awarded to us; therefore our ability to procure the business by bidding at the lowest rates is crucial for our revenues. Further our business and operations may be impacted as a result of change in the State Governments, changes in policies impacting the public at large, scaling back of Government Policies or initiatives, changes in governmental or external budgetary allocation, or insufficiency of funds, which can adversely affect our business, financial condition and results of operations.

5. ***Contracts in the infrastructure sector are awarded on the basis of pre-qualification criteria and competitive bidding processes. We face intense competition from domestic construction companies. Once the technical requirements of the tender are cleared, the contract is usually awarded on the basis of the competitive price quoted by the bidder.***

In selecting contractors for the project, clients generally limit the tender to contractors that have pre-qualified based on several criterion including experience, technological capacity and performance, quality standards, ability to execute the project within the present timeframe, sophisticated machines etc. Disqualification on any of these grounds will make us ineligible for bidding. These pre-qualification criteria are at the discretion of the client's and we cannot assure that we would continue to meet the pre-qualification criterion of our existing client's or prospective client's. This would have an adverse impact on the financials of our Company.

6. ***Projects included in our Order Book may be delayed which could have a material adverse effect on our cash flow position, revenues and earnings.***

As of June 30, 2010, our order book was approximately Rs. 61290.11 Lakhs. Our Order Book does not necessarily indicate our future earnings. Balance Order Book merely indicates the values of signed contracts or contracts where letters of acceptance have been received and represents only business that is considered firm. However, cancellations or scope or schedule adjustments may occur, either during the construction period or at its conclusion.

We may also face problems in executing the project as contracted, or executing it on a timely basis. Moreover, factors beyond our control or the control of our clients may delay a project or cause change of scope, including delays or failures to obtain necessary permits, authorizations, permissions, right-of-way, and other types of difficulties or obstructions. Due to the possibility of delays or changes in project scope and schedule, as a result of exercise of our clients' discretion, issues we encounter in project execution, or reasons beyond our control or that of our clients, we cannot predict with certainty our current order book project will be performed. Delays in the completion of a project can lead to clients delaying to us some or all of the amounts payable to us under the project. Any delay, reduction in scope, execution difficulty or payment delay in regard to balance

7. ***Contingent liabilities, if crystallized, could adversely affect the financial condition of our Company since there is no provision made in the books of accounts of our Company.***

Our contingent liabilities as on June 30, 2010 were as follows:

(Rs. in Lakhs)

| <b>Nature of Liability</b>                                    | <b>Amount</b>  |
|---------------------------------------------------------------|----------------|
| Value of Bank Guarantees and Letters of Credits Outstanding   | 3361.01        |
| Claims not acknowledged as debts in respect of service tax    | 620.49         |
| Claims not acknowledged as debts in respect of labour matters | 12.00          |
| <b>Total</b>                                                  | <b>3993.50</b> |

If any of these contingent liabilities materialise, fully or partly, the financial condition of our Company could be materially and adversely affected. For more information regarding our contingent liabilities, please see refer to the section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.

**8. *If we are unable to execute larger projects and effectively manage our growth, our business could be affected and our profitability could be reduced.***

We have experienced reasonable growth in recent years. Our revenues, has grown at a CAGR of 28.73% between fiscal 2006 and fiscal 2010, increasing from Rs.4155.76 Lakhs in fiscal 2006 to Rs.14,688.67 Lakhs in fiscal 2010 and has our restated profit after tax grown at a CAGR of 46.73% between fiscal 2006 and fiscal 2010, increasing from Rs.121.49 Lakhs in fiscal 2006 to Rs. 826.36 Lakhs in fiscal 2010. In addition, we are continually bidding for and being awarded larger projects. We expect our business to continue to grow as we gain greater access to financial resources and are awarded larger and potentially more profitable projects by our clients. While larger project provide the opportunity for greater profitability, they also pose greater challenges and risk. We expect our strategy of bidding for larger projects and our growth generally to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls, including management controls, reporting systems and procedures, across our organization. In particular, taking on larger projects and continued expansion increases the challenges involved in:

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

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

**9. *We engage sub-contractors or other agencies in our construction business.***

We may rely on third parties for the implementation of our projects. For each of such project, we generally enter into several arrangements with third parties. Accordingly, the timing and quality of construction of our contracts depends on the availability and skill of the sub-contractors. We may also engage casual workforce in our projects. Although we believe that our relationships with our subcontractors are cordial, we cannot assure you that skilled subcontractors will continue to be available at reasonable rates and in the areas in which we execute our projects. We rely on manufacturers and other suppliers to provide us with many of the products over which we do not have direct control over the quality of such products manufactured or supplied by such third party suppliers, we are exposed to risks relating to the quality of such products. In addition, even if some of these third parties do not timely or satisfactorily complete our orders, our reputation and financial condition could be adversely affected.

**10. *We have entered into transactions with related parties, which may have an adverse effect on our business, prospects, results of operations and financial condition.***

We have entered into and may continue to enter into certain transactions with related parties, including our Group Companies. Failure by related parties to meet their obligations may adversely affect our business and prospects. For detailed information on our related party transactions, please refer to the section titled "Related Party Transactions" beginning on page 161 of this Red Herring Prospectus. While, we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

**11. *Pre-qualification for certain infrastructure projects may require entering into Joint Ventures with third parties.***

In order to meet the pre-qualification requirements for certain infrastructure projects, which require higher capital adequacy or technical expertise, our Company has to enter into joint ventures with third parties. In case we are unable to forge an alliance with such third parties, we may lose on the opportunity of qualifying for such projects. Further, the inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that we may be required to bear increased and possibly sole responsibility for the completion of the project and bear a correspondingly greater share of the financial risk of the project. In the event of disagreement between us and our joint venture partners regarding the business and operations of the joint ventures, we do not assure that we will be able to resolve them in a manner that will be in the best interests of our Company, which in turn, could have a material adverse effect on our business, financial condition and results of operations

Though, our Company has entered into joint ventures for bidding jointly for projects, we have not executed any project with a joint venture partner, we cannot assure you that our joint ventures shall be successful.

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

Our business requires a significant amount of working capital. In many cases, significant amounts of our working capital are required to finance the purchase of materials and the performance of construction and other work on projects before payment is received from clients. In certain cases, we are contractually obligated to our clients to fund working capital on our projects. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

It is customary in our business to provide letters of credit, bank guarantees or performance bonds in favour of clients to secure obligations under contracts. If we are unable to provide sufficient collateral to secure the letters of credit, bank guarantees or performance bonds, our ability to enter into new contracts could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs and limits our ability to provide bonds, guarantees, and letters of credit. In the event of severe mismatch in our working capital cycle we may be unable to continue to obtain new letters of credit, bank guarantees, and performance bonds in sufficient amounts to match our business requirements.

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

We require certain approvals, licenses, registrations and permissions for operating our business. If we fail to retain any of such approvals or any of the approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected. For further information, please refer to the Section titled "Government and Other Approvals" beginning on page 185 of this Red Herring Prospectus

**14. *A substantial part of our contract revenues accrue from contracts executed in Southern India. Our growth strategy to expand to geographical boundaries may pose risks.***

A substantial part of our contract revenues accrues from the states of Tamil Nadu, Andhra Pradesh, Karnataka and the Union Territory of Pondicherry, Andaman & Nicobar Islands. We have also entered the Sri Lankan markets recently with a project in the Railway sector. In the event that demand for infrastructure activities in general and roads / highways / bridges construction/ irrigation projects in

particular, reduces or stops by any reason including political discord or instability or change in policies of State, then our financial condition and operating results may be materially and adversely affected.

Geographical and functional expansion of our business domain requires knowledge of local conditions and establishment of adequate network in the supply chain. As we seek to diversify our regional focus we may face the risk that our competitors may be better known in other markets, enjoy better relationships with customers and joint venture partners, gain early access to information regarding attractive projects and be better placed to bid for and be awarded such projects. Our lack of exposure to projects executions in geographical boundaries outside Southern India could impact our projected revenues.

***15. Our insurance cover may not adequately protect us against all material risks.***

Our principal types of insurance coverage include project specific workmen's compensation, contractors' all risk policy, machinery equipment insurance, motor vehicle (including light motor vehicles) insurance and insurance of our office premises. Our insurance policies may not be sufficient to cover our economic losses in the event of any major perils.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, we do not assure that any claim under the insurance policies maintained by us will be satisfied fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. We have not availed of business interruption insurance for any of our projects and to the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the said loss would have to be borne by us. This could be adversely impact our operations and our financials.

***16. Our Registered Office from where we operate is not owned by us.***

The premises wherein our registered office is situated has been taken on lease basis. If the owner of the premises does not renew our lease on terms and conditions acceptable to us we may temporally suffer a disruption in administration till we shift to another location.

***17. Major portion of critical plant & machinery / vehicles used at our work sites were procured through Hire Purchase finance from certain banks and NBFCs. Under the relevant Hire Purchase agreements executed by our Company, these assets are hypothecated to the concerned banks / non-banking finance companies.***

We have not, in the past, defaulted in our financial commitments under the various Hire Purchase agreements entered into by us with Banks / NBFCs to finance the purchase of certain critical plant and machineries presently used in our operations. However, in the event of slowdown / disruption of our operations we cannot assure that our resultant cash flows would be adequate to service our financial commitments under the hire purchase agreements. In the event of default, the hire purchase agreements empower Banks / NBFCs to repossess those assets financed by them thereby impairing our operations.

***18. Labour force engaged in our work sites are exposed to various eventualities leading to compensation claims against our Company.***

Our labour force is prone to risk of accidents, fire, explosion, including hazards that may cause injury and loss of life, severe damage / destruction of property and equipment, and environmental damage. Although, we have taken sufficient insurance coverage to mitigate the damages / losses caused under such circumstances, we cannot assure you that the insurance cover will fully compensate us in the eventuality of such unfortunate events. We may also be exposed to legal action brought against us by the aggrieved workmen or their families. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

**19. *Costs associated with warranty claims and project liability due to deficiencies/defects in our projects could adversely impair our business reputation and operating results.***

Deficiencies, if any, in our projects could require us to undertake service and rectification actions. These actions could require us to expend considerable resources in correcting the problems and could adversely affect future demand for our construction services. Deficiencies in our projects that arise from defective components or materials supplied by external suppliers may or may not be covered under warranties provided by such third parties. A failure to meet quality standards could expose us to the risk of claims during the project execution period where our obligations are typically secured by performance guarantees, which range from 5% to 10% of the contract price, and during the defects liability period, which typically runs for six (6) months to twelve (12) months from the date of handing over the completed project to our clients. In defending such alleged claims or taking such remedial actions, substantial costs may be incurred and adverse media publicity generated. Both financial and management resources could be diverted away from our business towards defending such claims or taking remedial action in this regard. As a result, our results of operations and financial condition could be adversely affected. Customers may also make claims against us for liquidated damages provided in the contracts. In addition, in the event that the defects are not rectified to the satisfaction of our customers, they may decide not to return part or the entire amount paid as a performance guarantee. Such actions may in aggregate adversely affect our results of operations and financial condition as also our reputation.

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

Typically contracts in the construction industry are subject to specific completion schedules with liquidated damages being payable in the event that the construction timelines are not adhered to. Failure to adhere to contractually agreed work completion schedules could impair to our reputation within the industry and burden us with additional financial commitments to pay liquidated damages.

Besides, certain contracts provide that we are required to complete the work as per schedule even if payments due to us have not been made. In the event of non-completion of work on schedule, or the discovery of defects in our work or due to damages to our construction due to factors beyond our control, or any of the reasons stated above, we may incur significant contractual liabilities and losses under our projects contracts and such losses may materially and adversely affect our financial performance and results of operations.

**21. *If we are unable to retain the services of our Key Managerial Personnel, our business and our operating results could be adversely impacted.***

We are dependent on our Key Managerial Personnel for setting our strategic direction and managing our businesses. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

**22. *We could be adversely affected if we fail to keep pace with technical and technological developments in the construction industry.***

Our clients are increasingly developing larger, more technically complex project in the civil construction and infrastructure space. To meet our clients' needs, we need to regularly modernize existing technology and acquire or develop new technology for our construction business. In addition, rapid and frequent technology and market demand changes can also render existing technologies and equipment obsolete, requiring substantial outlay in capital expenditures and/or write-downs of obsolete assets. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely impact our business and financial results.

**23. *Our Objects of the Issue have not been appraised by any bank or financial institution***

The purposes for which the Net Proceeds of the Issue are to be utilized have not been appraised by an independent entity, bank or financial institution and are based on management estimates and on third-party quotations of capital equipment to be procured in terms of the Objects of the Issue. In the absence of such independent appraisal, the deployment of the Net Proceeds of the Issue would be at the discretion of our Company.

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

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

**25. *We have allotted Equity Shares on August 31, 2009, the price of which may be lower than the Issue Price.***

Our Company has allotted the following Equity Shares to our Promoters on August 31, 2009:

| Date of issue   | Name of the persons  | No. of shares | Face value*(Rs.) | Allotment price (Rs.) |
|-----------------|----------------------|---------------|------------------|-----------------------|
| August 31, 2009 | Mr. P. Arul Sundaram | 1,08,725      | 100              | 100                   |
| August 31, 2009 | Ms. A. Nithya        | 64,850        | 100              | 100                   |

*\*Sub-division of the face value of the Equity Shares from Rs.100 to Rs.10 each pursuant to Shareholders resolution dated September 25, 2009.*

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

After this Issue, our Promoters will beneficially hold approximately 71.23 % of our post- Issue Equity Share Capital of our Company. As a result thereof, our Promoters will have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. They will also be in a position to influence the result of any shareholders' action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control. For further details, please refer to the section titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus.

**Risk Factors to an Investment in our Equity Shares:**

**1. *Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares investors purchase in the Issue.***

The Equity Shares are intended to be listed on the BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading of them may

commence. Investors' book entry or "demat" accounts with depository participants in India are expected to be credited within three (3) Indian business days of the date on which the Basis of Allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allotted earlier to investors will be credited to their demat accounts, or that trading will commence, within twelve (12) Indian business days of the closure of the issue. Additionally we are liable to pay interest at 15.00% per annum if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within eight (8) working days from the date on which our Company has become liable, then our Company, every Director of our Company who is an officer in default and the Selling Shareholders shall, on and from the expiry of such eight (8) day period, be liable to repay such monies, together with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

**2. *The price of Equity Shares may be volatile, which could result in substantial losses for the investors acquiring Equity Shares in the Issue.***

The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market, our operations and performance, the performance of our competitors, the perception in the market about investments in the infrastructure industry, adverse media reports about us or the infrastructure industry, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations.

**3. *There is no guarantee that the Equity Shares will be listed on the BSE and NSE in a timely manner.***

In accordance with Indian law and practice, approval for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of our Equity Shares to be submitted to the stock exchanges. There could be a failure or delay in listing our Equity Shares on the BSE and NSE. Any failure or delay in obtaining the approval would restrict your ability to own or dispose of your Equity Shares.

**4. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, capital expenditures and restrictive covenants in our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders, or at all. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements, financial condition and results of operations.

**5. *The Equity Shares have never been publicly traded and the Issue may not result in an active or liquid market for the Equity Shares.***

Prior to the Issue, there has been no public market for the Equity Shares and an active public market for the Equity Shares may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a trading market for the Equity Shares will develop or, if a market does develop, the liquidity of that market for the Equity Shares. Although we currently intend that the Equity Shares will remain listed on the BSE and NSE, there is no guarantee of the continued listing of the Equity Shares. Failure to maintain our listing on the BSE and NSE or other securities markets could adversely affect the market value of the Equity Shares.

**6. *Conditions in the Indian securities market may affect the price and liquidity of our Equity Shares.***

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the BSE and NSE could adversely affect the trading price of our Equity Shares.

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

The price of our Equity Shares will be subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

8. ***Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders and dilution in net tangible book value may adversely affect the trading price of Equity Shares.***

Any future issuance of our Equity Shares by our Company could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Upon completion of the Issue, the entire post-Issue paid-up capital held by our Promoter will be locked up for a period of one year and 20% of our post-Issue paid-up capital held by certain of our Promoter will be locked up for a period of three years from the date of allotment of Equity Shares in the Issue. For further information relating to such Equity Shares that will be locked up, please see refer to the sub-section titled "Notes to the Capital Structure" under the section titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus.

Purchasers of our Equity Shares will experience an immediate dilution in net tangible book value per share from the initial public offering price per Equity Share. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may also adversely affect the trading price of the Equity Shares.

## **External Risk Factors**

1. ***Demand for our construction services depends principally on activity and expenditure levels that influence construction and infrastructure related sectors.***

Demand for our construction services is principally dependent on sustained economic development in the regions in which we operate. In addition, demand for our infrastructure services is largely dependent on government policies relating to infrastructure development and budgetary allocations made by governments for such development, as well as funding provided by international and

multilateral development financial institutions for infrastructure projects. Investment by the private sector in infrastructure projects is dependent on the potential returns from such projects and is therefore linked to government policies relating to private sector participation and the sharing of risks and returns from such projects. A reduction of capital investment in the building or infrastructure sectors for any reason could have a material adverse effect on our business, results of operations and financial condition.

**2. *Our operations are sensitive to weather conditions.***

Construction activity is materially and adversely affected by severe weather. Severe weather conditions may require us to evacuate personnel or curtail services and may result in damage to a portion of our fleet of equipment or to our facilities, resulting in the suspension of operations, and may further prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon, which restrict our ability to carry on construction activities and fully utilize our resources.

We record contract revenues for those stages of a project that we complete, after we receive certification from the client that such stage has been successfully completed. Since revenues are not recognized until we make progress on a contract and receive such certification from our clients, holdup in work execution of the projects due to adverse weather conditions could impact our financial performance.

**3. *Natural calamities and changing weather conditions caused as a result of global warming could have a negative impact on the Indian economy and consequently impact our business and profitability.***

Natural calamities such as draughts, floods, and earthquakes could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely impact our business and our operating results. India's being a monsoon driven economy, climate change caused due to global warming bringing deficient / untimely monsoons could impact Government policy which in turn would adversely affect our business.

**4. *We are subject to risks arising from interest rate fluctuations, which could adversely impact our business, financial condition and operating results.***

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may negatively impact our results of operations, planned capital expenditures and cash flows.

**5. *We are subject to adverse impact of economic and political conditions.***

Global economic and political factors that are beyond our control influence forecasts impact our performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence. Increasing volatility in financial / capital markets may cause these factors to change with a greater degree of frequency and magnitude. The taxation system within the country still remains complex. Changes in local taxes and levies can impact our performance adversely.

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

Our performance and growth is directly related to the performance of the Indian economy. The performance of the Indian Economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely impact our results of operations, and consequently the price of our Equity Shares.

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

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

**8. *Any downgrading of India's debt rating by an independent agency may have a material impact on our operations.***

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

**9. *Future sales of our Equity Shares may negatively affect our Equity Share price.***

Future sales of substantial amounts of our Equity Shares in the public market, or even the potential for such sales, could adversely affect the price of our Equity Shares and could impair our ability to raise capital. All of the shares sold in this offering, will be freely tradable without restriction. The Equity Shares owned by our Promoters are subject to lock-in as detailed under the section titled "Capital Structure" beginning on page no. 43 of this Red Herring Prospectus. We cannot assure you that they will retain ownership of our Equity Shares after the lock-in period following this offering. Sales or distributions by our Promoters or other shareholders of substantial amounts of our Equity Shares in the public market could adversely affect prevailing market prices for our Equity Shares.

**10. *The Equity markets and prices of Equity Shares are generally highly volatile.***

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

- Volatility in Indian and global securities market;
- Our operations performance & financial results;
- Performance of our competitors and perception in the Indian market about the entertainment sector;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economics liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations

There has been no public market for our Company's Equity Shares till now and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this.

**Prominent notes to Risk Factors**

1. Issue of 65,00,000 Equity Shares of Rs.10 each ("**Equity Shares**") for cash at a price of Rs.[●] per Equity Share aggregating to Rs.[●] Lakhs, comprising of a fresh issue of 61,00,000 Equity Shares

- by our Company and an Offer for Sale of 4,00,000 Equity Shares by our Promoters, (the "selling shareholders"). The Fresh Issue and the Offer for Sale are jointly referred to as the "Issue". The issue comprises of a reservation of 4,00,000 Equity Shares for Eligible Employees of Rs.10 each (the "**Employee Reservation Portion**") and a net issue to the public of 61,00,000 Equity Shares of Rs.10 each (the "**Net Issue**"). The Issue will constitute 28.76% of the post issue paid-up equity capital of our Company. The Net Issue will constitute 26.99% of the post issue paid-up equity capital of our Company.
2. The net worth of our Company was Rs.2644.00 Lakhs as of June 30, 2010. The book value of each Equity Share was Rs. 16.02 as of June 30, 2010 as per our restated financial statements. For details, please refer to section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.
  3. The average cost of acquisition of the Equity Shares by our Promoters, Mr. P. Arul Sundaram and Ms. A. Nithya is Rs. 1.67 and Rs. 1.67 per Equity Share respectively. The average cost of acquisition of Equity Shares by our Promoters have been calculated by taking the average of the amount paid by it to acquire the Equity Shares issued by our Company. For details, please refer to section titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus.
  4. Related Party Transactions:  
  
For details on related party transactions, please refer the section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.
  5. For details on business interests and related transactions, please refer to the section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.
  6. Our Company has not issued any Equity Shares for consideration other than cash except as provided in the "Capital Structure" beginning on page 43 of this Red Herring Prospectus.
  7. For details of transactions in the securities of our Company by our Promoters, its Promoter Group and Directors in the last six (6) months, please refer the section titled "Capital Structure-Notes to the Capital Structure" beginning on page 44 of this Red Herring Prospectus.
  8. For information on changes in our Company's name, registered office and objects clause of the Memorandum of Association of our Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 123 of this Red Herring Prospectus.
  9. Except as disclosed in the sections titled "Capital Structure", "Our Promoters", "Our Group Entities" and "Our Management" beginning on pages 43, 140, 164 and 128 respectively, of this Red Herring Prospectus, none of the Promoters, Directors or key managerial personnel have any interest in our Company.
  10. This Issue is being made through a 100% Book Building Process wherein upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
  11. Undersubscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public. In case of under

subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of our Company in consultation with the BRLM.

12. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees shall be on a proportionate basis. For details, please refer to the section titled "Issue Procedure" beginning on page 204 of this Red Herring Prospectus.
13. Investors may contact the BRLM or our Company for any clarification, compliants or information relating to the Issue, which shall be made available by the BRLM and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever.
14. Investors are advised to refer to the section "Basis of Issue Price" beginning on page 63 of this Red Herring Prospectus.
15. Trading in Equity Shares for all investors shall be in dematerialized form only.
16. There has been no financing arrangement whereby our Promoter Group, Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six (6) months immediately preceding the date of filing of the Red Herring Prospectus with SEBI.

## SECTION III: INTRODUCTION

### SUMMARY

#### Industry Overview

India's gross domestic product (GDP) grew by 7.9 per cent during July-September 2009, up from 6.1 per cent in the previous quarter, as per data released by the Central Statistical Organization (CSO). According to the latest estimates available on the Index of Industrial Production (IIP), the index of mining, manufacturing and electricity, registered growth rates of 9.5 per cent, 9.2 per cent and 7.5 per cent, respectively in Q2 of 2009-10, as compared to the growth rates of 3.8 per cent, 4.9 per cent and 3.2 per cent in these industries in Q2 of 2008-09. The key indicators of construction sector, namely, cement and finished steel registered growth rates of 12.6 per cent and 2.1 per cent, respectively in Q2 of 2009-10, as against the growth rates of 5.2 per cent and 3.8 per cent, respectively in Q2 of 2008-09.

*Source: India Brand Equity Foundation, [www.mospi.gov.in](http://www.mospi.gov.in)*

#### CONSTRUCTION INDUSTRY

Infrastructure related Construction activity is an integral to the infrastructure and industrial development of India and involves construction of urban infrastructure, townships, highways, bridges, roads, rail network, ports, airports and power system. The infrastructure industry globally has witnessed tremendous growth in the past few years. A significant part of the global engineering construction activity is concentrated in the oil and gas industry, the power sector, roads construction and the metals and mining sector.

Construction Industry plays a major role in the economic growth of India and occupies a pivotal position in the nation's development plans. India's construction industry employs a work force of nearly 32 million and its market size is worth about Rs. 2, 48,000 Crores. It is the second largest contributor to the GDP after the agricultural sector. Construction sector is viewed as a service industry. It generates substantial employment and provides growth impetus to other manufacturing sectors like cement, bitumen, iron and steel, chemicals, bricks, paints, tiles etc. whose combined value is Rs.1, 92,000 Crores annually. The construction equipment market is valued at Rs.1, 05,000 Crores. (Source: CIDC Website)

#### INFRASTRUCTURE

The development of the infrastructure and construction industries is vital towards a nation's economic growth, as these industries provide for substantial employment opportunities and also for broader socio-economic development.

The Indian infrastructure industry is experiencing phenomenal growth which is visible throughout the country in the form of new highways, roads, ports, railways, airports, power systems, townships, offices, houses and urban/rural infrastructure, including water supply, sewerage, drainage, irrigation and agriculture systems.

*For more details, please refer to the section titled "Industry Overview" beginning from page no.76 of this Red Herring Prospectus.*

#### Business Overview

We are a construction company primarily engaged in the business of infrastructure development such as Highways, Roads and Bridges. We have diversified our civil works expertise into SEZ Development, Water Management Projects, Irrigation and Power Projects. We do business in the South Indian region, covering states of Karnataka, Andhra Pradesh, Tamil Nadu and the Union Territory of Pondicherry, Andaman Nicobar Islands. We have recently entered the Sri Lanka market and currently executing a project in the Railway Sector.

Our Company was incorporated in the year 1995 and since incorporation has executed over two hundred (200) Civil Construction projects across various segments of construction and infrastructure industry.

Our businesses encompass the following sectors in the civil engineering and construction space, nearly fourteen (14) years of operation.

- Execution of civil construction projects from designing and execution to providing integrated one stop solutions in allied services across the value chain in services such as mechanical and electrical, plumbing, fire-fighting, ventilation and air conditioning, interior fit-out services, landscape and glazing solutions. We provide these allied services either directly through our rated and approved vendors(the "Construction" sector);
- Irrigation and water supply projects including dams, tunnels, lift irrigation projects and sewerage schemes (the "Irrigation"sector);
- Industrial construction projects such as development of Special Economic Zones and related works (the "SEZ" Sector);
- Water and waste water projects such as water treatment plants, water transmission and distribution systems, elevated reservoirs and ground level service reservoirs, sewage treatment plants, common effluent treatment plants, and underground drainages (the " Water Management" sector)
- Transportation engineering projects, including roads, bridges, flyovers and subways (the "Transportation" sector);
- Construction of civil structural for thermal / hydel power projects ( the "Power" sector)

**We list out some of the large projects executed by our Company in the past:**

| No. | Project Description                                                                                                                                                                                      | Contract Value<br>(Rs. In Lakhs) |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1.  | General Civil Works for Power House Super Structure, ESP Control Room, BCW Pump House, Cable and Pipe trenches works of 2x210 MW ar RTPP Stage II, V.V.Reddy Nagar, Kadappa Dist, Andhra Pradesh. Value. | 2,372.56                         |
| 2.  | Creation of Common infrastructure work such as Road, Culverts, Drainage, Compound wall, Ornamental Gates and Gate Pillars for Coimbatore IT SEZ. Tamil Nadu.                                             | 1,897.45                         |
| 3.  | Civil, Structural and Architectural works for Cauvery Hi-Tech Weaving Park at Komarapalayam, Namakkal Dist. Tamil Nadu.                                                                                  | 1,878.39                         |
| 4.  | Construction of Paddy Market complex at Mattuthavani in Madurai District. Tamil Nadu.                                                                                                                    | 1,025.65                         |
| 5.  | Pushep (3x 50MW) - Construction of substructure and superstructure for the underground powerhouse at Singara. Tamil Nadu.                                                                                | 940.00                           |
| 6.  | TNRSP-03 Road Project Stone III Road / CD works from Thondi to Mimal. Tamil Nadu.                                                                                                                        | 890.00                           |
| 7.  | Design, Construction and Commissioning Common Effluent Treatment Plant of 12MLD Capacity including Civil works for Veerapandi Common Effluent Treatment Plant Ltd at Tirupur. Tamil Nadu.                | 858.39                           |
| 8.  | Salem-Kumarapalaaym Road Project, Km 36.000 to Km 53.00 on NH 47, Package TN-6. Tamil Nadu.                                                                                                              | 828.20                           |
| 9.  | Multiplex Complex with Seven Theatres for AMPA Centre one at                                                                                                                                             | 785.24                           |

| No. | Project Description                                                                                                                                                                                                                                                                                                                                         | Contract Value<br>(Rs. In Lakhs) |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|     | Nelson Manikam Road, Chennai, Tamil Nadu.                                                                                                                                                                                                                                                                                                                   |                                  |
| 10. | Sea water Intake Pump House for Udupi Thermal Power Plant at Udupi District, Karnataka.                                                                                                                                                                                                                                                                     | 650.00                           |
| 11. | Construction of Administrative Block, Hostel, Guest House, Servant Quarters, Dispensary, Garages, Building for Indoor games including water supply, sanitary, Road Works, Sumps, Internal and External Electrifications, Fire fighting works and Mechanical works in Master Plan complex for Anna Institute of Management at RA Puram, Chennai, Tamil Nadu. | 643.00                           |
| 12. | Water Treatment and Effluent Treatment Plant for M/s. Neyveli Lignite Corporation, Thermal II Expansion (2x250MW) at Neyveli, Tamil Nadu.                                                                                                                                                                                                                   | 425.22                           |

**Our major clients include:**

- National Thermal Power Corporation, Chennai
- Neyveli Lignite Corporation, Tamil Nadu.
- Chennai Corporation, Chennai
- Driplex Water Engineering, Pune, Maharashtra.
- M/s IVRCL Infrastructures Ltd., Hyderabad.
- Larson & Tubro Ltd, Chennai, Tamil Nadu.
- Chemplast Sanmar Limited, Chennai
- Bharat Heavy Electricals Limited, Tamil Nadu
- HSCC (India) Ltd., Noida, (U.P)
- APGENCO, Hyderabad. Andhra Pradesh.
- ELCOT. Tamil Nadu.
- M/s TNPL Ltd
- Raasi Seeds, Chinnasalem
- Siemens, Chennai.
- Lanco Infratech Ltd, Hyderabad
- Chennai Petroleum Corporation Limited, Chennai.

**Key Competitive Strengths**

**1. *Technical Expertise and Vast Industry Experience.***

The Industry in which we operate demands high level of skill sets. Our engineers have the required experience to adapt to the needs of our clients and the technical requirements of the diverse projects that we undertake. Our engineers periodically undergo rigorous training programmes conducted by experts in management, engineering, design, quality and human resource development. Experience gathered over the years by our management team backed by on the job training ensures that we meet the highest standards of quality and workmanship in a cost effective manner while strictly adhering to committed timelines in delivery. We believe that our expertise in project implementation and the commitment and expertise of our engineers and their support team provides us with a competitive advantage in our business. As of March 31, 2010 our work force comprised of forty five (45) qualified engineers who lead the implementation of our projects.

**2. *Sustained investment in construction equipment.***

We own the latest construction equipment comprising of crushers, hydraulic cranes, excavators, loaders, dozers, paver finishers, jack hammers, air compressors & transportation equipments such as trucks, tractors, trailers, jeeps, etc. Ownership ensures continuous availability of critical

equipment resulting in several advantages like lower cost and rapid mobilization. We have invested an amount Rs.1848.10 Lakhs, Rs. 2156.78 Lakhs and Rs.2269.95 Lakhs, respectively in the last three (3) F.Y. i.e., 2006-2007, 2007 – 2008 & 2008 -2009 on equipment purchase.

**3. *Operations in diverse sectors with strong order book position.***

We have, over the years, leveraged our civil construction expertise in diverse segments of the construction and infrastructure industry such as Roads, Bridges, Highways, SEZ Development, Irrigation, Water Supply Management and Power Projects. Each of these segments require specific skill sets and experience which have been developed by our Company for the timely execution of the projects in these sectors. As of June 30, 2010 out of our total order book 5.94% of Power Projects, 24.35% of Water Management Projects, 47.57% of Building Projects, 16.32% of SEZ Development and 5.82% of Irrigation Projects. The value of our Order Book was Rs. 61290.11 Lakhs as at June 30, 2010. We continue to add new orders to our Order Book at a steady pace, and have added orders worth more than Rs.40000.00 Lakhs during the period from March 31, 2009 through to June 30, 2010. Furthermore, we believe that a large order book will increase our operational efficiency by allowing us economies of scale.

**4. *Track record of timely completion of Projects.***

It is critical in the construction industry that the projects are completed as per contracted schedule. We have a track record of timely execution of the projects which minimizes cost overruns and eliminates any possibilities of penalties and liquidated damages while earning reorganizations and repeat orders from our clients.

**5. *Continuous growth in our bid capacity and pre qualification capability.***

Our business and growth are dependent on our ability to bid and secure large and varied projects. Bidding for infrastructure projects is dependent on various criteria, including, bid capacity and pre qualification capability. Bid capacity represents the aggregate value of the contracts that can be awarded to us, and is computed based on pre-defined criteria of various authorities. Pre qualification capability includes various factors such as the technical capability, financial capability and past experience in similar projects. We have focused on increasing these parameters and continuously increased our bid capacity.

**6. *Qualified and experienced senior management team.***

Our management team includes senior executives, a majority of whom have worked with the Company for over five (5) years. We have a qualified and trained employees consisting of vice presidents, general managers, engineers, technical staff and non-technical staff. We also believe that the strength of our team in our business divisions, such as planning & design and their understanding of the infrastructure & construction industry which enable our business to grow in a focused and constructive manner. We believe we benefit from a well-qualified workforce which has been instrumental in the implementation of our business strategies in the past.

**Business Strategy**

**1. *Leverage our expertise and focus on new territories.***

We intend to continue to focus on performance and project execution in order to maximize client satisfaction and margins. We will constantly endeavour to leverage our project management capabilities to increase productivity and maximize asset utilization in capital intensive projects. We will continue to optimize operations by minimizing operational / overhead costs, increase productivity thereby achieve to maximize our operating margins. We intend to continuously strengthen our execution capabilities by adding to our existing pool of engineers, attracting new graduates, and facilitating continuous learning with in-house and external training opportunities.

**2. *Forge Alliances with reputed and large players.***

We plan to establish, develop and maintain strategic alliance to increase our pre-qualification and bid capacity for large projects. We would also continue to form project specific joint ventures with large domestic players whose resources, skills and strategies are complementary to our business and would help us to explore newer markets.

**3. *Bid for, win and operate BOT and Annuity projects.***

The government has planned for a number of projects on a BOT or annuity basis. We believe that such projects will become a trend for development of infrastructure based on the public-private partnership (PPP) model. BOT or annuity projects generally provide better operating margins because of the added overall control of project costs that can be exercised by the contractor. Additionally BOT projects offer the possibility of higher revenues to the contractor by virtue of better than anticipated use of the asset. We intend to increase our focus on BOT and annuity projects by leveraging our technical and financial credentials, which we believe will be improved by the strengthened balance sheet. This will allow us to take larger and more projects, including BOT and annuity projects in alliance with Joint Venture partners. It will also increase our ability to form relationship with corporate developers and financial institutions.

**4. *Improve performance and enhance returns from our business.***

We intend to continue our focus in enhancing project execution capabilities so as to derive twin benefits of client satisfaction and improvements in operating margins. We will constantly endeavor to leverage our operating skills through our latest equipment and project management tools to increase productivity and maximize asset utilization in our capital intensive projects.

**5. *Focus on High Value contracts.***

To focus on successfully bidding quality contracts with high value. We intend to achieve this objective by bidding for mega – projects together with joint venture partners with proven track record and who share our work ethos and corporate vision. We intend to be associated with larger, technically more complex projects by leveraging, our experience in infrastructure projects and our equipment base. High entry barriers for bidding for large order size projects and the resulting decreased competition to bid for and undertake such projects makes this an attractive sector to participate. While working on higher value projects may have associated risks, such projects also enable us to reduce operating costs and expenses and benefit from potentially higher margins.

**6. *Develop & Maintain strong relationships with our clients and strategic partners.***

Our services are significantly dependent on winning construction projects undertaken by Government Authorities & other large public & private sector agencies & companies. Our business is also dependent on developing & maintaining strategic alliances with other contractors with whom we want to enter in to project – specific joint venture or sub-contracting relationships for specific purposes. We will continue to develop and maintain these relationships and alliances.

We intend to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our business and are likely to enhance our opportunities.

**7. *Enhance our design capabilities.***

We currently have design capabilities in the water irrigation sectors, which enables us to provide turnkey construction services in this sector. Further, we intend to create design capabilities in sectors such as the Building Construction, Transportation and Water management so as to provide turnkey solutions in these sectors also.

**8. *Achieve higher operating margins by acquiring further capital equipment and other strategic assets.***

Our strategy is to continue to acquire the core equipment that we typically require for our projects. We intend to use Rs. 1100.00 Lakhs from the Net Proceeds towards the acquisition of capital equipment and other strategic assets, as stated in the section titled "Objects of the Issue" on page 52 of this Red Herring Prospectus. The continued acquisition of such equipment will enable us to achieve higher operating margins.

## THE ISSUE

|                                                                                                                                       |                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>A. Issue</b>                                                                                                                       | 65,00,000 Equity Shares                                                                              |
| <b>B. Fresh Issue</b>                                                                                                                 | 61,00,000 Equity Shares                                                                              |
| <b>C. Offer for Sale <sup>1</sup></b>                                                                                                 | 4,00,000 Equity Shares                                                                               |
| <b>D. Reservation for Eligible Employees <sup>2</sup></b>                                                                             | 4,00,000 Equity Shares<br><br>(Reserved for Eligible Employees on a competitive basis)               |
| <b>E. Net Issue to the Public</b>                                                                                                     | 61,00,000 Equity Shares                                                                              |
| <b>F. QIB Portion <sup>3</sup></b><br><br>Out of which:<br><br>Mutual Fund Portion<br><br>Balance for all QIBs including Mutual Funds | Upto 30,50,000 Equity Shares<br><br><br><br>1,52,500 Equity Shares<br><br>28,97,500 Equity Shares    |
| <b>G. Non-Institutional Portion <sup>4</sup></b>                                                                                      | Not less than 9,15,000 Equity Shares available for allocation.                                       |
| <b>H. Retail Portion <sup>4</sup></b>                                                                                                 | Not less than 21,35,000 Equity Shares available for allocation.                                      |
| <b>Equity Shares outstanding prior to the Issue</b>                                                                                   | 1,65,00,000 Equity Shares of Rs. 10 each.                                                            |
| <b>Equity Shares outstanding after the Issue</b>                                                                                      | 2,26,00,000 Equity Shares of Rs.10 each.                                                             |
| <b>Objects of the Issue</b>                                                                                                           | Please refer to the section titled "Objects of the Issue" on page 52 of this Red Herring Prospectus. |

- (1) *The Selling Shareholders viz. Mr. P. Arul Sundaram and Ms. A. Nithya are offering 4,00,000 Equity Shares, which have been held by them for a period of at least one (1) year as on the filing of this Red Herring Prospectus.*
- (2) *The un-subscribed portion, if any, in the Employee Reservation will be added back to the Net Issue to the Public and will be considered for allotment on a proportionate basis.*
- (3) *Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees shall be on a proportionate basis. For details, please refer to the section titled "Issue Procedure" beginning on page 201 of this Red Herring Prospectus.*
- (4) *Under subscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of our Company and the Selling Shareholders in consultation with the BRLM.*

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary of financial information derived from our restated financial statements as of and for the Financial Years ended March 31, 2010, 2009, 2008, 2007 and 2006 and the Quarter ended June 30, 2010. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and are presented in the section titled "Financial Statements" on page 143 of this Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 168 of this Red Herring Prospectus.

### SUMMARY OF RESTATED ASSETS AND LIABILITIES

(Rs. In Lakhs)

| Particulars                               | June<br>30,<br>2010 | March<br>31, 2010 | March<br>31, 2009 | March<br>31, 2008 | March<br>31, 2007 | March<br>31, 2006 |
|-------------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fixed Assets                              |                     |                   |                   |                   |                   |                   |
| Gross Block                               | 3651.08             | 3,463.82          | 2,269.95          | 2,156.78          | 1,795.59          | 1,134.76          |
| Less: Depreciation                        | 1162.62             | 1,081.38          | 871.51            | 724.19            | 583.78            | 482.62            |
| Net Block                                 | 2488.46             | 2,382.44          | 1,398.44          | 1,432.59          | 1,211.81          | 652.14            |
| Investments                               | 7.84                | 7.84              | 15.20             | 37.50             | 37.50             | 42.22             |
| Current Assets, Loans and Advances        |                     |                   |                   |                   |                   |                   |
| Inventories                               | 52.55               | 113.92            | 98.94             | 76.83             | 76.00             | 50.97             |
| Sundry Debtors                            | 2410.56             | 840.76            | 516.08            | 803.41            | 455.01            | 144.78            |
| Cash and Bank balances                    | 771.41              | 745.11            | 567.37            | 424.57            | 334.83            | 261.50            |
| Other Current Assets                      | 2824.42             | 3,856.71          | 2,421.73          | 1,767.64          | 1,340.92          | 1,101.07          |
| Loans and Advances                        | 135.51              | 268.85            | 124.02            | 301.00            | 100.79            | 4.17              |
| Total                                     | 8690.75             | 8,215.63          | 5,141.78          | 4,843.53          | 3,556.85          | 2,256.85          |
| Liabilities And provisions                |                     |                   |                   |                   |                   |                   |
| Secured Loans                             | 3396.65             | 2,795.02          | 1,543.08          | 1,909.72          | 1,377.85          | 606.24            |
| Unsecured Loans                           | 27.85               | 36.05             | 66.52             | 65.00             | 2.00              | 41.59             |
| Current Liabilities                       | 2085.64             | 2,486.08          | 1,587.20          | 1,181.99          | 1,130.18          | 855.83            |
| Provisions                                | 523.82              | 417.76            | 185.83            | 245.02            | 152.39            | 37.99             |
| Deferred Tax liability                    | 13.29               | 25.96             | 12.42             | 16.41             | 26.73             | 24.51             |
| Total                                     | 6047.25             | 5,760.87          | 3,395.05          | 3,418.14          | 2,689.15          | 1,566.16          |
| Net Worth                                 | 2643.50             | 2,454.76          | 1,746.73          | 1,425.39          | 867.70            | 690.69            |
| New Worth represented by                  |                     |                   |                   |                   |                   |                   |
| Share Capital                             | 1650.00             | 1,650.00          | 271.78            | 271.78            | 101.43            | 101.43            |
| Reserves and Surplus                      | 1039.74             | 821.64            | 1,474.95          | 1,153.62          | 766.27            | 589.26            |
| Less:                                     |                     |                   |                   |                   |                   |                   |
| Misc. exp (to the extent not written off) | 46.24               | 16.88             | -                 | -                 | -                 | -                 |
| Net Worth                                 | 2643.50             | 2,454.76          | 1,746.73          | 1,425.40          | 867.70            | 690.69            |

## SUMMARY OF RESTATED PROFIT AND LOSS

(Rs. In Lakhs)

| Particulars                                               | June<br>30,<br>2010 | March<br>31, 2010 | March<br>31, 2009 | March<br>31, 2008 | March<br>31, 2007 | March<br>31, 2006 |
|-----------------------------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| INCOME                                                    |                     |                   |                   |                   |                   |                   |
| Contract Revenue                                          | 3664.28             | 14,454.47         | 10,009.81         | 7,075.73          | 4,393.42          | 4,131.77          |
| Other Income                                              | 21.72               | 234.20            | 112.73            | 137.86            | 73.76             | 23.99             |
| Total                                                     | 3686.00             | 14,688.67         | 10,122.54         | 7,213.59          | 4,467.18          | 4,155.76          |
| EXPENDITURE                                               |                     |                   |                   |                   |                   |                   |
| Construction Expenditure                                  | 2816.00             | 11,777.10         | 8,063.89          | 5,425.07          | 3,271.89          | 3,389.22          |
| Administrative & Other Expenses                           | 355.02              | 1,201.76          | 890.47            | 1,205.98          | 726.94            | 322.93            |
| Interest & Finance Charges                                | 115.27              | 315.72            | 343.70            | 47.47             | 27.92             | 87.07             |
| Depreciation / Amortisation                               | 88.40               | 240.92            | 222.80            | 207.87            | 153.67            | 96.61             |
| Total                                                     | 3374.69             | 13,535.50         | 9,520.86          | 6,886.39          | 4,180.42          | 3,895.84          |
| Profit / (Loss) before tax and prior period items         | 311.31              | 1,153.17          | 601.68            | 327.20            | 286.76            | 259.92            |
| Provision for Tax                                         |                     |                   |                   |                   |                   |                   |
| Current tax                                               | 105.88              | 313.27            | 187.14            | 132.08            | 98.32             | 89.33             |
| Deferred tax                                              | (12.67)             | 13.54             | (3.99)            | (10.31)           | 2.22              | 1.29              |
| Fringe Benefit tax                                        | -                   | -                 | 6.31              |                   | -                 |                   |
| TOTAL TAX EXPENSES                                        | 93.21               | 326.81            | 189.46            | 121.77            | 100.54            | 90.62             |
| Net Profit / (Loss) After Tax & Before Prior Period Items | 218.10              | 826.36            | 412.22            | 205.43            | 186.22            | 169.30            |
| Prior Period Items                                        | -                   | -                 | 16.38             | (10.31)           | (6.38)            | (1.56)            |
| Net profit / (Loss) for the period / year                 | 218.10              | 826.36            | 428.60            | 195.12            | 179.84            | 167.75            |
| Adjustments (Net of tax) (Refer Annexure - 4)             | -                   | -                 | (95.41)           | 198.16            | (2.84)            | (46.25)           |
| NET PROFIT AS RESTATED                                    | 218.10              | 826.36            | 333.19            | 393.28            | 177.01            | 121.49            |
| Profit and loss amount<br>at the beginning of the year    | 821.64              | 1,474.95          | 1,153.62          | 766.27            | 589.26            | 533.70            |
| Appropriations                                            | -                   | 1,479.67          | 11.86             | 5.93              | -                 | 65.93             |
| Interim Dividend                                          | -                   | -                 | -                 | -                 | -                 | -                 |
| Dividend                                                  | -                   | 89.76             | 10.14             | 5.07              | -                 | 65.93             |
| Tax on Dividend                                           | -                   | 14.91             | 1.72              | 0.86              | -                 | 14.90             |
| Capitalisation on<br>issuance of bonus shares             | -                   | 1,375.00          | -                 | -                 | -                 | -                 |
| BALANCE CARRIED<br>FORWARD RESTATED                       | 1039.74             | 821.64            | 1,474.95          | 1,153.62          | 766.27            | 589.26            |

## GENERAL INFORMATION

Our Company was originally incorporated as R.P.P. Constructions (Private) Limited on May 4, 1995 under the Companies Act, 1956. Subsequently, the name of our Company was changed to R.P.P.Infra Projects Private Limited on November 27, 2009. Our Company was subsequently converted to a public limited company pursuant to a Special Resolution passed at the Shareholders Meeting held on January 21, 2010. Our Company was issued a Fresh Certificate of Incorporation by the Registrar of Companies, Coimbatore on March 8, 2010.

### Registered Office of our Company

P and C Tower, 140  
Perundurai Main Road  
Erode 638 011, India.  
Telephone: + 91 424 225 9022  
Facsimile: +91 424 225 3130  
E-mail: ipo@rppipl.com  
Website: www.rppipl.com  
Corporate Identity Number: U45201TZ 1995 PLC 006113

Our Company is registered at the Registrar of Companies, Coimbatore, Tamil Nadu, having its address at Stock Exchange Building, 2<sup>nd</sup> Floor Trichy Road, Coimbatore 641 005, India.

### Board of Directors

Our Company's board comprises of the following Directors:

| Name, Designation and DIN                                                              | Age      |
|----------------------------------------------------------------------------------------|----------|
| Mr. P. Arul Sundaram<br>Chairman and Managing Director<br>DIN: 00125403                | 44 years |
| Ms. A. Nithya<br>Whole Time Director<br>DIN: 00125357                                  | 37 years |
| Mr. S. Thirunavukarasu<br>Non-Independent and Non-Executive Director<br>DIN: 02264555  | 37 years |
| Mr. R.P. Muralithasan<br>Non-Independent and Non-Executive Director<br>DIN: 02186774   | 45 years |
| Mr. A. Murugesan<br>Independent and Non-Executive Director<br>DIN: 02206637            | 63 years |
| Mr. V. Subramanian<br>Independent and Non-Executive Director<br>DIN: 00013702          | 64 years |
| Mr. A. P. C. Krishnamoorthy<br>Independent and Non-Executive Director<br>DIN: 02181130 | 56 years |
| Mr. Meenakshi Sundaram<br>Independent and Non-Executive Director<br>DIN: 02230146      | 63 years |

For details regarding our Board of Directors, please refer to the section titled "Our Management" beginning on page 128 of this Red Herring Prospectus.

**Company Secretary and Compliance Officer**

Ms. S. Saritha  
R.P.P. Infra Projects Limited  
P and C Tower, 140  
Perundurai Main Road  
Erode 638 011, India.  
Telephone: + 91 424 225 9022  
Facsimile: +91 424 225 3130  
E-mail: ipo@rppipl.com

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

**Book Running Lead Manager  
VC Corporate Advisors Private Limited**

31, Ganesh Chandra Avenue  
2<sup>nd</sup> Floor, Suite No. 2C  
Kolkata 700 013, India  
Telephone: +91 33 2225 3940  
Facsimile: +91 33 2225 3941  
Email: mail@vccorporate.com  
Investor Grievance : [grievance@vccorporate.com](mailto:grievance@vccorporate.com)  
Contact Person: Mr. Anup Kumar Sharma  
Website: [www.vccorporate.com](http://www.vccorporate.com)  
SEBI registration number: INM000011096

**Legal Counsel to the Issue**

**Rajani Associates**  
**Advocates & Solicitors**  
204-207, Krishna Chambers  
59, New Marine Lines  
Mumbai 400020, India.  
Telephone: +91 22 4096 1000  
Facsimile: +91 22 4096 1010  
Email: info@rajaniassociates.net

**Registrar to the Issue**

**Cameo Corporate Services Limited**  
Subramaniam Building # 1  
Club House Road  
Chennai 600 002, India.  
Telephone: +91 44 2846 0390  
Facsimile: +91 44 2846 0129  
Email: rppipo@cameoindia.com  
Contact Person: Mr. R.D. Ramaswamy  
Website: [www.cameoindia.com](http://www.cameoindia.com)  
SEBI registration number: INR000003753

**Statutory Auditors**

**M/s. Karthikeyan & Jayaram,**  
**Chartered Accountants**  
SRI Tower, 30, Bharathidasan Street  
Teachers Colony, Erode 638 011, India  
Telephone: +91 424 227 7101  
Facsimile: +91 424 227 7102  
Email: tax.erode@gmail.com  
Contact Person: Mr. Jayaram

## **Syndicate Members**

### **Comfort Securities Private Limited**

A-301, 3rd Floor Hetal Arch, Opp Natraj Market,  
S V Road, Malad (West)  
Mumbai - 400064  
Telephone: +91 22-2881259/28895509  
Facsimile: +91 22-28892527  
Email: [sarthak@comfortsecurities.co.in](mailto:sarthak@comfortsecurities.co.in)  
Contact Person: Mr. Sarthak Vijlani  
Website: [www.comfortsecurities.co.in](http://www.comfortsecurities.co.in)  
SEBI registration number: INM000011328

### **VC Corporate Advisors Private Limited**

31, Ganesh Chandra Avenue  
2<sup>nd</sup> Floor, Suite No. 2C  
Kolkata 700 013, India  
Telephone: +91 33 2225 3940  
Facsimile: +91 33 2225 3941  
Email: [mail@vccorporate.com](mailto:mail@vccorporate.com)  
Investor Grievance : [grievance@vccorporate.com](mailto:grievance@vccorporate.com)  
Contact Person: Mr. Anup Kumar Sharma  
Website: [www.vccorporate.com](http://www.vccorporate.com)  
SEBI registration number: INM000011096

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

### **HDFC Bank Limited**

iThink Technocampus, Level O- 3  
Opposite Crompton Greaves,  
Next to kanjurmarg railway station,  
Kanjurmarg (East)  
Mumbai- 400042  
**Tel:** +91 22 30752928  
**Fax:** +91 22 25799801  
**Attention:** Mr. Deepak Rane

### **ING Vysya Bank Limited,**

Cash Management Services,  
2<sup>nd</sup> Floor, 185, Anna Salai,  
Chennai – 600 006  
Tel: +91 44 – 2859 1985 / 2858 7870  
Fax: +91 44 – 2859 3322  
Contact Person: R. Kiran Kumar

### **Refund Banker**

### **HDFC Bank Limited**

iThink Technocampus, Level O- 3  
Opposite Crompton Greaves,  
Next to kanjurmarg railway station,  
Kanjurmarg (East)  
Mumbai- 400042  
**Tel:** +91 22 30752928  
**Fax:** +91 22 25799801  
**Attention:** Mr. Deepak Rane

## **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

**Bankers to our Company****Axis Bank Limited**

SME Centre, Ground Floor  
Karumuthu Nilayam, No. 192  
Anna Salai  
Chennai 600 002, India  
Telephone: +91 44 2828 8900  
Facsimile: +91 44 2828 8902  
Email: v.venkatkrishna@axisbnk.com  
Contact Person: Mr. V. Venkatkrishna

**ICICI Bank Limited**

1<sup>st</sup> Floor, Cheran Plaza  
No. 1090, Trichy Road  
Coimbatore 641 018, India  
Telephone: +91 422 429 2211  
Facsimile: +91 422 230 1373  
Email: donbosco.john@icicibank.com  
Contact Person: Mr. Don Bosco John

**Indian Overseas Bank**

Surampatti Branch  
72, Perundurai Road  
Erode 638 011, India  
Telephone: +91 424 225 7421  
Facsimile: +91 424 225 9477  
Email: surambr@erosco.iobnet.co.in  
Contact Person: Mr. Ravi D.

**Statement of inter se allocation of Responsibilities for the Issue**

VC Corporate Advisors Private Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them.

**Monitoring Agency**

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

**IPO Grading Agency**

Fitch Ratings India Private Limited

**IPO Grading**

This Issue has been graded by Fitch Ratings India Private Limited and has been assigned IPO Grade 2 indicating Average fundamentals through its letter dated October 22, 2010.

The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by Fitch Ratings India Private Limited, furnishing the rationale for its grading is annexed to this Red Herring Prospectus and will be available for inspection at our Registered Office from 10:00 am to 4:00 p.m. on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date. Attention is drawn to the disclaimer appearing on in the Annexure to this Red Herring Prospectus.

**Credit Rating**

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

**Brokers to the Issue**

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

### **Trustees**

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

### **Book Building Process**

Book Building refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus. The Issue Price is determined by our Company, in consultation with the BRLM, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. The Selling Shareholders i.e. Mr. P. Arul Sundaram and Ms. A. Nithya;
3. The BRLM in this Issue being VC Corporate Advisors Private Limited;
4. The Syndicate Members who are intermediaries registered with SEBI and registered as brokers with BSE and /or NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM;
5. The Registrar to the Issue;
6. Escrow Collection Bank(s); and
7. SCSBs.

The SEBI (ICDR) Regulations have permitted an issue of securities to the public through the 100% Book Building Process, wherein upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company will comply with the SEBI (ICDR) Regulations for this Issue. In this regard, our Company has appointed the BRLM to procure subscriptions to the Issue.

Our Company and the Selling Shareholders shall comply with regulations issued by SEBI for this Offer. In this regard, our Company and the Selling Shareholders have appointed VC Corporate Advisors Private Limited as the BRLM to manage the Offer and to procure subscription to the Offer.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, please refer to the section titled "Terms of the Issue" beginning on page no. 201 of this Red Herring Prospectus.

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

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

- Check eligibility for making a Bid. Please refer to the section titled "Issue Procedure" beginning on page 204 of this Red Herring Prospectus;

- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form and the ASBA Bid cum Application Form;
- Ensure that you have mentioned your PAN allotted under the IT Act in the Bid cum Application Form or the ASBA Bid cum Application Form. In accordance with the SEBI (ICDR) Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. For details, please refer to the section titled "Issue Procedure" beginning on page 204 of this Red Herring Prospectus;;
- Ensure that the Bid-cum-Application Form and the ASBA Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form or the ASBA Bid cum Application Form;
- Ensure the correctness of your demographic details (as defined in the "Issue Procedure - Bidders Depository Account Details" beginning on page 219 given in the Bid cum Application Form and the ASBA Bid cum Application Form, with the details recorded with your Depository Participant;
- Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

#### **Illustration of Book Building and the Price Discovery Process**

*(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.20 to Rs.24 per equity share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below, the illustrative book would be as given below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period. The illustrative book as shown below indicates the demand for the equity shares of our Company at various prices and is collated from bids from various investors.

| <b>Bid Quantity</b> | <b>Bid Price (Rs.)</b> | <b>Cumulative equity shares Bid for</b> | <b>Subscription (%)</b> |
|---------------------|------------------------|-----------------------------------------|-------------------------|
| 500                 | 24                     | 500                                     | 16.67                   |
| 1,000               | 23                     | 1,500                                   | 50.00                   |
| 1,500               | 22                     | 3,000                                   | 100.00                  |
| 2,000               | 21                     | 5,000                                   | 166.67                  |
| 2,500               | 20                     | 7,500                                   | 250.00                  |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number 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 book running lead manager(s), will finalize the issue price at or below such cut off, i.e., at or below Rs.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

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

Our Company and the Selling Shareholders in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event, a public notice would be issued in the newspapers, in which the pre-issue advertisements were published, within two (2) days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed. Notwithstanding the

foregoing, the Issue is also subject to obtaining (i) the final RoC acknowledgement of the Prospectus after it is filed with the RoC and (ii) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) Days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight (8) Days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

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

#### **Bid/Issue Program**

|                            |                                    |
|----------------------------|------------------------------------|
| <b>BID/ISSUE OPENS ON</b>  | <b>THURSDAY, NOVEMBER 18, 2010</b> |
| <b>BID/ISSUE CLOSES ON</b> | <b>MONDAY, NOVEMBER 22, 2010</b>   |

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) (excluding ASBA Bidders) and uploaded until (i) 4.00 p.m. (Indian Standard Time) in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and (ii) until 5:00 p.m. (Indian Standard Time), in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 1,00,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the Selling Shareholders, the BRLM, the Syndicate Members and the SCSBs will not be responsible. Bids will only be accepted on Business Days, i.e. any day other than Saturday or Sunday on which commercial banks in Mumbai, India are open for business. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and NSE.

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

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

Our Company and the Selling Shareholders reserve the right to revise the Price Band during the Bid/Offer Period in accordance with SEBI (ICDR) Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move upward or downward to the extent of 20% of the floor price as disclosed at least two working days prior to the Bid/Offer Opening Date and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely

disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLM and at the terminals of the Syndicate.

#### **Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and sold in the Issue. 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. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

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

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

| <b>Name and Address of the Underwriters</b> | <b>Indicative Number of Equity Shares to be Underwritten</b> | <b>Indicative Amount Underwritten (Rs. in Lakhs)</b> |
|---------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|
| [●]                                         | [●]                                                          | [●]                                                  |

The amounts mentioned above are indicative and this would be finalised after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●] and has been approved by the Board of Directors on [●].

In the opinion of our Board (based on a certificate given to them by BRLM and the Syndicate Members), the resources of the 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 exchanges.

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

The underwriting arrangements mentioned above shall not apply to the subscription by the ASBA Bidders in this Issue.

## CAPITAL STRUCTURE

Our Company's share capital, as of the date of filing this Red Herring Prospectus with SEBI, before and after the proposed Issue, is set forth below:

| No.       | Particulars                                                                             | Aggregate Nominal Value<br>(Rs. In Lakhs) | Aggregate Value at Issue Price<br>(Rs. In Lakhs) |
|-----------|-----------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------|
| <b>A.</b> | <b>Authorised Share Capital</b>                                                         |                                           |                                                  |
|           | 2,50,00,000 Equity Shares of Rs.10 each                                                 | 2,500.00                                  |                                                  |
| <b>B.</b> | <b>Issued, Subscribed and Paid-Up Capital before the Issue</b>                          |                                           |                                                  |
|           | 1,65,00,000 Equity Shares of Rs.10 each (fully paid up)                                 | 1,650.00                                  |                                                  |
| <b>C.</b> | <b>Present Issue to the public in terms of this Red Herring Prospectus out of which</b> |                                           |                                                  |
|           | <b>Fresh Issue of Equity Shares</b>                                                     |                                           |                                                  |
|           | 61,00,000 Equity Shares of Rs.10 each                                                   | 6,10.00                                   | [●]                                              |
|           | <b>Offer for Sale</b>                                                                   |                                           |                                                  |
|           | 4,00,000 Equity Shares of Rs.10 each                                                    | 40.00                                     | [●]                                              |
|           | <b>Reservation for Eligible Employees</b>                                               |                                           |                                                  |
|           | 4,00,000 Equity Shares of Rs.10 each                                                    | 40.00                                     | [●]                                              |
|           | <b>Net Offer to the Public</b>                                                          |                                           |                                                  |
|           | 61,00,000 Equity Shares of Rs.10 each                                                   | 610.00                                    | [●]                                              |
|           | <b>Of which</b>                                                                         |                                           |                                                  |
|           | QIB Portion of upto 30,50,000 Equity Shares                                             | 305.00                                    | [●]                                              |
|           | Non-Institutional Portion of atleast 9,15,000 Equity Shares                             | 91.50                                     | [●]                                              |
|           | Retail Portion of atleast 21,35,000 Equity Shares                                       | 213.50                                    | [●]                                              |
| <b>D.</b> | <b>Issued, Subscribed and Paid-up Capital after the Issue</b>                           |                                           |                                                  |
|           | 2,26,00,000 Equity Shares of Rs. 10 each                                                | 2,260.00                                  | [●]                                              |
| <b>E.</b> | <b>Share Premium Account</b>                                                            |                                           |                                                  |
|           | Before the Issue                                                                        | --                                        | --                                               |
|           | After the Issue*                                                                        | [●]                                       | [●]                                              |

\*The share premium account shall be determined after the Book-building process.

### Offer for Sale by the Selling Shareholders

The Offer for Sale comprises an offer for sale of 4,00,000 Equity Shares by Mr. P. Arul Sundaram and Ms. A. Nithya. The Equity Shares constituting the Offer for Sale have been held by the Selling Shareholders for a period of more than one (1) year prior to the filing of this Red Herring Prospectus.

## 1. Details of changes in authorised share capital

| No. | Date of Shareholders approval                                                                                                                                                                                                                                                    | Details of change                                                                                                                   |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | On Incorporation                                                                                                                                                                                                                                                                 | Incorporated with an Authorised Share Capital of Rs.5,00,000 comprising of 5,000 Equity Shares of Rs.100 each.                      |
| 2.  | March 7, 1996 (EGM)                                                                                                                                                                                                                                                              | Increase in Authorised Share Capital from Rs.5,00,000 to Rs.30,00,000 comprising of 30,000 Equity Shares of Rs.100 each.            |
| 3.  | November 15, 1996 (EGM)                                                                                                                                                                                                                                                          | Increase in Authorised Share Capital from Rs.30,00,000 to Rs. 1,00,00,000 comprising of 1,00,000 Equity Shares of Rs.100 each.      |
| 4.  | May 28, 1999 (EGM)                                                                                                                                                                                                                                                               | Increase in Authorised Share Capital from Rs.1,00,00,000 to Rs.2,00,00,000 comprising of 2,00,000 Equity Shares of Rs.100 each.     |
| 5.  | March 14, 2008 (EGM)                                                                                                                                                                                                                                                             | Increase in Authorised Share Capital from Rs.2,00,00,000 to Rs.5,00,00,000 comprising of 5,00,000 Equity Shares of Rs.100 each.     |
| 6.  | July 20, 2009 (EGM)                                                                                                                                                                                                                                                              | Increase in Authorised Share Capital from Rs.5,00,00,000 to Rs.16,00,00,000 comprising of 16,00,000 Equity Shares of Rs.100 each.   |
| 7.  | <i>At the Shareholders Meeting held on September 25, 2009 a resolution was passed for Sub-division of the face value of Equity Shares from Rs. 100 to Rs. 10. The Equity Shares on sub-division of the face value then amounted to 1,60,00,000 Equity Shares of Rs. 10 each.</i> |                                                                                                                                     |
| 8.  | December 10, 2009 (EGM)                                                                                                                                                                                                                                                          | Increase in Authorised Share Capital from Rs.16,00,00,000 to Rs.25,00,00,000 comprising of 2,50,00,000 Equity Shares of Rs.10 each. |

## Notes to the Capital Structure

### 2. Share Capital History of our Company

#### a) Equity Share Capital history

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

| Date of Allotment | Number of Equity Shares | Face Value per Equity Share (Rs.) | Issue Price per Equity Share (Rs.) | Nature of Consideration (Cash, bonus, other than cash) | Nature of allotment/ Allotment made to                                                       | Cumulative Equity Shares | Cumulative Share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-------------------|-------------------------|-----------------------------------|------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------|--------------------------------|--------------------------------|
| April 10, 1995    | 400                     | 100                               | 100                                | Cash                                                   | Subscription to the Memorandum of Association                                                | 400                      | 40,000                         | --                             |
| May 22, 1996      | 23,100                  | 100                               | 100                                | Other than Cash                                        | Allotment pursuant to acquisition of the business of M/s RPP Builders on going concern basis | 23,500                   | 23,50,000                      | --                             |
| February 19, 1999 | 2,000                   | 100                               | 100                                | Cash                                                   | Allotment to Ms. A. Nithya                                                                   | 25,500                   | 25,50,000                      | --                             |
| February          | 75,925                  | 100                               | N.A.                               | Bonus                                                  | Bonus Issue                                                                                  | 1,01,425                 | 1,01,42,500                    | --                             |

| Date of Allotment                                                                                                                                                                                                                                                              | Number of Equity Shares | Face Value per Equity Share (Rs.) | Issue Price per Equity Share (Rs.) | Nature of Consideration (Cash, bonus, other than cash) | Nature of allotment/ Allotment made to          | Cumulative Equity Shares | Cumulative Share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------|------------------------------------|--------------------------------------------------------|-------------------------------------------------|--------------------------|--------------------------------|--------------------------------|
| 26, 2001                                                                                                                                                                                                                                                                       |                         |                                   |                                    |                                                        | (2.98:1)                                        |                          |                                |                                |
| August 31, 2009                                                                                                                                                                                                                                                                | 1,73,575                | 100                               | 100                                | Cash                                                   | Allotment to A. Nithya and Mr. P. Arul Sundaram | 2,75,000                 | 2,75,00,000                    | --                             |
| <b>Total</b>                                                                                                                                                                                                                                                                   | <b>2,75,000</b>         |                                   |                                    |                                                        |                                                 |                          |                                |                                |
| <i>At the Shareholders Meeting held on September 25, 2009 a resolution was passed for Sub-division of the face value of Equity Shares from Rs. 100 to Rs. 10. The Equity Shares on sub-division of the face value then amounted to 27,50,000 Equity Shares of Rs. 10 each.</i> |                         |                                   |                                    |                                                        |                                                 |                          |                                |                                |
| <b>Total</b>                                                                                                                                                                                                                                                                   | <b>27,50,000</b>        |                                   |                                    |                                                        |                                                 |                          |                                |                                |
| December 14, 2009                                                                                                                                                                                                                                                              | 1,37,50,000             | 10                                | N.A.                               | Bonus                                                  | Bonus (5:1)                                     | 1,65,00,000              | 16,50,00,000                   | --                             |
| <b>Total</b>                                                                                                                                                                                                                                                                   | <b>1,65,00,000</b>      |                                   |                                    |                                                        |                                                 |                          |                                |                                |

### 3. Promoter Capital Build-up

| Date of Allotment/ Acquisition                                                                                                                                                                                                                                                | Consideration   | Number of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | Nature of Transaction   | Cumulative no. of shares | % Pre Issue capital | % Post Issue capital | % Pledged Shares |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------|------------------|--------------------------------|-------------------------|--------------------------|---------------------|----------------------|------------------|
| <b>Mr. P. Arul Sundaram</b>                                                                                                                                                                                                                                                   |                 |                         |                  |                                |                         |                          |                     |                      |                  |
| May 4, 1995                                                                                                                                                                                                                                                                   | Cash            | 100                     | 100              | 100                            | Subscription to the MoA | 100                      | --                  | --                   | Nil              |
| May 22, 1996                                                                                                                                                                                                                                                                  | Other than Cash | 5,775                   | 100              | 100                            | Allotment               | 5,875                    | 0.04                | 0.03                 |                  |
| February 26, 2001                                                                                                                                                                                                                                                             | N.A.            | 17,492                  | 100              | N.A.                           | Bonus Issue (2.98:1)    | 23,367                   | 0.11                | 0.08                 |                  |
| December 5, 2005                                                                                                                                                                                                                                                              | Cash            | 23,367                  | 100              | 100                            | Transfer                | 46,734                   | 0.14                | 0.10                 |                  |
| January 15, 2007                                                                                                                                                                                                                                                              | Cash            | 11,750                  | 100              | 100                            | Transfer                | 58,484                   | 0.07                | 0.05                 |                  |
| January 15, 2007                                                                                                                                                                                                                                                              | Cash            | (644)                   | 100              | 100                            | (Transfer)              | 57,840                   | 0.00                | 0.00                 |                  |
| August 31, 2009                                                                                                                                                                                                                                                               | Cash            | 1,08,725                | 100              | 100                            | Allotment               | 1,66,565                 | 0.66                | 0.48                 |                  |
| <b>Total</b>                                                                                                                                                                                                                                                                  |                 | <b>1,66,565</b>         |                  |                                |                         |                          |                     |                      |                  |
| <i>At the Shareholders Meeting held on September 25, 2009 a resolution was passed for Sub-division of the face value of Equity Shares from Rs. 100 to Rs. 10. The Equity Shares on sub-division of the face value then amounted to 16,65,650 Equity Shares of Rs. 10 each</i> |                 |                         |                  |                                |                         |                          |                     |                      |                  |
| <b>Total</b>                                                                                                                                                                                                                                                                  |                 | <b>16,65,650</b>        |                  |                                |                         |                          | 10.09               | 7.37                 |                  |
| November 28, 2009                                                                                                                                                                                                                                                             | Cash            | 6,308                   | 10               | Cash                           | Transfer                | 16,71,958                | 0.04                | 0.03                 | Nil              |
| December 14, 2009                                                                                                                                                                                                                                                             | N.A.            | 83,59,790               | 10               | N.A.                           | Bonus (5:1)             | 1,00,31,748              | 50.67               | 36.99                |                  |
| December 12, 2009                                                                                                                                                                                                                                                             | Cash            | (100)                   | 10               | Cash                           | Transfer                | 1,00,31,648              | --                  | --                   |                  |
| <b>Grand Total</b>                                                                                                                                                                                                                                                            |                 | <b>1,00,31,648</b>      |                  |                                |                         |                          |                     |                      |                  |
| <b>Ms. A. Nithya</b>                                                                                                                                                                                                                                                          |                 |                         |                  |                                |                         |                          |                     |                      |                  |
| February 19, 1999                                                                                                                                                                                                                                                             | Cash            | 2,000                   | 100              | 100                            | Allotment               | 2,000                    | --                  | --                   | Nil              |
| February 26, 2009                                                                                                                                                                                                                                                             | N.A.            | 5,957                   | 100              | N.A.                           | Bonus                   | 7,957                    | 0.04                | 0.03                 |                  |

| Date of Allotment/<br>Acquisition                                                                                                                                                                                                                                              | Consideration | Number of<br>Equity<br>Shares | Face<br>Value<br>(Rs.) | Issue/<br>Acquisition<br>Price<br>(Rs.) | Nature of<br>Transaction | Cumulative<br>no. of<br>shares | % Pre<br>Issue<br>capital | % Post<br>Issue<br>capital | % Pledged<br>Shares |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------|------------------------|-----------------------------------------|--------------------------|--------------------------------|---------------------------|----------------------------|---------------------|
| 2001                                                                                                                                                                                                                                                                           |               |                               |                        |                                         | Issue<br>(2.98:1)        |                                |                           |                            |                     |
| January 15, 2007                                                                                                                                                                                                                                                               | Cash          | 34,984                        | 100                    | 100                                     | Transfer                 | 42,941                         | 0.21                      | 0.15                       |                     |
| August 31, 2009                                                                                                                                                                                                                                                                | Cash          | 64,850                        | 100                    | 100                                     | Allotment                | 1,07,791                       | 0.39                      | 0.29                       |                     |
| <b>Total</b>                                                                                                                                                                                                                                                                   |               | <b>1,07,791</b>               |                        |                                         |                          |                                |                           |                            |                     |
| <i>At the Shareholders Meeting held on September 25, 2009 a resolution was passed for Sub-division of the face value of Equity Shares from Rs. 100 to Rs. 10. The Equity Shares on sub-division of the face value then amounted to 10,77,910 Equity Shares of Rs. 10 each.</i> |               |                               |                        |                                         |                          |                                |                           |                            |                     |
| <b>Total</b>                                                                                                                                                                                                                                                                   |               | <b>10,77,910</b>              |                        |                                         |                          |                                | 6.53                      | 4.77                       |                     |
| December 14, 2009                                                                                                                                                                                                                                                              | N.A.          | 53,89,550                     | 10                     | N.A.                                    | Bonus<br>(5:1)           | 64,67,460                      | 32.66                     | 23.85                      | Nil                 |
| <b>Grand Total</b>                                                                                                                                                                                                                                                             |               | <b>64,67,460</b>              |                        |                                         |                          |                                |                           |                            |                     |

**4. The aggregate shareholding of our Promoters & Promoter Group as of the date of filing this Red Herring Prospectus**

| Particulars           | Pre-Issue          |                   |
|-----------------------|--------------------|-------------------|
|                       | Number of Shares   | % of holding      |
| <b>Promoters</b>      |                    |                   |
| Mr. P. Arul Sundaram  | <b>1,00,31,648</b> | 60.80             |
| Ms. A. Nithya         | 64,67,460          | 39.20             |
| <b>Total (A)</b>      | <b>1,64,99,108</b> | <b>99.99</b>      |
| <b>Promoter Group</b> |                    |                   |
| Ms. Gowriammal        | 50                 | Negligible        |
| <b>Total (B)</b>      | <b>50</b>          | <b>Negligible</b> |
| <b>Total (A+B)</b>    | <b>1,64,99,158</b> | <b>99.99</b>      |

**5. Promoter's Contribution and Lock-in**

- The Equity Shares that are being locked-in are eligible for computation of Promoter's Contribution under Regulation 33(1) of the SEBI (ICDR) Regulations and are being locked-in under Regulation 36 of the SEBI (ICDR) Regulations.

**a) Details of Promoter's Contribution locked-in for three (3) years:**

**b)**

Pursuant to Regulation 36(a) the SEBI (ICDR) Regulations, an aggregate of 20% of the post-Issue shareholding of the Promoters shall be locked-in for a period of three (3) years from the date of Allotment in the Issue. Further our Promoters have given their written consent for including these Equity Shares as a part of Promoter's contribution, details of which are set out below:

| Date on which the<br>Equity<br>Shares were<br>Allotted/<br>Acquired | Date when<br>made fully<br>paid up | Consideration | Number of<br>Equity Shares | Face<br>Value<br>(Rs.) | Issue<br>Price<br>(Rs.) | % of<br>post-<br>Issue<br>share<br>capital | Period<br>of<br>Lock-<br>in |
|---------------------------------------------------------------------|------------------------------------|---------------|----------------------------|------------------------|-------------------------|--------------------------------------------|-----------------------------|
| <b>Mr. P. Arul Sundaram</b>                                         |                                    |               |                            |                        |                         |                                            |                             |
| December 14, 2009                                                   | December 14, 2009                  | N.A.          | 27,48,212                  | 10                     | N.A.                    | 12.16                                      | 3<br>years                  |

| Date on which the Equity Shares were Allotted/ Acquired | Date when made fully paid up | Consideration | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | % of post-Issue share capital | Period of Lock-in                  |
|---------------------------------------------------------|------------------------------|---------------|-------------------------|------------------|-------------------|-------------------------------|------------------------------------|
|                                                         |                              |               |                         |                  |                   |                               | from the date of allotment         |
| <b>Ms. A. Nithya</b>                                    |                              |               |                         |                  |                   |                               |                                    |
| December 14, 2009                                       | December 14, 2009            | N.A.          | 17,71,788               | 10               | N.A.              | 7.84                          | 3 years from the date of allotment |
| <b>Total</b>                                            |                              |               | <b>45,20,000</b>        |                  |                   | <b>20.00</b>                  |                                    |

**c) Details of Promoter's Contribution locked-in for one (1) year:**

In terms of Regulation 36(b) and 37 of the SEBI (ICDR) Regulations, in addition to the Equity Shares proposed to be locked-in as part of the Promoters' Contribution as stated above, the balance pre-Issue Equity Share capital of our Company, constituting 1,15,79,108 Equity Shares will be locked-in for a period of one (1) year from the date of Allotment in the Issue.

In terms of Regulation 39 of the SEBI (ICDR) Regulations, Equity Shares held by promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:

- if the Equity Shares are locked-in in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the Objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan;
- if the Equity Shares are locked-in in terms of clause (b) of Regulation 36 and the pledge of specified securities is one of the terms of sanction of the loan.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Regulation 36 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by the Promoters may be transferred to and among the Promoters or the Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

We have obtained the written consent of our Promoters and pre issue shareholders (other than the Equity Shares being offered through the Offer for Sale as a part of the Issue) for inclusion of their Equity Shares under lock-in.

## 6. Shareholding Pattern of our Company\*

| Particulars                                                 | Pre-Issue          |                   | Shares pledged or otherwise encumbered |                  | Post-Issue         |                   |
|-------------------------------------------------------------|--------------------|-------------------|----------------------------------------|------------------|--------------------|-------------------|
|                                                             | Number of shares   | Shareholding (%)  | Number of shares                       | Shareholding (%) | Number of shares   | Shareholding (%)  |
| <b>Promoter</b>                                             |                    |                   |                                        |                  |                    |                   |
| Mr. P. Arul Sundaram                                        | 1,00,31,648        | 60.80             | --                                     | --               | 97,88,443          | 43.31             |
| Ms. A. Nithya                                               | 64,67,460          | 39.20             | --                                     | --               | 63,10,665          | 27.92             |
| <b>Sub-Total (A)</b>                                        | <b>1,64,99,108</b> | <b>99.99</b>      | <b>--</b>                              | <b>--</b>        | <b>1,60,99,108</b> | <b>71.23</b>      |
| <b>Promoter Group</b>                                       |                    |                   |                                        |                  |                    |                   |
| Ms.P. Gowriammal                                            | 50                 | Negligible        | --                                     | --               | 50                 | Negligible        |
| <b>Sub-Total (B)</b>                                        | <b>50</b>          | <b>Negligible</b> | <b>--</b>                              | <b>--</b>        | <b>50</b>          | <b>Negligible</b> |
| <b>Total Holding of Promoter &amp; Promoter Group (A+B)</b> | <b>1,64,99,158</b> | <b>99.99</b>      | <b>--</b>                              | <b>--</b>        | <b>1,60,99,158</b> | <b>71.23</b>      |
| <b>C. Non-Promoters</b>                                     |                    |                   |                                        |                  |                    |                   |
| Mr. P. Sivakumar                                            | 480                | Negligible        | --                                     | --               | 480                | Negligible        |
| Mr. R. P. Muralithasan                                      | 156                | Negligible        | --                                     | --               | 156                | Negligible        |
| Mr. S. Thirunavukkarasau                                    | 156                | Negligible        | --                                     | --               | 156                | Negligible        |
| Mr. R. D. Praveen                                           | 50                 | Negligible        | --                                     | --               | 50                 | Negligible        |
| <b>Sub-Total(C)</b>                                         | <b>842</b>         | <b>0.01</b>       | <b>--</b>                              | <b>--</b>        | <b>842</b>         | <b>0.01</b>       |
| <b>Equity Shares Offered through the Issue (D)</b>          | <b>--</b>          | <b>--</b>         | <b>--</b>                              | <b>--</b>        | <b>65,00,000</b>   | <b>28.76</b>      |
| <b>Total (A+ B+C+D)</b>                                     | <b>1,65,00,000</b> | <b>100.00</b>     | <b>--</b>                              | <b>--</b>        | <b>2,26,00,000</b> | <b>100.00</b>     |

\* The shareholding pattern reflects the Equity Shares of Rs.10 each.

7. Our Company, the Directors, the Promoters, the Promoter Group, their respective directors and the BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

## 8. Top Ten Shareholders of our Company

- a. The top ten (10) shareholders of our Company as of the date of the filing of the Red Herring Prospectus with SEBI are as follows:

| No. | Name of the Shareholder | Number of Equity Shares | Shareholding (%) |
|-----|-------------------------|-------------------------|------------------|
| 1.  | Mr. P. Arul Sundaram    | 1,00,31,648             | 60.80            |
| 2.  | Ms. A. Nithya           | 64,67,460               | 39.20            |
| 3.  | Mr. P. Sivakumar        | 480                     | Negligible       |
| 4.  | Mr. R. P. Muralithasan  | 156                     | Negligible       |
| 5.  | Mr. S. Thirunavukarasan | 156                     | Negligible       |
| 6.  | Mr. D. Praveen          | 50                      | Negligible       |
| 7.  | Ms. Gowriammal          | 50                      | Negligible       |

- b. The top ten (10) shareholders of our Company as of ten (10) days prior to the filing of the Red Herring Prospectus with SEBI are as follows:

| No. | Name of the Shareholder | Number of Equity Shares | Shareholding (%) |
|-----|-------------------------|-------------------------|------------------|
| 1.  | Mr. P. Arul Sundaram    | 1,00,31,648             | 60.80            |
| 2.  | Ms. A. Nithya           | 64,67,460               | 39.20            |
| 3.  | Mr. P. Sivakumar        | 480                     | Negligible       |
| 4.  | Mr. R. P. Muralithasan  | 156                     | Negligible       |
| 5.  | Mr. S. Thirunavukarasan | 156                     | Negligible       |
| 6.  | Mr. D. Praveen          | 50                      | Negligible       |
| 7.  | Ms. Gowriammal          | 50                      | Negligible       |

- c. The top ten (10) shareholders of our Company as of two (2) years prior to the filing of the Red Herring Prospectus with SEBI are as follows:

| No. | Name of the Shareholder | Number of Equity Shares | Shareholding (%) |
|-----|-------------------------|-------------------------|------------------|
| 1.  | Mr. P. Arul Sundaram    | 57,840                  | 57.03            |
| 2.  | Ms. A. Nithya           | 42,941                  | 42.34            |
| 3.  | Mr. P. Sivakumar        | 386                     | 0.38             |
| 4.  | Mr. R. P. Muralithasan  | 129                     | 0.13             |
| 5.  | Mr. S. Thirunavukarasan | 129                     | 0.13             |

9. Except as set forth below, none of our Directors or Key Managerial Personnel hold Equity Shares in our Company:

| Name of the Director    | Number of Equity Shares held | Shareholding (%) |
|-------------------------|------------------------------|------------------|
| Mr. P. Arul Sundaram    | 1,00,31,648                  | 60.80            |
| Ms. A. Nithya           | 64,67,460                    | 39.20            |
| Mr. P. Sivakumar        | 480                          | Negligible       |
| Mr. R. P. Muralithasan  | 156                          | Negligible       |
| Mr. S. Thirunavukarasan | 156                          | Negligible       |

10. There are no outstanding warrants, options or rights to convert debentures/ loans or other instruments into Equity Shares.
11. The Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of filing of this Red Herring Prospectus.
12. Except for the issue of securities as mentioned below, our Company has not made any issue of Equity Shares at a price lower than the issue price during the preceding one (1) year:

| Date of Allotment | Name of the allottee | Number of Equity Shares allotted | Face Value (Rs.) | Issue Price (Rs.) |
|-------------------|----------------------|----------------------------------|------------------|-------------------|
| August 31, 2009   | Mr. P. Arul Sundaram | 1,08,725                         | 100              | 100               |
|                   | Ms. A. Nithya        | 64,850                           | 100              | 100               |

13. Our Company does not have any ESOP as of the date of filing of this Red Herring Prospectus.

14. Our Company has not issued Equity Shares out of revaluation reserves. Further, except of the details set out below, our Company has not issued any Equity Shares for consideration other than cash:

| Date of Allotment | Number of Equity Shares | Issue Price (Rs.) | Nature of Allotment                                                                                         |
|-------------------|-------------------------|-------------------|-------------------------------------------------------------------------------------------------------------|
| May 22, 1996      | 23,100                  | 100               | Allotment pursuant to acquisition of acquisition of the business of M/s RPP Builders on going concern basis |

15. The Equity Shares issued pursuant to this Issue shall be fully paid-up.
16. Except for the transfers set out below, none of our Directors, Promoters and Promoter Group entities have transferred any Equity Shares within the last six (6) months preceeding the date on which this Red Herring Prospectus is filed with SEBI:

| Date of Transfer  | Name of the Transferor  | Name of the Transferee | Number of Equity Shares | Nature of transaction | Transfer Price (Rs.) |
|-------------------|-------------------------|------------------------|-------------------------|-----------------------|----------------------|
| November 28, 2009 | Mr. P. Sivakumar        | Mr. P. Arul Sundaram   | 3,780                   | Purchase              | 10                   |
| November 28, 2009 | Mr. R. P. Muralithasan  | Mr. P. Arul Sundaram   | 1,264                   | Purchase              | 10                   |
| November 28, 2009 | Mr. S. Thirunavukarasan | Mr. P. Arul Sundaram   | 1,264                   | Purchase              | 10                   |
| December 15, 2009 | Mr. P. Arul Sundaram    | Mr. D. Praveen         | 50                      | Sell                  | 10                   |
| December 15, 2009 | Mr. P. Arul Sundaram    | Ms. Gowriammal         | 50                      | Sell                  | 10                   |

17. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.
18. Our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the Bid/Issue Opening Date, by way of split/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 the Equity Shares) whether preferential or otherwise, except if our Company plans to enter into acquisitions, mergers, joint ventures or strategic alliances, subject to necessary approvals, our Company may issue Equity Shares or securities linked to Equity Shares to finance such acquisition, merger, joint venture or strategic alliance or as consideration for such acquisition, merger, joint venture or strategic alliance or for regulatory compliance or entering into any other scheme of arrangement if determined by the Board to be in the best interests of our Company.
19. A Bidder cannot make a Bid for more than the number of Equity Shares offered in the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
20. Our Company has not made any public issue since its incorporation.
21. Our Company undertakes that there shall be only one (1) denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.

22. As of the date of filing this Red Herring Prospectus, our Company has seven (7) members.
23. Our Company has not raised any bridge loan against the Proceeds of this Issue.
24. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
25. An oversubscription to the extent of 10% of the Issue can be retained for purposes of rounding off while finalizing the basis of allotment.
26. In this Issue, upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- A total of upto 4,00,000 Equity Shares, have been reserved for allocation to Eligible Employees, subject to valid Bids being received at or above the Issue Price. Only Eligible Employees as on [●] would be eligible to apply in this Issue under Reservation for Eligible Employees. Separate Bid Applications can be made by Employees under the Net Issue to Public category as well and such Bids will not be treated as multiple bids.
27. Under subscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of the Company and the Selling Shareholders in consultation with the BRLM.
28. The BRLM to this Issue and its associates do not hold any Equity Shares of our Company as on the date of filing of Red Herring Prospectus with SEBI.
29. Our Promoters and members of Promoter Group will not participate in this Issue.

## OBJECTS OF THE ISSUE

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

### The Offer for Sale

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders.

We intend to deploy the proceeds of the Net Issue for funding margin requirement for working capital, capital expenditure, Investment in SPVs for BOT projects, meeting General Corporate Expenses and Issue related expenses.

Additionally, the Object of the Issue is to achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our Company's brand equity and enhance our standing with among banks, financial intermediaries, capital providers, suppliers and customers as well as provide us various options to fund our future growth prospects.

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

### Requirement of funds

The following table summarizes the requirement of funds:

| No.   | Particulars                                    | Amount<br>(Rs. In Lakhs) |
|-------|------------------------------------------------|--------------------------|
| 1.    | Funding margin requirement for working capital | 1,700.00                 |
| 2.    | Investment in Capital Equipment                | 1,100.00                 |
| 3.    | Investments in SPVs for BOT projects           | 1,000.00                 |
| 4.    | General Corporate Purposes                     | [●]                      |
| 5.    | Issue Expenses                                 | [●]                      |
| Total |                                                | [●]                      |

### Means of Finance

| No.   | Particulars               | Amount<br>(Rs. In Lakhs) |
|-------|---------------------------|--------------------------|
| 1.    | Proceeds of the Net Issue | [●]                      |
| 2.    | Internal Accrual          | [●]                      |
| Total |                           | [●]                      |

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals. As per the restated audited financial statements, our reserves and surplus stand at Rs. 1039.74 Lakhs as on June 30, 2010.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization.

## Details of the use of the proceeds

### 1. Funding Margin requirements for working capital

As on March 31, 2010, we have been sanctioned working capital limits of Rs. 6,900.00 Lakhs by our bankers comprising fund based limits of Rs. 2,100 Lakhs and Non Fund-based limits of Rs.4,800 Lakhs.

Considering our current order book position, the potential orders that may be awarded and also our proposed investments in BOT projects, we need to augment long term working capital requirements. We have assessed our fund based working capital requirement for the financial years 2010 and 2011 to be Rs. 1,900.00 Lakhs and Rs.5,000.00 Lakhs respectively. The details of funding our working capital requirement as per our estimates are as follows. These estimates are based on our management estimates and actual requirements may vary from the estimates.

| Particulars                                                                   | F.Y. 2009-2010 (Estimated)<br>(Rs. In Lakhs) | F.Y. 2010-2011(Estimated)<br>(Rs. In Lakhs) |
|-------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------|
| <b>A. Current Assets</b>                                                      |                                              |                                             |
| - Raw Materials and Stock in Process                                          | 771                                          | 1607                                        |
| - Receivables                                                                 | 1389                                         | 2896                                        |
| - Advances to suppliers, other advances and other current assets              | 1162                                         | 2938                                        |
| <b>Total Current Assets</b>                                                   | <b>3322</b>                                  | <b>7440</b>                                 |
| <b>B. Current Liabilities</b>                                                 |                                              |                                             |
| - Sundry Creditors                                                            | 535                                          | 1115                                        |
| - Mobilization Advance                                                        | 774                                          | 1200                                        |
| - Sundry Creditors for expenses                                               | 113                                          | 125                                         |
| <b>Total Current Liabilities</b>                                              | <b>1422</b>                                  | <b>2440</b>                                 |
| <b>C. Working Capital Gap (A-B)</b>                                           | <b>1900</b>                                  | <b>5000</b>                                 |
| <b>D. Working Capital facilities from Banks (Existing)</b>                    | <b>1900</b>                                  | <b>1900</b>                                 |
| <b>E. Increase in Net Working Capital</b>                                     | <b>--</b>                                    | <b>3,100</b>                                |
| <b>F. Incremental Bank Borrowing</b>                                          | <b>--</b>                                    | <b>3100</b>                                 |
| <b>G. Requirements of Additional Margin for increase in Bank Borrowing</b>    | <b>--</b>                                    | <b>1250</b>                                 |
| <b>H. Additional Margin Required for Enhancement in Non Fund based limits</b> | <b>--</b>                                    | <b>450</b>                                  |
| <b>I. Proceeds of the Issue (G+H)</b>                                         | <b>--</b>                                    | <b>1700</b>                                 |

We intend to utilize an amount of Rs.1700 Lakhs out of the Net Proceeds to meet additional margin requirements resulting from projected increased outlay in Net Working Capital. The requirement of working capital has been certified by the Statutory Auditor of our Company.

### 2. Investment in Capital Equipment

We need to invest in Capital Equipment on a regular basis. We have projected a capital expenditure plan of Rs. 1,100 Lakhs on the basis of the quotations received. We believe that ownership of capital equipments would strengthen our execution capacity in complex projects and would be economical in the long run.

Following are details of the equipment for which we have obtained the quotations:

| No. | Particulars                                                                     | Quantity | Quotation value<br>(Rs. In Lakhs) | Name of the Supplier                    | Date of Quotation  |
|-----|---------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------------|--------------------|
| 1.  | Hydraulic Drilling Rig – 2 Nos. Model HR 180                                    | 2        | 900.00                            | MAIT Far East PTE Limited               | November 15, 2009  |
| 2.  | Hydraulic Excavator Model BD65 Bulldozer powered by BEML B6D125-1 Diesel Engine | 1        | 65.00                             | BEML Limited                            | August 26, 2009    |
| 3.  | Stetter Mobile Batching Plant, Model M1 of 56M3/Hr Capacity                     | 1        | 65.00                             | Schwing Stetter (India) Private Limited | August 26, 2009    |
| 4.  | Greaves Transit Mixer                                                           | 2        | 48.00                             | Greaves Cotton Limited                  | August 26, 2009    |
| 5.  | Stationary Drum Mix Type Asphalt plant                                          | 1        | 36.25                             | Gujrat Apollo Industries Limited        | September 15, 2009 |

(Total Quotation value is rounded of to Rs.1100 lakhs)

Our Company does not intend to purchase any second hand machinery from the Net Proceeds of this Issue. For the above estimates, we have relied upon quotations received by us and our past experience. We have not yet placed orders for the above equipment.

### 3. Investment in SPVs for BOT Projects

The Government has framed policies and ways to channelize private investment in infrastructure development projects. To ensure a long-term partnership between the Government and Private players in the infrastructure development of the country, the government is encouraging Public Private Partnership ("**PPP**"), which is typically an arrangement between the government and private sector entities for the purpose of developing public infrastructure facilities and related services. The Government is encouraging private sector participation in road projects through three routes- Build-Operate-Transfer (Toll), Build-Operate-Transfer (Annuity) and BOOT. It is a relatively new approach which enables direct private sector investment in large-scale projects such as roads, bridges and power.

The government, through agencies like NHAI proposes to offer several projects on a BOT basis and Build-Own-Operate-Transfer (BOOT) basis. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue over the concession period. We foresee tremendous potential and opportunity in this area. Although we have not executed any BOT/ BOOT projects till date, we have vast experience in the road construction sector and have implemented various projects.

As part of our business strategy, we intend to bid for various BOT projects along with other established players on a JV or consortium basis. When bids are successful, as part of the contractual terms, we may be required to form special purpose vehicles ("**SPVs**") to facilitate execution of such projects.

We intend to invest Rs.1,000 lakhs from the Proceeds of the Issue for investment in such SPVs for implementing BOT projects that may be awarded to us.

#### 4. General Corporate Purposes

We propose to apply the remaining Net Proceeds for general corporate purposes as decided by our Board from time to time including strategic initiatives, brand building exercises, implementing enterprise resource planning tools and methodology in our operations and other project related investments and commitments and execution capabilities in order to strengthen our operations.

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

#### 5. Issue Related Expenses

Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, Registrar's fees, depository fees and Listing Fees.

| Activity                                                             | Expenses*<br>(Rs. in Lakhs) | Percentage of<br>Issue<br>Expenses* | Percentage of<br>the Issue<br>Size* |
|----------------------------------------------------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Lead management, underwriting and selling commission                 | [●]                         | [●]                                 | [●]                                 |
| SCSB Commission                                                      | [●]                         | [●]                                 | [●]                                 |
| Printing and Stationery expenses                                     | [●]                         | [●]                                 | [●]                                 |
| Advertising and Marketing expenses                                   | [●]                         | [●]                                 | [●]                                 |
| Others (IPO grading, registrar's fees, legal fee, listing fees etc.) | [●]                         | [●]                                 | [●]                                 |
| <b>Total estimated issue expenses</b>                                | <b>[●]</b>                  | <b>[●]</b>                          | <b>[●]</b>                          |

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

Except for the listing fee and advertisement and marketing expenses which will be borne only by our Company, expenses relating to the Issue as mentioned above will be borne by our Company and the Selling Shareholders in proportion to the Equity Shares contributed to the Issue.

#### Appraisal

None of the Objects have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the Net Proceeds are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

#### Monitoring Utilization of Funds

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

Except as stated above and otherwise in the normal course of our business, no part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, associate, or key managerial personnel.

#### Estimated Schedule of Implementation

| No.          | Particulars                                     | Amount<br>(Rs. In Lakhs) |                |
|--------------|-------------------------------------------------|--------------------------|----------------|
|              |                                                 | F.Y. 2010-2011           | F.Y. 2011-2012 |
| 1.           | Funding margin requirements for working capital | 1,700.00                 | --             |
| 2.           | Purchase of Capital Equipment                   | 1,000.00                 | 100.00         |
| 3.           | Investment in SPVs for BOT projects             | 1,000.00                 | --             |
| 4.           | General Corporate Expense                       | [●]                      | [●]            |
| 5.           | Issue Expenses                                  | [●]                      | [●]            |
| <b>Total</b> |                                                 | <b>[●]</b>               | <b>[●]</b>     |

#### Sources and Deployment of Funds

As per the certificate dated October 22, 2010 issued by M/s. Karthikeyan & Jayaram, Chartered Accountants, details of funds deployed upto September 30, 2010 and the sources of funds are set out below:

| No.                 | Particulars       | Amount<br>(Rs. In Lakhs) |
|---------------------|-------------------|--------------------------|
| Deployment of Funds |                   |                          |
| 1.                  | Issue Expenses    | 53.15                    |
|                     |                   |                          |
|                     | Total             | 53.15                    |
| Sources of Funds    |                   |                          |
| 1.                  | Internal Accruals | 53.15                    |
|                     |                   |                          |
|                     | Total             | 53.15                    |

#### Interim Use of Proceeds

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

## BASIC TERMS OF THE ISSUE

Issue of 65,00,000 Equity Shares of Rs.10 each ("**Equity Shares**") for cash at a price of Rs.[●] per Equity Share aggregating to Rs.[●] Lakhs, comprising of a fresh issue of 61,00,000 Equity Shares by our Company and an Offer for Sale of 4,00,000 Equity Shares by our Promoters, the selling shareholders. The Fresh Issue and the Offer for Sale are jointly referred to as the "Issue". The issue comprises of a reservation of 4,00,000 Equity Shares for Eligible Employees of Rs.10 each (the "**Employee Reservation Portion**") and a net issue to the public of 61,00,000 Equity Shares of Rs.10 each (the "**Net Issue**"). The Issue will constitute 28.76% of the post issue paid-up equity capital of our Company. The Net Issue will constitute 26.99% of the post issue paid-up equity capital of our Company.

The Issue is being made through a 100% Book Building Process.

|                                                                              | <b>QIBs</b>                                                                                                                                                                                                                         | <b>Non-Institutional Bidders</b>                                                                                     | <b>Retail Individual Bidders</b>                                                                                      | <b>Employee Reservation Portion</b> |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Number of Equity Shares*                                                     | Upto 30,50,000 Equity Shares                                                                                                                                                                                                        | Not less than 9,15,000 Equity Shares or Net Issue Size less allocation to QIB Bidders and Retail Individual Bidders. | Not less than 21,35,000 Equity Shares or Net Issue Size less allocation to QIB Bidders and Non-Institutional Bidders. | Up to 4,00,000 Equity Shares        |
| Percentage of Issue Size available for Allotment/allocation                  | Upto 50% of Net Issue to Public or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. However upto 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only. | Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders             | Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders              | Up to 5% of the Post-Issue Capital. |
| Basis of Allocation or allotment if respective category is oversubscribed ** | Proportionate as follows:<br>(a) Equity Shares shall be allocated on proportionate basis to Mutual                                                                                                                                  | Proportionate                                                                                                        | Proportionate                                                                                                         | Proportionate                       |

|                   | <b>QIBs</b>                                                                                                                                                                      | <b>Non-Institutional Bidders</b>                                                                            | <b>Retail Individual Bidders</b>                                                  | <b>Employee Reservation Portion</b>                                               |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
|                   | Funds in the Mutual Funds Portion;<br><br>(b) Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above |                                                                                                             |                                                                                   |                                                                                   |
| Minimum Bid       | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.                                                                      | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.               | [●] Equity Shares and in multiples of [●] Equity Shares thereafter                |
| Maximum Bid       | Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.                                                                                          | Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.                      | Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 1,00,000. | Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 1,00,000. |
| Mode of Allotment | Compulsorily in dematerialised form.                                                                                                                                             | Compulsorily in dematerialised form.                                                                        | Compulsorily in dematerialised form.                                              | Compulsorily in dematerialised form.                                              |
| Bid Lot           | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.                                                                                                              | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.                                         | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.               | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.               |
| Allotment Lot     | [●] Equity Shares and in multiples of 1 Equity Share thereafter.                                                                                                                 | [●] Equity Shares and in multiples of 1 Equity Share thereafter.                                            | [●] Equity Shares and in multiples of 1 Equity Share thereafter.                  | [●] Equity Shares and in multiples of 1 Equity Share thereafter.                  |
| Trading Lot       | One Equity Share                                                                                                                                                                 | One Equity Share                                                                                            | One Equity Share                                                                  | One Equity Share                                                                  |
| Who can Apply *** | Public financial institution as                                                                                                                                                  | Eligible NRIs, Resident Indian                                                                              | Individuals (including HUFs,                                                      | Eligible Employees                                                                |

|  | <b>QIBs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Non-Institutional Bidders</b>                                                                                           | <b>Retail Individual Bidders</b>                                                                        | <b>Employee Reservation Portion</b> |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------|
|  | <p>defined in section 4A of the Companies Act, 1956, scheduled commercial bank, mutual fund, venture capital fund and foreign venture capital investor registered with the SEBI, foreign institutional investor and sub-account registered with SEBI (<i>other than a sub-account which is a foreign corporate or foreign individual</i>), multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 2,500 lakhs, pension fund with minimum corpus of Rs. 2,500 lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of</p> | <p>individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.</p> | <p>NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.</p> |                                     |

|                  | <b>QIBs</b>                                                                                                                                | <b>Non-Institutional Bidders</b>                                                                 | <b>Retail Individual Bidders</b>                                                                 | <b>Employee Reservation Portion</b>                                                              |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|                  | Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of Union of India. |                                                                                                  |                                                                                                  |                                                                                                  |
| Terms of Payment | QIB Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member <sup>#</sup> .               | Bid Amount shall be payable at the time of submission of Bid cum Application Form <sup>#</sup> . | Bid Amount shall be payable at the time of submission of Bid cum Application Form <sup>#</sup> . | Bid Amount shall be payable at the time of submission of Bid cum Application Form <sup>#</sup> . |

<sup>#</sup> In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid- cum- Application- Form.

<sup>\*</sup> Under subscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of the Company and the Selling Shareholders in consultation with the BRLM.

<sup>\*\*</sup> Mutual Funds participating in the aforesaid 5% of the QIB portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund reservation portion will be available to the remaining QIBs. If the aggregate demand by Mutual Funds is less than 1,52,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids.

<sup>\*\*\*</sup> In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- 1) The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If the aggregate demand from Mutual Funds is less than 1,52,500 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

### **Withdrawal of the Issue**

Our Company and the Selling Shareholders in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers, in which the pre-issue advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC acknowledgement of the Prospectus after it is filed with the RoC. Under the SEBI (ICDR) Regulations QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In the event our Company and/or the Selling Shareholders in consultation with the BRLM, withdraws the Offer after the Bid/Offer Closing Date, a fresh offer document will be filed with the SEBI in the event we subsequently decide to proceed with the Initial Public Offering.

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

Our Company and the Selling Shareholders shall credit each beneficiary account with its depository participant within three (3) working days from the date of the finalization of the basis of allocation. Applicants that are residents of sixty eight (68) cities where clearing houses are managed by the RBI will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through direct credit, NEFT or RTGS. In the case of other applicants our Company shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's, sole risk within ten (10) working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within ten (10) working days of the Bid/Issue Closing Date.

### **Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialized form within ten (10) working days from the Bid/Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within ten (10) working days from the Bid/Issue Closing Date; and
- In case of delay, if any, in refund, our Company and the Selling Shareholders shall pay interest on the application money at the rate of 15% p.a. for the period of delay

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Bid/Issue Program**

|                            |                                    |
|----------------------------|------------------------------------|
| <b>BID/ISSUE OPENS ON</b>  | <b>THURSDAY, NOVEMBER 18, 2010</b> |
| <b>BID/ISSUE CLOSES ON</b> | <b>MONDAY, NOVEMBER 22, 2010</b>   |

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) (excluding ASBA Bidders) and uploaded until (i) 4.00 p.m. (Indian Standard Time) in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5:00 p.m., (Indian Standard Time) in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs.1,00,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the Selling Shareholders, BRLM, Syndicate Member and the SCSBs will not be responsible. Bids will only be accepted on Business Days, i.e. any day other than Saturday or Sunday on which commercial banks in Mumbai, India are open for business. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

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

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

Our Company and the Selling Shareholder reserve the right to revise the Price Band during the Bid/Offer Period in accordance with Regulation 30 of SEBI (ICDR) Regulations. The Cap Price shall be less than or equal to 120% of the Floor price. Subject to compliance with the immediately preceding sentence, the Floor Price can move upward or downward to the extent of 20% of the floor price as disclosed at least two (2) working days prior to the Bid/Offer Opening Date and the Cap Price will be revised accordingly.

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

### BASIS OF ISSUE PRICE

The Issue Price of Rs. [●] per Equity Share will be determined by our Company and the Selling Shareholders, in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price.

#### Qualitative Factors

We believe that our business strengths listed below deliver that cutting edge that enable us to remain competitive in construction based infrastructure related businesses:

- Technical Expertise and Strict Adherence to Committed Timelines
- Acumen in sourcing and maintaining a strong and reliable supply chain for critical raw material thereby indirectly deriving benefits of backward integration.
- Large fleet of the latest construction machinery and equipment.
- Continuous growth in our bid capacity and pre qualification capability.
- Experienced management team

#### Quantitative Factors

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

#### 1. Weighted Average Earning Per Equity Share

| Financial Year ended | EPS based on Restated Financial Statement |        |         |        |
|----------------------|-------------------------------------------|--------|---------|--------|
|                      | Basic                                     | Weight | Diluted | Weight |
| March 31, 2008       | 6.46                                      | 1      | 2.41    | 1      |
| March 31, 2009       | 5.48                                      | 2      | 2.04    | 2      |
| March 31, 2010       | 5.24                                      | 3      | 5.24    | 3      |
| Weighted Average     | 5.52                                      |        | 3.70    |        |

#### Notes:

- (i) Basic EPS has been calculated as per the following formula:  
(Net profit/ (loss) after tax, as restated, attributable to Equity Shareholders)/ (Weighted average number of Equity Shares outstanding during the year)
- (ii) Diluted EPS has been calculated as per the following formula:  
(Net profit/ (loss) after tax, as restated, attributable to Equity Shareholders)/ (Weighted average number of diluted Equity Shares outstanding during the year)
- (iii) Net profit/ (loss), as appearing in the restated summary statement of profits and losses for the respective years, have been considered for the purpose of computing the above ratios.
- (iv) Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.
- (v) The face value of each Equity Share is Rs. 10.

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

| No. | Particulars                                                                                                           | Valuation (Rs. In Lakhs) |              |
|-----|-----------------------------------------------------------------------------------------------------------------------|--------------------------|--------------|
|     |                                                                                                                       | At Floor Price           | At Cap Price |
| 1.  | P/E ratio based on basic / diluted EPS for the year ended March 31, 2010                                              | [●]                      | [●]          |
| 2.  | P/E ratio based on weighted average EPS: <ul style="list-style-type: none"> <li>• Basic</li> <li>• Diluted</li> </ul> | [●]<br>[●]               | [●]<br>[●]   |
| 3.  | Industry P/E <sup>(*)</sup>                                                                                           |                          |              |

| No. | Particulars          | Valuation (Rs. In Lakhs) |              |
|-----|----------------------|--------------------------|--------------|
|     |                      | At Floor Price           | At Cap Price |
|     | - Highest            |                          | 162.10       |
|     | - Lowest             |                          | 1.40         |
|     | - Industry Composite |                          | 35.30        |

<sup>(c)</sup> Source: Capital Market Journal, May 03-16, 2010

### 3. Weighted Average Return on Net Worth

| FY ended         | Return on Net Worth (%) | Weight |
|------------------|-------------------------|--------|
| March 31, 2008   | 27.59                   | 1      |
| March 31, 2009   | 19.08                   | 2      |
| March 31, 2010   | 33.66                   | 3      |
| Weighted Average | 27.79                   |        |

Note: Return on Net worth has been calculated as per the following formula:

*Net profit after tax, as restated, / Net- Worth at the end of the year/period*

4. The minimum return on increased net worth required to maintain pre-Issue EPS of Rs. [●] is [●]% at the lower end of the price band and [●]% at the higher end of the price band.

### 5. Net Asset Value (NAV)

| Particulars              | NAV (Rs.) |
|--------------------------|-----------|
| NAV as at March 31, 2008 | 23.42     |
| NAV as at March 31, 2009 | 28.70     |
| NAV as at March 31, 2010 | 15.56     |
| NAV post Issue           | [●]       |
| Issue Price              | [●]       |

Note: Net Asset Value has been calculated as per the following formula:

Net worth / Total Weighted No. of Equity shares outstanding at the end of the year/period

### 6. Comparison with other listed companies<sup>(c)</sup>

| Name of Peer Group Listed Company            | EPS [FY ended March, 2010] (Rs.) | P/E  | Face Value of Equity Shares for FY 2010 (Rs.) | RoNW for FY. 2010 (%) | NAV for FY. 2010 (Rs.) |
|----------------------------------------------|----------------------------------|------|-----------------------------------------------|-----------------------|------------------------|
| <sup>s</sup> R. P. P. Infra Projects Limited | 5.24                             | --   | 10                                            | 33.66%                | 15.56                  |
| <b>*Peer Group</b>                           |                                  |      |                                               |                       |                        |
| ARSS Infra                                   | 60.4                             | 17.3 | 10                                            | 37.0                  | 227.7                  |
| CCCL                                         | 5.0                              | 16.4 | 2                                             | 17.1                  | 31.5                   |
| IVRCL Infra                                  | 2.6                              | 66.1 | 2                                             | 4.0                   | 69.3                   |
| J. Kumar Infra                               | 24.9                             | 9.2  | 10                                            | 30.3                  | 112.1                  |
| Pratibha Industries                          | 6.7                              | 11.5 | 2                                             | 22.6                  | 33.0                   |
| Simplex Infra                                | 24.5                             | 17.8 | 2                                             | 13.1                  | 196.1                  |

<sup>\*</sup>Note : the figures for the peer group are based on latest audited results (standalone) for the year ended March 31, 010

<sup>s</sup>Note : the figures for RPP are based on the restated audited standalone results for the year ended March 31, 2010

<sup>(c)</sup> Source: Capital Market Journal, October 18-31, 2010

The Issue Price of Rs. [●] per Equity Share will be determined by our Company and the Selling Shareholders, in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by the Book Building Process and on the basis of the following qualitative and quantitative factors. On the basis of the above qualitative and quantitative parameters, our Company, the Selling Shareholders and the BRLM are of the opinion that the Issue Price of Rs. [●] per Equity Share is justified.

## STATEMENT OF TAX BENEFITS

The Board of Directors  
R.P.P. Infra Projects Limited,  
140, Perundurai Road,  
P & C Towers, [III FLOOR],  
Erode,  
Tamil Nadu 638 011

Dear Sirs,

We hereby report that the enclosed annexure states the possible Direct Tax benefits available to R.P.P. Infra Projects Limited (the "**Company**") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

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

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

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

Place: **Erode**  
Date: **October 22, 2010**

For KARTHIKEYAN & JAYARAM  
Chartered Accountants  
(Registration No: 07570S)

C.A.G.N.JAYARAM  
Partner  
(Membership No: 200-0272391)

## **STATEMENT OF POSSIBLE TAX BENEFIT AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

### **I. SPECIAL TAX BENEFITS CLAIMED BY THE COMPANY**

1 In accordance with and subject to the conditions specified in Section 80 IAB of the IT Act, 1961, the Company is eligible to claim a deduction of an amount equal to one hundred percent of the profits and gains derived from the business of developing a Special Economic Zone, notified on or after the 1st day of April, 2005 under the Special Economic Zones Act, 2005, for ten consecutive assessment years. The deduction specified may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which a Special Economic Zone has been notified by the Central Government.

Provided that in a case where a Developer who develops a Special Economic Zone on or after the 1st day of April, 2005 transfers the operation and maintenance of such Special Economic Zone to another Developer (hereafter in this section referred to as the transferee developer), the deduction shall be allowed to such transferee developer for the remaining period in the ten consecutive assessment years as if the operation and maintenance were not so transferred to the transferee developer.

2. Under the provisions of section 80 IA(4) of the Income Tax Act, 1961, where the gross total income of an enterprise carrying on the business of (i) developing, or (ii) operating & maintaining, or (iii) developing, operating and maintaining any infrastructure facility which fulfills certain conditions mentioned in that section, 100% of the profits and gains derived from such business is allowable as a deduction for a period of 10 consecutive assessment years.

### **SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS**

There are no special tax benefits available to the shareholders.

### **II. GENERAL TAX BENEFITS TO THE COMPANY**

1. Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per provision of section 10(34), read with section 115-O of the IT Act.
2. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of Income Tax Act, 1961.
3. Subject to compliance with certain conditions laid down in section 32 of the Income Tax Act 1961, the Company will be entitled to deduction for depreciation. The depreciation rates in respect of Plant and Machinery is 15%, of Motor Cars is 15%, of Furniture & Fittings is 10%, of Intangible assets is 25%, of Computers is 60%, of Buildings (Residential) is 5% and of Buildings (Others) is 10%.
4. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.
5. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income under Section 71 and the excess loss after set-off can be carried forward for set-off against business income of the next eight Assessment Years under Section 72.

6. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years under Section 32(2) of Income Tax Act, 1961.
7. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax ("STT").

Provided that, income by way of long term capital gain of a company shall be taken into account while computing book profit and income tax payable under Section 115JB.

8. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to STT, held as long term capital assets will be the lower of:
  - (a) 20 per cent (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') of the capital gains as computed after indexation of the cost. (or)
  - (b) 10 per cent (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') of the capital gains as computed without indexation.
9. In accordance with Section 111A capital gains arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to STT, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income. If the provisions of Section 111A are not applicable to the short term capital gains then the tax will be charged at the applicable normal rates plus applicable Education cess and Secondary Higher Education Cess.

**I. Tax on distributed profits of domestic companies ("DDT") - Section 115-O.**

- 1) The tax rate is 15%, the surcharge on Income tax is at 10%, and the Education cess and Secondary Higher Education Cess is 3%.
- 2) As per Section 115O (1A) the domestic company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it while computing the DDT if:
  - The dividend is received from its subsidiary.
  - The subsidiary has paid the Dividend Distribution Tax on the dividend distributed
  - The domestic company is not a subsidiary of any other company

Provided that, the same amount of dividend shall not be taken into account, for reduction more than once. For the purpose of this sub-section a company shall be a subsidiary of another company if such other company holds more than half in nominal value of the equity share capital of the company.

**II. Tax Rates**

The tax rate is 30%.

The surcharge on Income tax is 7.5 %, only if the total income exceeds Rs. 1 Crore. Education cess and Secondary Higher Education Cess is 3%.

**GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

**(II) Under the Income-tax Act**

A. ***Residents***

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.
2. Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to STT including equity shares offered for Sale under this issue which is subject to STT at the time of sale by the shareholders.
4. As per the provision of Section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term and long term capital loss can be carried forward for next eight assessment years and can be set off against the respective capital gains in subsequent years.
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to STT, held as long term capital assets will be the lower of:
  - (a) 20 per cent (plus applicable ‘Education cess and Secondary Higher Education Cess’) of the capital gains as computed after indexation of the cost, (or)
  - (b) 10 per cent (plus applicable ‘Education cess and Secondary Higher Education Cess’) of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to STT, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable ‘Education cess and Secondary Higher Education Cess’) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the applicable normal rates plus applicable Education cess and Secondary Higher Education Cess.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which STT is not payable, the tax payable on the capital gains shall be exempt from tax, if the capital gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets for the purpose of investment made on or after 1 April 2007 are bonds of:
  - (a) National Highways Authority of India (“NHAI”) constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
  - (b) Rural Electrification Corporation Ltd. (“RECL”); a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;  
As per the proviso to section 54EC (1), bonds will be issued to a person, up to a maximum limit of Rs. 50 Lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified asset is transferred or converted into money at any

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

8. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which STT is not payable, shall be exempt from capital gains tax, if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property". If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

#### **Tax Rates:**

#### **For Individuals, HUFs, BOI and Association of Persons:**

| <b>Income Slab (Rs.)</b> | <b>Rate of Tax (%)</b> |
|--------------------------|------------------------|
| 0 - 1,60,000             | Nil                    |
| 1,60,000 - 5,00,000      | 10                     |
| 5,00,001- 8,00,000       | 20                     |
| 8,00,001 and above       | 30                     |

#### **Notes:**

- (i) No surcharge is payable by Individuals, HUFs, AOPs and BOIs.
- (ii) In respect of women residents below the age of 65 years, the basic exemption limit is Rs. 190,000.
- (iii) In respect of senior citizens resident in India, the basic exemption limit is Rs. 240,000.
- (iv) Education Cess will be levied at the rate of 3 % of Income Tax.

#### **B. *Non-Residents***

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to STT.
3. In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the

transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.

4. Section 74 provides that the Short term capital loss can be set-off against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term and long term capital loss can be carried forward for next eight assessment years and can be set off against the respective capital gains in subsequent years.
5. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (“DTAA”) with the relevant country for avoidance of double taxation of income.
6. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to STT, held as long term capital assets will be at the rate of 20% (plus applicable ‘Education cess and Secondary Higher Education Cess’). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares. However, a view is possible based on the proviso to section 112 and recent rulings that in case of listed securities or units, such gains could be taxed at 10% (plus applicable ‘Education cess and Secondary Higher Education Cess’), without indexation benefit.
7. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to STT, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable ‘Education cess and Secondary Higher Education Cess’) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income. If the provisions of Section 111A are not applicable to the short term capital gains then the tax will be charged at the applicable normal rates plus applicable Education cess and Secondary Higher Education Cess.
8. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which STT is not payable, the tax payable on the capital gains shall be exempt from tax, if the capital gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The ‘long-term specified assets’ means any bond redeemable after 3 years issued on or after 1 April 2006 are bonds of:
  - (a) National Highways Authority of India (“NHAI”) constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
  - (b) Rural Electrification Corporation Ltd. (“RECL”); a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

The investment made on or after 1 April 2007 in the long term specified assets noted above by an assessee during any financial year cannot exceed of Rs.50 lakh.

As per the proviso to section 54EC (1), bonds will be issued to a person, up to a maximum limit of Rs. 50 lakhs during any financial year. If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be

income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which STT is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual -

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

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

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

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

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XIIA of the Income Tax Act, 1961 which reads as under:

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus “Education cess and Secondary Higher Education Cess”). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C(f) of the Income Tax Act, 1961), shall be chargeable at 10% (plus “Education cess and Secondary Higher Education Cess”). However, a view is possible based on the proviso to section 112 and recent rulings that in case of listed securities or units, such gains could be taxed at 10% (plus applicable ‘Education cess and Secondary Higher Education Cess’), without indexation benefit.
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which STT is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deducted has been deducted at source from such income under the provisions of Chapter XVII-B of the Income Tax Act, 1961.
4. Under section 115H of the Income Tax Act, 1961, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer,

along with his return of income for that year under section 139 to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

5. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income Tax Act, 1961.
6. As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into DTAA with the relevant country for avoidance of double taxation of income.
7. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to STT.
8. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.
9. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to STT, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable Education cess and Secondary Higher Education Cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income. If the provisions of Section 111A are not applicable to the short term capital gains then the tax will be charged at the applicable normal rate plus applicable Education cess and Secondary Higher Education Cess.
10. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which STT is not payable, the tax payable on the capital gains shall be exempt from tax, if the capital gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets for the purpose of investment made on or after 1 April 2007 are bonds of:
  - (a) National Highways Authority of India (“NHAI”) constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
  - (b) Rural Electrification Corporation Ltd. (“RECL”); a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

As per the proviso to section 54EC (1), bonds will be issued to a person, up to a maximum limit of Rs. 50 Lakhs during any financial year. If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.

11. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which STT is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for

construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; (or)
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”. If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

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

**D. *Foreign Institutional Investors (“FIIs”)***

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of FIIs.
2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and ‘Education cess and Secondary Higher Education Cess’) on long-term capital gains, if STT is not payable on the transfer of the shares and at 15% (plus applicable surcharge and ‘Education cess and Secondary Higher Education Cess’) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to STT. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at 30% (plus applicable surcharge and Education cess and Secondary Higher Education cess).
3. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into DTAA with the relevant country for avoidance of double taxation of income.
4. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to STT.
5. Under section 196D (2) of the Income Tax Act, 1961 no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
6. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which STT is not payable, the tax payable on the capital gains shall be exempt from tax, if the capital gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets for the purpose of investment made on or after 1 April 2007 are bonds of:
  - (a) National Highways Authority of India (“NHAI”) constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

- (b) Rural Electrification Corporation Ltd. (“RECL”); a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

As per the proviso to section 54EC (1), bonds will be issued to a person, up to a maximum limit of Rs. 50 lakhs during any financial year.

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

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

E. ***Persons carrying on business or profession in shares and securities.***

In accordance with the insertion of new Section 36(1)(xv) in the Finance Act 2008, STT paid in respect of taxable securities transaction entered during the course of business will be available as deduction while computing the taxable business income. The income arising on transfer of shares of the company will be treated as business income and subjected to normal rate of tax as per the provisions of Income Tax Act, 1961.

F. ***Mutual Funds***

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

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

(III) **Under the Wealth Tax and Gift Tax Acts**

- 1) ‘Asset’ as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a Company and hence, these are not liable to wealth tax.
- 2) Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Any gifts of shares of the Company are not liable to gift-tax. However, in the hands of the donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56 (2) (vii) on or after 01 October 2009 of Income Tax Act, 1961.

**NOTES:**

- 1. All the above benefits are as per the current tax law.
- 2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
- 3. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his /her participation in the scheme.

## SECTION IV: ABOUT THE COMPANY AND THE INDUSTRY

### INDUSTRY OVERVIEW

*Unless otherwise indicated, the information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company; the Book Running Lead Manager and their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information.*

#### Overview of Global and Indian Economy

##### Global Scenario:-

The Reserve Bank's First Quarter Review of Monetary Policy on July 27, 2010 expressed concerns over the global outlook. Indicators of economic activity in advanced economies continue to suggest that the recovery is slowing and that the second half of 2010 will post slower growth than the first, although expectations have generally not been revised downwards since end-July. Belying earlier apprehensions, Europe has demonstrated remarkable resilience in the face of the sovereign debt pressures that severely threatened the recovery a few months ago. The European Central Bank has revised its forecast for second-half growth upwards. China, after showing some signs of slowdown in the second quarter of 2010, appears to have bounced back, with industrial production and trade numbers reviving sharply.

Overall, even as the global environment continues to be a cause for caution, the big picture has not worsened significantly since July. (Source: RBI, Mid-Quarter Monetary Policy Review: September 2010)

The global economy has begun to recover from the deep recession set off by the financial crisis. This recovery is underpinned by output expansion in emerging market economies ("EMEs"), particularly those in Asia. The global economic outlook presents a mixed picture. In its July update, as per World Economic Outlook, the IMF revised its growth projection for the global economy for 2010 to 4.6 per cent from 4.2 per cent in April 2010 on the strength of robust first quarter growth. However, as indicated earlier, recent data and analysis suggest slowing down of the global growth momentum and the expectation is that global growth in the second half of 2010 will be lower than that in the first half. (Source: First Quarter Review of Monetary Policy 2010-11, RBI).

##### Global Growth:

World growth is projected at about 4½ percent in 2010 and 4¼ percent in 2011. The world economy expanded at an annualized rate of over 5 percent during the first quarter of 2010. Relative to the April 2010 World Economic Outlook (WEO), this represents an upward revision of about ½ percentage point in 2010, reflecting stronger activity during the first half of the year (as shown in Table 1). More broadly, there were encouraging signs of growth in private demand. Global indicators of real economic activity were strong through April and stabilized at a high level in May. Industrial production and trade posted double-digit growth, consumer confidence continued to improve, and employment growth resumed in advanced economies. At the same time, downside risks have risen sharply amid renewed financial turbulence. In this context, the new forecasts hinge on implementation of policies to rebuild confidence and stability, particularly in the euro area. More generally, policy efforts in advanced economies should focus on credible fiscal consolidation, notably measures that enhance medium-run growth prospects, such as reforms to entitlement and tax systems. Supported by accommodative monetary conditions, fiscal actions should be complemented by financial sector reform and structural reforms to enhance growth and competitiveness. Policies in emerging economies should also help rebalance global demand, including through structural reforms and, in some cases, greater exchange rate flexibility. (Source: World Economic Outlook Update, IMF, July, 07 2010)

| <b>Table 1: Projected Global GDP Growth (%)</b> |                       |               |                    |             |                   |                    |             |
|-------------------------------------------------|-----------------------|---------------|--------------------|-------------|-------------------|--------------------|-------------|
|                                                 | <b>Financial Year</b> |               |                    |             | <b>Q4 over Q4</b> |                    |             |
|                                                 | <b>Actual</b>         |               | <b>Projections</b> |             | <b>Estimates</b>  | <b>Projections</b> |             |
| <b>Country/Region</b>                           | <b>2008</b>           | <b>2009</b>   | <b>2010</b>        | <b>2011</b> | <b>2009</b>       | <b>2010</b>        | <b>2011</b> |
| US                                              | 0.4                   | (-) 2.4       | 3.3                | 2.9         | 0.1               | 3.2                | 2.6         |
| UK                                              | 0.5                   | (-) 4.9       | 1.2                | 2.1         | (-)3.1            | 2.1                | 1.9         |
| Euro Area                                       | 0.6                   | (-) 4.1       | 1.0                | 1.3         | (-)2.1            | 1.1                | 1.6         |
| Japan                                           | (-) 1.2               | (-) 5.2       | 2.4                | 1.8         | (-)1.4            | 1.1                | 3.0         |
| China                                           | 9.6                   | 9.1           | 10.5               | 9.6         | 12.1              | 9.8                | 9.6         |
| India                                           | 6.4                   | 5.7           | 9.4                | 8.4         | 7.3               | 10.3               | 8.0         |
| <b>Emerging and Developing Economies*</b>       | <b>6.1</b>            | <b>2.5</b>    | <b>6.8</b>         | <b>6.4</b>  | <b>5.7</b>        | <b>6.9</b>         | <b>6.8</b>  |
| <b>World Output**</b>                           | <b>3.0</b>            | <b>(-)0.6</b> | <b>4.6</b>         | <b>4.3</b>  | <b>2.0</b>        | <b>4.2</b>         | <b>4.3</b>  |

Source: World Economic Outlook Update, IMF, July 07, 2010.  
 \*Quarterly estimates and projections account for approximately 79% of the emerging and developing economies.  
 \*\* Quarterly estimates and projections account for approximately 90% of the world purchasing- power- parity weights.

According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7.4 per cent in 2009-10, with 8.6 per cent year-on-year (y-o-y) growth in its fourth quarter. The growth is driven by robust performance of the manufacturing sector on the back of government and consumer spending. GDP growth rate of 7.4 per cent in 2009-10 has exceeded the government forecast of 7.2 per cent for the full year. According to government data, the manufacturing sector witnessed a growth of 16.3 per cent in January-March 2010, from a year earlier. (Source: *Indian Economy Overview, July 2010*).

The following table sets forth the key indicators of the Indian Economy for the past five fiscal years:

|                                        | <b>Fiscal Year ending as on</b> |             |             |             |             |
|----------------------------------------|---------------------------------|-------------|-------------|-------------|-------------|
|                                        | <b>2006</b>                     | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> |
| Real GDP growth (1)                    | 9.5                             | 9.7         | 9.2         | 6.7         | 7.2         |
| Index of Industrial Production         | 8.2                             | 11.6        | 8.5         | 2.6         | na          |
| Wholesale Price Index                  | 4.4                             | 5.4         | 4.7         | 8.4         | 1.6*        |
| Foreign Exchange Reserves (in US\$ bn) | 151.6                           | 199.2       | 309.7       | 252         | 283.5^      |

(1) At 2004-2005 prices

“na” not yet available / released for 2009-10.

\* Average Apr.-Dec. 2009.

^ As of December 31, 2009.

(Source: *Economic Survey 2009-2010, RBI; Ministry of Statistics and Programme Implementation*)

### **Construction Industry - An Overview**

Infrastructure related Construction activity is an integral to the infrastructure and industrial development of India and involves construction of urban infrastructure, townships, highways, bridges, roads, rail network, ports, airports and power system. The infrastructure industry globally has witnessed tremendous growth in the past few years. A significant part of the global engineering construction activity is concentrated in the oil and gas industry, the power sector, roads construction and the metals and mining sector.

Construction Industry plays a major role in the economic growth of India and occupies a pivotal position in the nation's development plans. India's construction industry employs a work force of nearly 32 million and its market size is worth about Rs. 2, 48,000 Crores. It is the second largest contributor to the GDP after the agricultural sector. Construction sector is viewed as a service industry. It generates substantial

employment and provides growth impetus to other manufacturing sectors like cement, bitumen, iron and steel, chemicals, bricks, paints, tiles etc. whose combined value is Rs.1, 92,000 Crores annually. The construction equipment market is valued at Rs.1, 05,000 Crores. (Source: CIDC Website)

The Indian construction industry is highly fragmented. Following are some of the factors that lead to High Fragmentation in the Industry

Low fixed capital requirements: This leads to low entry barriers.

- Low economy of scale: There is no single location for plant or machinery and each new project starts off at a different location.
- No long-term relation between the Client & the Contractor.
- Better Cost Structure of smaller Players: Due to lower overheads & better local resources smaller players enjoy low cost benefits. This leads lot of big contractors to either make Joint Ventures or Sub-Contract the work to these players.

Although, the construction sector is not fixed capital intensive, it is working capital intensive in terms of gross working capital requirements (typically 130 days, due to high levels of receivables and long project gestation periods). Most projects, especially infrastructure, have a gestation period of more than one year. In addition, any delay in payments from principals / employers result in a high level of receivables. (Source: 10<sup>th</sup> Five Year Plan).

| Break-up of Construction Costs |             |                          |          |           |                     |                   |           |
|--------------------------------|-------------|--------------------------|----------|-----------|---------------------|-------------------|-----------|
|                                | Materials % | Construction Equipment % | Labour % | Finance % | Enabling Expenses % | Admin. Expenses % | Surplus % |
| Building                       | 58-60       | 4.5                      | 11-13    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Roads                          | 42-45       | 21-23                    | 10-12    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Bridges                        | 46-48       | 16-18                    | 11-13    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Dams, etc                      | 42-46       | 21-23                    | 10-12    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Power                          | 41-43       | 21-24                    | 10-12    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Railway                        | 51-53       | 6-8                      | 16-18    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Mineral Plant                  | 41-44       | 20-22                    | 12-14    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Medium Industry                | 50-52       | 7-9                      | 16-18    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |
| Transmission                   | 49-51       | 5-7                      | 19-21    | 7-8       | 5.5-6.5             | 3.5-4.5           | 5-6       |

### Construction Industry Characteristics

**Capital Structure:** The client who may make cash advances as stage payments against a bank guarantee often funds Construction activities. They are reflected as interest/ non-interest bearing project advances on its balance sheet.

**Profitability:** Profit margins tend to vary across various segments such as roads, tunnels, dams, bridges, power projects and industrial applications. Large projects such as power projects; nuclear projects enjoy higher margins in relation to road works, which are relatively low-tech jobs. Profitability in the industry therefore tends to vary across segments.

**Contingent Liabilities:** Due to project based type of work, construction companies often carry substantial contingent liabilities in the form of guarantees in order to comply with specific client requirements.

**Joint Ventures:** Due to the relatively small size of many construction companies, the diversity of expertise required and the high project values involved bids are increasingly placed in consortia Examples have been the NHAI road works and large complex hydroelectric projects.

**Construction Risks:** Profitability on each project is subject to problems on mis-pricing, adverse conditions, geological conditions, management of specification changes and the outcome of claims on competitions. As per AS-7 of the Indian accounting standards, construction companies are required to recognize all losses incurred and foreseeable in the respective accounting period.

**Credit Risk:** The strength of clients on whom the receivables are being generated is important. In general, programmes with strong counter party credits such as the NHDP programme, power projects floated by NHPC, NPC and other projects on multilateral funding are observed to make regular payments to the contractors. Contractors usually secure project advances from clients to keep them committed to the projects.

### **Road Network in India**

Roads are the key to the development of our economy. A good road network constitutes the basic infrastructure that propels the development process through connectivity and opening up the backward regions to trade and investment. However, despite their importance to the national economy, the road network in India is grossly inadequate. The existing network is unable to cope up with high traffic density. Roads are now recognized as an infrastructure critical to economic and industrial growth. India has one of the largest road networks in the world, aggregating to about 33 Lakh km lengths of roads at present. The country's road network consists of National Highways, State Highways, Major District Roads and Village and Other District Roads. The National Highways comprises only 2% of the total length of roads, but carries over 40% of the total traffic across the length and breadth of the country. The development and maintenance of National Highways are the responsibility of the Central Government, whereas the State Government concerned is responsible for road other than National Highways. (Source: Report of Working Group on Roads - 11th Five Year Plan,)

The Indian road network is divided into two categories –

- Urban Network
- Non-urban Network - further divided into 3 main classes
- National Highways (NH) - traverse all the States, and form a principal network for overall commercial, and strategic transportation requirements.
- State Highways (SH) - serve as main roads in the States, and
- District Roads - that take traffic from the main roads to the interior of the districts. District roads are further sub-divided into
  - Major District Roads (MDR),
  - Other District Roads (ODR), and
  - Village Roads (VR)

## **OVERVIEW OF THE INDIAN INFRASTRUCTURE AND CONSTRUCTION INDUSTRY**

### **INFRASTRUCTURE**

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having received greater importance. It is well established that the influence of the construction industry spans across several sub-sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways, roads, ports, railways, airports, power systems, townships, offices, houses and urban/rural infrastructure, including water supply, sewerage, drainage, irrigation and agriculture systems, tele-communication systems, etc. Thus, it becomes the basic input for socio-economic development. (Source: Vol. III, Eleventh Five Year Plan 2007-12).

The contribution of construction to the GDP at factor cost in 2006–07 was Rs 196555 crore, registering an increase of 10.7% from the previous year. The share of construction in GDP has increased from 6.1% in 2002–03 to 6.9% in 2006–07. The increase in the share of construction sector in GDP has primarily been on the account of increased government spending on physical infrastructure in the last few years, with programmes such as National Highway Development Programme (NHDP) and PMGSY/Bharat Nirman Programme receiving a major fillip of late. The construction industry is experiencing a great upsurge in the quantum of the work load, and has grown at the rate of over 10% annually during the last five years. (Source: Vol. III, Eleventh Five Year Plan 2007-12).

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

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

(Source: Annual Plans and other documents of the Planning Commission and Central Statistical Organization for the Tenth Plan period)

It is generally recognized that lack of infrastructure is one of the major constraints on India's ability to achieve 9 to 10% growth in GDP, which is the rate required to make a significant difference to living conditions in the country and achieve inclusiveness over the next ten years.

The Eleventh Five Year Plan has set an ambitious target of increasing total investment in infrastructure from around 5% of GDP in the base year of the Plan 2006-07 to 9% by the terminal year 2011-2012. This paper spells out the specific assumptions underlying this projection which result in a total investment requirement of Rs. 2,056,150 Crore (\$ 514 billion) for ten infrastructure sectors over the five year period.

Achieving this level of investment presents many distinct challenges. The ability to finance infrastructure through the budget is limited given the many other demands on budgetary resources and it is expected that only about 30% of the infrastructure needs can be met directly from the budget as this would be directed largely to rural infrastructure and other selected projects that require budgetary support. About 40% of the total requirements are expected to be met from internal generation and market borrowings of public sector entities, which is possible only if their projects are financially viable. The remaining 30% have to come from private investment in infrastructure and this depends critically upon the creation of a supportive investor friendly environment and the ability to roll out bankable projects of this magnitude in sectors which can attract private investment. Such private participation would not only provide the much needed capital, it would also help to lower costs and improve efficiencies in a competitive environment.

Sector-wise plans, corrected for past trends and synchronized with the outcome of the top-down approach, yield a projected total investment of Rs. 20,56,150 Crore or US\$ 514.04 billion (at constant 2006-07 prices) in infrastructure during the Eleventh Plan. Of this, Rs. 4,35,349 Crore (21 per cent of the total or 30.3 per cent of the public investment) would be spent exclusively towards improvement of rural infrastructure.

As in other countries, the public sector would continue to play a dominant role in investment for infrastructure. The total public sector investment envisaged is Rs. 7,65,622 Crore by the Centre and Rs. 6,70,937 Crore by the States. Investment by the private sector, which includes Public-Private Partnership (PPP) projects, makes up the balance of Rs. 6,19,591 Crore, which is 30 per cent of the required total investment during the Eleventh Plan, a much higher share than 20 per cent anticipated to be realized during the Tenth Plan.

Of the projected investment of Rs. 7,65,622 Crore by the Central Government, Rs. 5,65,622 Crore is likely to be funded out of Internal and Extra Budgetary Resources (IEBR). In the case of States, Rs. 4,44,671 Crore is expected from budgetary resources while about Rs. 2,26,266 Crore is expected from their IEER. These investments would require a much higher scale of effort by the Public Sector Undertakings especially for raising debt on commercial terms.

The programme ensures strengthening and consolidating recent infrastructure-related horizontal initiatives, such as Bharat Nirman for building rural infrastructure, as well as sectoral initiatives and strategies, such as the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Accelerated Power Development and Reforms Programme (APDRP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Accelerated Irrigation Benefit Programme (AIBP), National Highways Development Programme (NHDP), Financing Plans for Airports, Ports and Highways, and National Maritime Development Programme (NMDP).

While historically infrastructure services in India have been provided through government entities, in recent years, changes in the legal, regulatory and policy regimes in India have allowed for increased private involvement in infrastructure development. Some of these recent legislative reforms include the Airports Authority of India Act, 1994, as amended in 2003 and the Electricity Act, 2003, pursuant to which the Government has announced the National Electricity Policy articulating its resolve to make electricity available to all households and fully meet the demand for power by the year 2012. These measures have allowed public-private partnerships where projects are developed, financed, constructed and operated by private sector sponsors with cooperation from the Government.

### **Guidelines for pre-qualification of bidders for PPP projects**

One of the key factors that determine the success of a PPP project is the criteria for selection of the project sponsor; especially as such projects typically involve large capital investments for providing essential infrastructure services to users on a long term basis. A bidder lacking in sufficient technical and financial capacity can jeopardize the project whereas selection based on negotiations or inadequate competition can deprive the users of the assurance that they are paying a competitive price.

A variety of technical, financial and other criteria were being used by project authorities and in some cases technical proposals were also being invited along with financial bids. Some of the qualification parameters were subjective and were prone to disputes / litigation.

The Committee on Infrastructure (CoI) chaired by the Prime Minister constituted an inter-ministerial group to arrive at the guidelines to be laid down for pre-qualification and short-listing of applications who should be invited to make financial offers. Following extensive consultations with stakeholders and experts, the group submitted its recommendations that were accepted by CoI and issued the guidelines. The guidelines include a Model Request for Qualification (RFQ) document that ministries and autonomous bodies are expected to follow.

## **Budgetary Allocation**

The Government's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India has resulted in, or is expected to result in, several large infrastructure projects across India. The GOI has developed various alternate sources of raising funding for infrastructure projects, including the levy of cess on petrol and diesel, which is being used to fund road projects such as the Golden Quadrilateral and the North-South and East-West corridors. The GOI is actively engaged in raising funds from Multilateral Financial Development Institutions such as the World Bank, IFC and ADB, to promote various infrastructure projects across India. There are also various initiatives being taken to encourage private sector participation, such as tax breaks for investments in infrastructure. The GOI has also devised return schemes to attract private participants, such as annuity payments and capital gains tax incentives in road projects.

## **CONSTRUCTION SECTOR IN INDIA**

Growth in the construction industry is expected to be led by growth in infrastructure and industrial construction investments, which are expected to grow at a faster rate than real estate construction investments. Consequently, the share of real estate construction investments in the total construction investments is expected to fall over the next five years (fiscal years 2007-2011) in comparison with the preceding five years (fiscal years 2002-2006). Nevertheless, real estate construction investments will continue to be the biggest component of the total construction investments.

The Indian construction industry has witnessed rapid growth over the last few years, clearly indicating the benefit of securing 'industry' status. The construction sector is strongly linked to the overall growth and development of the economy.

Until recently, FDI in the real estate sector had been highly regulated. Recent changes in the FDI policy to permit FDI in the real estate sector subject to certain conditions have contributed to the development of organized investment in the sector. These changes, together with the repealing of rent control laws in certain states and rationalization of property taxes, are expected to trigger Rs 5,295 billion (US\$118 billion) of annual investments in the construction industry over the five-year period, Fiscal 2007-2011.

### **Industry characteristics**

Worldwide, the construction sector is characterised by a plethora of players and the Indian scenario is no different. There are around 200 large construction companies currently operating in India. These are mostly large industrial/infrastructure construction companies. The industry is not fixed capital intensive, but working capital intensive.

The construction industry can be broadly classified into:

- Real estate construction (residential and commercial construction);
- Infrastructure (roads, urban infrastructure, power, railways and irrigation, etc); and
- Industrial construction (metals, oil and gas, textiles, automobiles, etc).

Construction activity is an integral part of a country's infrastructure and industrial development. The industry is a vital part of the economy with an output equivalent to about 5.2 percent of our Country's GDP.

The industry is highly fragmented with a few large players and several medium to small scale entities. The industry is highly labour intensive and is the second largest employer after agriculture in the country.

The construction industry functions in a multi-tier system. The project owners contract the project to the main contractor, who then awards sub contracts to several sub-contractors depending on the type of jobs, such as plumbing, electrification, piling, etc involved in the main contract. The sub-contractor, in turn,

awards smaller jobs on piece rate basis to labour contractors or thekedars or petty contractors. These contractors then carry out the work with their labour force, which mainly comprises of daily rated temporary / casual workers.

Being largely unorganized, the industry suffers from low mechanization. Only a handful of companies are able to bring in the latest construction equipment and material.

The sector was accorded the status of industry in the year 2000 only. Since then there has been increased emphasis on involving private sector for infrastructure development through public private ownerships and mechanism like BOT (Build Operate Transfer), BOOT (Build Operate Own Transfer) and BOLT (Build Operate Lease Transfer)

The last few years has seen the central government take up huge infrastructure projects, mainly the Golden Quadrilateral, East-West and North South Corridor, port connectivity, up-gradation of internal airports, creating berths and container terminals at seaports, setting up thermal, hydro and nuclear power plant and developing canal structures for increased and improved water supply. All these projects are underway through private participation. Foreign construction companies have also forayed into the Indian construction industry through the joint venture route.

In 2005, Government permitted 100 percent foreign direct investment in the construction sector with the liberty to repatriate profits after a three year period.

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

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

#### ***Build-Operate-Transfer (“BOT”)***

Under this type of PPP contract, the Government grants to a contractor a concession to finance, build, operate and maintain a facility for the concession period. During the concession period, the operator collects user fees and applies these to cover the costs of construction, debt-servicing and operations. At the end of the concession period, the facility is transferred back to the public authority. BOT is the most commonly used approach in relation to new highway projects in India, and is also used in the energy and port sectors. BOT projects can be annuity-based or toll-based, as defined below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **ROAD SECTOR IN INDIA**

For a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways (NH), with a total length of 66,590 km, serve as the arterial network across the country. The ongoing programme of four-laning the 5846 km long Golden

Quadrilateral (GQ) connecting Delhi, Mumbai, Chennai and Kolkata is nearing completion. The ongoing four-laning of the 7,142 km North-South East-West (NSEW) corridor is to be completed by December 2009. In its third meeting held on 13 January, 2005, the Committee on Infrastructure adopted an Action Plan for development of the National Highways network. An ambitious National Highway Development Programme (NHDP), involving a total investment of Rs.2,20,000 Crore upto 2012, has been established. The main elements of the programme are as follows:

#### **Four-laning of the Golden Quadrilateral and NS-EW Corridors (NHDP I & II)**

The NHDP Phase I and Phase II comprise of the Golden Quadrilateral (GQ) linking the four metropolitan cities in India i.e. Delhi-Mumbai-Chennai-Kolkata, the North-South corridor connecting Srinagar to Kanyakumari including the Kochi-Salem spur and the East-West Corridor connecting Silchar to Porbandar besides port connectivity and some other projects on National Highways. Four-laning of the Golden Quadrilateral is nearing completion. Four-laning of 7,166 km under NHDP-I and 2,440 km under NHDP-II has been completed upto December 2008. Four-laning of 7,166km under NHDP-I and 2,440 km under NHDP-II has been completed upto December 2008. The contracts for projects forming part of NS-EW corridors are being awarded rapidly for completion by December 2009

#### **Four-laning of 12,109 Kms (NHDP-III)**

The Union Cabinet has approved the four-laning of 12,109 km of high density national highways, through the Build, Operation & Transfer (BOT) mode. The programme consists of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance. Up to December 2008, NHA has awarded contracts of 2,075 km

#### **Two laning of 20,000 Kms (NHDP-IV)**

With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages upgradation of 20,000 Kms of such highways into two-lane highways, at an indicative cost of Rs.27,800 Crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

#### **Six-laning of 6,500 Kms (NHDP-V)**

Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on BOT basis. These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will be completed by 2012. NHA has already awarded contracts for 1,030 km till December 2008.

#### **Development of 1000 km of expressways (NHDP-VI)**

With the growing importance of certain urban centers of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved 1000 k.m. of expressways to be developed on a BOT basis, at an indicative cost of Rs.16,680 Crore. These expressways would be constructed on new alignments.

#### **Other Highway Projects (NHDP-VII)**

The development of ring roads, by-passes, grade separators and service roads is considered necessary for full utilization of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs.16,680 Crore, has been approved.

#### **Accelerated Road Development Programme for the North East Region**

The Accelerated North-East Road Development Project has been approved, which will mainly provide

connectivity to all the State capitals and district headquarters in the north-east. The proposal would include upgrading other stretches on NH and state highways considered critical for economic development of the north-east region.

### **Institutional Initiatives**

Steps have been taken for restructuring and strengthening of National Highways Authority of India (NHAI), which is the implementing agency for the National Highways programme. Institutional mechanisms have been established to address bottlenecks arising from delays in environmental clearance, land acquisition etc. A special focus is being provided for traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management. It is expected that the sum total of these initiatives should be able to deliver an efficient and safe highway network across the country.

### **Size**

- India has an extensive road network of 3.3 million kms - the second largest in the world
- Roads carry about 61% of the freight and 85% of the passenger traffic
- Highways/Expressways constitute about 66,590 kms (2% of all roads) and carry 40% of the road traffic
- The ambitious National Highway Development Project (NHDP) of the Government is at an advanced stage of implementation. Key sub-projects under the NHDP include:
  - The Golden Quadrilateral (GQ-5846 kms of 4 lane highways)
  - North-South & East-West Corridor NSEW-7142 kms of 4 lane highways)
  - Four-laning of 12,109 km under NHDP-III
- Program for 6-laning of 6,500 km of National Highways under NHDP- V

### **Policy**

- 100% FDI under the automatic route is permitted for all road development projects
- Incentives:
  - 100% income tax exemption for a period of 10 years
  - NHAI agreeable to provide grants/viability gap funding for marginal projects
  - Model Concession Agreement formulated
  - IIFCL to provide funding upto 20% of project cost

The country's road network consists of national highways, state highways, major district roads, other district roads and village roads. Out of the total length of national highways, about 30 per cent length is single lane/intermediate lane, about 53 per cent is two-lane standard and the remaining 17 per cent is four-lane or more standard. The key programmes under road development include the National Highway Development Programme (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), and Special Accelerated Road Development Programme for the North East (SARDP - NE), in addition to other state level projects. The Working Group Report for the Eleventh Five-Year Plan has estimated that the total fund required for new construction and up-gradation to achieve targets alone in upcoming Plan would be around Rs 1,200 billion. An amount of about Rs 37 billion has been made available from CRF in 2006-07. It is estimated that a total of Rs 218 billion will be available from the cess during the Eleventh Plan period (2007- 2012).

### **Road Route Map**

- Road projects worth Rs 2 Lakh Crore to be awarded in the next two years.
- Construction of 20 km of roads per day, as against 3 in the previous years.
- Overseas road shows to attract investors to 135 Indian road projects costing an estimated \$20.68 billion.
- The total size of the roads programme up to 2015 is about Rs 3.3 Lakh Crore.

- The government has envisaged an investment of over Rs 3000 billion in the road sector in the 11th Plan Period (2007-2012). Private investment has been estimated at nearly Rs 1070 billion, or over a third of the total. (Source- Dalal street)

India's road and highway network of approximately 33 Lakh km provides a relatively dense network by international standards. Indian roads are divided into the following five categories:

| No.          | Indian Road Network   | Length<br>(In Km)           |
|--------------|-----------------------|-----------------------------|
| 1.           | Expressways           | 200                         |
| 2.           | National Highways     | 70,548                      |
| 3.           | State Highways Major  | 1,31,899                    |
| 4.           | District Roads        | 4,67,763                    |
| 5.           | Rural and Other Roads | 26,50,000                   |
| <b>Total</b> |                       | <b>33 Lakhs Kms(Approx)</b> |

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

- About 65% of freight and 80% passenger traffic is carried by the roads.
- National Highways constitute only about 2% of the road network but carry about 40% of the total road traffic.
- Number of vehicles has been growing at an average pace of 10.16% per annum over the last five years.

### **Rural roads**

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

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

Table 1: Rural Roads Completion Status

|                           | New Connectivity (km) |             |             | Upgradation (km) |             |             |
|---------------------------|-----------------------|-------------|-------------|------------------|-------------|-------------|
|                           | Target                | Achievement | % Completed | Target           | Achievement | % Completed |
| 2005- 06                  | 1 5,493               | 18,054      | 116.5%      | 11,394           | 3 ,898      | 34.2%       |
| 2006- 07                  | 3 5,182               | 21,423      | 60.9%       | 54,669           | 44,307      | 81.0%       |
| 2007- 08                  | 4 3,990               | 21,902      | 49.8%       | 59,316           | 58,145      | 98.0%       |
| 2008- 09<br>(provisional) | 3 5,220               | 23,875      | 67.8%       | 52,720           | 48,960      | 92.9%       |

\*Source: PMGSY Online

## National Highways Authority of India

The National Highways Authority of India (.NHAI.) was constituted by an act of Parliament, the National Highways Authority of India Act 1988. The NHAI's primary mandate is the time and cost bound implementation of the National Highways Development Project (.NHDP.) through a variety of funding options, which includes funding from external multilateral agencies like the World Bank, the Asian Development Bank and the JBIC. The NHAI is mainly focused on strengthening and four-laning approximately 13,146 kilometers of high-density corridors across India.

The major areas that the NHAI is responsible for overseeing include the following:

- enhancing the Golden Quadrilateral - 5,846 kilometers connecting Delhi-Kolkata-Chennai-Mumbai;
- enhancing the North-South and East-West Corridors (.NSEW.) - 7,300 kilometers connecting Kashmir to Kanyakumari and Silchar to Porbandhar;
- providing road connectivity to major ports;
- involving the private sector in financing the construction, maintenance and operation of National Highways and wayside amenities;
- Improvement, maintenance and augmentation of the existing National Highways network;
- Implementation of road safety measures and environmental management; and
- Introducing information technology in construction, maintenance and all operations under the NHDP

## National Highways Development Project

The National Highways Development Programme (NHDP) encompasses upgradation, rehabilitation and broadening existing national highways to a higher standard. The project is managed by NHAI under the aegis of the Department of Road Transport and Highways, Ministry of Shipping, Road Transport and Highways. Currently, NHDP is being implemented in four phases: I, II, IIIA and V. Phases I and II consists of the Golden Quadrilateral, NSEW and Port Connectivity projects.

## Policy Initiatives for Attracting Private Investment (\*)

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

The GOI has made the following provisions in order to attract private investment in roads:

- 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

| Fuel                 | MW               | %           |
|----------------------|------------------|-------------|
| <b>Total Thermal</b> | <b>98,044.48</b> | <b>64.6</b> |
| Coal                 | 80,395.88        | 53.3        |
| Gas                  | 16,448.85        | 10.5        |
| Oil                  | 1,199.75         | 0.9         |
| Hydro (Renewable)    | 36,885.40        | 24.7        |
| Nuclear              | 4,120.00         | 2.9         |

| Fuel         | MW                 | %             |
|--------------|--------------------|---------------|
| RES** (MNRE) | 13,310.21          | 7.7           |
| <b>Total</b> | <b>1,52,360.09</b> | <b>100.00</b> |

### The Power Sector in India

As per the Ministry of Power (.MoP.), GOI, the all India installed capacity for electrical power generation was 152360.09 MW as on September 30, 2009. This total capacity consisted of 98044.48 MW of thermal based power, 36885.40 MW of hydro power, 4,120 MW of nuclear power and 13310.21 MW of renewable energy. (Source: <http://www.powermin.nic.in>)

### Total Installed Capacity

| Sector         | MW                 | %             |
|----------------|--------------------|---------------|
| State Sector   | 76,626.71          | 52.5          |
| Central Sector | 49,842.63          | 34.0          |
| Private Sector | 25,890.75          | 13.5          |
| <b>Total</b>   | <b>1,52,360.09</b> | <b>100.00</b> |

Renewable Energy Sources (RES) include SHP, BG, BP, U&I and Wind Energy.

### Installed Capacity (At The End of 10<sup>th</sup> Plan) (Figures In Mw)

| Sector       | Hydro          | Thermal        |                |               |                | Nuclear       | R.E.S.<br>(MNRE) | Total         |
|--------------|----------------|----------------|----------------|---------------|----------------|---------------|------------------|---------------|
|              |                | Coal           | Gas            | Diesel        | Total          |               |                  |               |
| State        | 26005.7        | 41731.6        | 3729.8         | 604.6         | 46066          | 0.0           | 975.7            | 73047.4       |
| Private      | 1230.0         | 4241.4         | 4183.0         | 597.1         | 9021.5         | 0.0           | 6784.8           | 17036.3       |
| Central      | 7418           | 25118.3        | 5809.0         | 0.0           | 30927.3        | 3900.0        | 0.0              | 42245.3       |
| <b>Total</b> | <b>34653.7</b> | <b>71091.3</b> | <b>13721.8</b> | <b>1201.8</b> | <b>86014.8</b> | <b>3900.0</b> | <b>7760.5</b>    | <b>132329</b> |

### Installed Capacity as on June 30, 2009

| Sector       | Hydro          | Thermal        |                |               |                | Nuclear       | R.E.S<br>(MNRE) | Total           |
|--------------|----------------|----------------|----------------|---------------|----------------|---------------|-----------------|-----------------|
|              |                | Coal           | Gas            | Diesel        | Total          |               |                 |                 |
| State        | 27094.7        | 42647.5        | 3672.2         | 602.6         | 46922.3        | 0             | 2247.7          | 76264.7         |
| Private      | 1230           | 6091.4         | 6074.5         | 597.1         | 12763.0        | 0             | 10994.7         | 24987.7         |
| Central      | 8592.0         | 29720.0        | 6638.3         | 0             | 36359.3        | 4120.0        | 0               | 49071.0         |
| <b>Total</b> | <b>36916.7</b> | <b>78458.9</b> | <b>16385.0</b> | <b>1199.7</b> | <b>96044.3</b> | <b>4120.0</b> | <b>13242.4</b>  | <b>150323.4</b> |

NOTE: -

- (i) I.C.OF STATES IS PROVISIONAL AND IT IS BENING RECONCILED.
- (ii) I.C. DOES NOT INCLUDE BENEFITS FROM PROJECTS IN BHUTAN.
- (iii) R.E.S. INCLUDES: - SHP – 2160.48 MW, WIND – 9344. 13 MW, B.P.& B.G. – 1650.43 MW, U&I 7 SOLAR -87.37 MW.

### ACTUAL POWER SUPPLY POSITION

| Period               | Peak Demand (MW) | Peak Met (MW) | Peak Deficit/ Surplus (MW) | Peak Deficit/ Surplus (%) | Energy Requirement (MU) | Energy Avail-ability (MU) | Energy Deficit/ Surplus (MU) | Energy Deficit/ Surplus (%) |
|----------------------|------------------|---------------|----------------------------|---------------------------|-------------------------|---------------------------|------------------------------|-----------------------------|
| 9 <sup>TH</sup> PLAN | 78441            | 69189         | -9252                      | -11.8                     | 522537                  | 483350                    | -39187                       | -7.5                        |

|               |        |       |        |       |        |        |        |      |
|---------------|--------|-------|--------|-------|--------|--------|--------|------|
| END           |        |       |        |       |        |        |        |      |
| 2002-03       | 81492  | 71547 | -9945  | -12.2 | 545983 | 497890 | -48093 | -8.8 |
| 2003-04       | 84574  | 75066 | -9508  | -11.2 | 559264 | 519398 | -39866 | -7.1 |
| 2004-05       | 87906  | 77652 | -10254 | -11.7 | 591373 | 548115 | -43258 | -7.3 |
| 2005-06       | 93255  | 81792 | -11463 | -12.3 | 631757 | 578819 | -52938 | -8.4 |
| 2006-07       | 100715 | 86818 | -13897 | -13.8 | 690587 | 624495 | -66092 | -9.6 |
| 2007-08       | 108866 | 90793 | -18073 | -16.6 | 739345 | 666007 | -73338 | -9.9 |
| 2008-09       | 109809 | 96685 | -13124 | -12   | 774324 | 689021 | -85303 | -11  |
| APR-JUNE,2009 | 111066 | 97355 | -13711 | -12.3 | 202238 | 182412 | -19826 | -9.8 |
| JUNE,2009     | 111066 | 95722 | -15344 | -13.8 | 65775  | 59558  | -6217  | -9.5 |

NOTE: - PEAK DEMAND – 121891 MW, ENERGY REQUIREMENT – 794561 MU ROR THE YEAR 2008 2009 (AS PER 17 TH EPS REPORT), OCCURRENCE OF PEAK AS PER ACTUAL POWER SUPPLY POSITION IN THE MONTH(S) – MARCH & OCTOBER SOURCE: - DMLF DIVISION

#### CAPACITY ADDITION DURING 11<sup>TH</sup> PLAN (AS PER PLANNING COMMISSION TARGE)

| Sector       | Hydro          | Thermal        |               |            |                | Nuclear       | Wind       | Total           |
|--------------|----------------|----------------|---------------|------------|----------------|---------------|------------|-----------------|
|              |                | Coal           | Gas           | Diesel     | Total          |               |            |                 |
| State        | 3482.0         | 19985.0        | 3316.4        | 0.0        | 23301.4        | 0.0           | 0.0        | 26783.4         |
| Private      | 3491.0         | 9515.0         | 2037.0        | 0.0        | 11552.0        | 0.0           | 0.0        | 15043.0         |
| Central      | 8654.0         | 23350.0        | 1490.0        | 0.0        | 24840.0        | 3380.0        | 0.0        | 36874.0         |
| <b>Total</b> | <b>15627.0</b> | <b>52850.0</b> | <b>6843.4</b> | <b>0.0</b> | <b>59693.4</b> | <b>3380.0</b> | <b>0.0</b> | <b>78700.4*</b> |

NOTE:- \* AS PER ACTUAL ORDERS, THE CAPACITY COMES TO 78900.4 MW.

#### LIKELY POWER SUPPLY POSITION AT THE END OF 2011 – 12 (DEMAND AS PER 17<sup>TH</sup> EPS)

| Period  | Peak Demand (MW) | Peak Met (MW) | Peak Deficit/ Surplus (MW) | Peak Deficit/ Surplus (%) | Energy Requirement (MU) | Energy Availability (MU) | Energy Deficit/ Surplus (MU) | Energy Deficit/ Surplus (%) |
|---------|------------------|---------------|----------------------------|---------------------------|-------------------------|--------------------------|------------------------------|-----------------------------|
| 2011-12 | 152746           | 152899        | 153                        | 0.1                       | 968659                  | 1010346                  | 41687                        | 4.3                         |

#### Capacity Addition

The all India installed power generation capacity as on 31.3.2009 was 147965 MW comprising of 93725 MW Thermal, 36878 MW Hydro, 4120 MW nuclear and 13242 MW R.E.S.

#### Capacity addition programme and achievement during 2008-09 (source MoP Annual report 2008-09)

The capacity addition target for the year 2008-09 was 11061.2 MW which has been revised to 7530 MW because of the revised definition of commissioning of power projects and the achievement as on 31.3.2009 was 3454 MW.

#### POWER SUPPLY POSITION

The power supply position since beginning of 9th Plan was as under:

#### PEAK DEMAND:

Year Energy Requirement (MU) Energy availability (MU) Energy shortage (MU) Energy Shortage (%)

| Year    | Energy Requirement (MU) | Energy availability (MU) | Energy shortage (MU) | Energy Shortage(%) |
|---------|-------------------------|--------------------------|----------------------|--------------------|
| 1997-98 | 424505                  | 2007-08                  | 34175                | 8.1                |
| 1998-99 | 446584                  | 420235                   | 26349                | 5.9                |
| 1999-00 | 480430                  | 450594                   | 29836                | 6.2                |
| 2000-01 | 507216                  | 467400                   | 39816                | 7.8                |
| 2001-02 | 522537                  | 483350                   | 39187                | 7.5                |
| 2002-03 | 545983                  | 497890                   | 48093                | 8.8                |
| 2003-04 | 559264                  | 519398                   | 39866                | 7.1                |
| 2004-05 | 591373                  | 548115                   | 43258                | 7.3                |
| 2005-06 | 631554                  | 578819                   | 52735                | 8.4                |
| 2006-07 | 690587                  | 624495                   | 66092                | 9.6                |
| 2007-08 | 737052                  | 664660                   | 72392                | 9.8                |
| 2008-09 | 777039                  | 691038                   | 86001                | 11.1               |

### CAPACITY ADDITION PROGRAMME IN THE XITH PLAN

The all India installed power generation capacity as on 31.03.2009 was 147965 MW comprising of 93725 MW thermal, 36878 MW hydro, 4120 MW nuclear and 13242 MW R.E.S. The Central Sector's share in generation has gradually increased from 12% in 1979 to 33% as on 31.3.2009. On the other hand the share of the State Sector has declined from 82.5% to 51% while the share of Private Sector has gone up from 5.2% to 16% during the same period.

To fulfill the objectives of the NEP, a capacity addition of 78,700 MW has been proposed for the 11th Plan. This capacity addition is expected to provide a growth of 9.5% to the power sector. The breakup of the capacity addition target is given as under:

Chart as per Annual Report

| Source  | Central | State | Private | Total Share | %    |
|---------|---------|-------|---------|-------------|------|
| Hydro   | 8654    | 3482  | 3491    | 15627       | 19.9 |
| Thermal | 24840   | 23301 | 11552   | 59693       | 75.8 |
| Nuclear | 3380    | --    | --      | 3380        | 4.3  |
| Total   | 36874   | 26783 | 15043   | 78700       | 100  |
| Share   | 46.9    | 34    | 19.1    | 100         |      |

### Capacity addition programme and achievement during 2008-09

The capacity addition target for the year 2008-09 was 11061.2 MW which has been revised to 7530 MW because of the revised definition of commissioning of power projects and the achievement as on 31.03.2009 was 3454 MW. The details of programme and achievement made till 31.03.2009 are as given below:

#### Programme – 2008-09

#### Central sector State sector Private sector Total (MW)

| Type/Sector  | Central Sector | State Sector  | Private Sector | Total (MW)     |
|--------------|----------------|---------------|----------------|----------------|
| Thermal      | 2910           | 2957.20       | 3437           | 9304.20        |
| Hydro        | 0              | 1097          | 0              | 1097           |
| Nuclear      | 660            | 0             | 0              | 660            |
| <b>Total</b> | <b>3570</b>    | <b>4054.2</b> | <b>3437</b>    | <b>11061.2</b> |

### Revised capacity addition target during 2008-09

Central sector State sector Private sector Total (MW)

| Type/Sector  | Central Sector | State Sector  | Private Sector | Total (MW)    |
|--------------|----------------|---------------|----------------|---------------|
| Thermal      | 1750           | 1262.2        | 2761           | 5773.2        |
| Hydro        | 0              | 1097          | 0              | 1097          |
| Nuclear      | 660            | 0             | 0              | 660           |
| <b>Total</b> | <b>2410</b>    | <b>2359.2</b> | <b>2761</b>    | <b>7530.2</b> |

Achievement – 2008- 09 (1.4. 2008 to 31.3. 2009)

Central sector State sector Private sector Total (MW)

| Type/Sector  | Central Sector | State Sector  | Private Sector | Total (MW)    |
|--------------|----------------|---------------|----------------|---------------|
| Thermal      | 750            | 852.2         | 882.5          | 2484.7        |
| Hydro        | 0              | 969           | 0              | 969           |
| Nuclear      | 0              | 0             | 0              | 0             |
| <b>Total</b> | <b>750</b>     | <b>1821.2</b> | <b>882.5</b>   | <b>3453.7</b> |

### CAPACITY ADDITION TARGET 11TH PLAN (source CEA Executive summary)

| Type/Sector  | Central Sector | State Sector | Private Sector | Total (MW)   |
|--------------|----------------|--------------|----------------|--------------|
| Thermal      | 24840          | 23301        | 11552          | 59693        |
| Hydro        | 8654           | 3482         | 3491           | 15627        |
| Nuclear      | 3380           | 0            | 0              | 3380         |
| <b>Total</b> | <b>36874</b>   | <b>26783</b> | <b>15043</b>   | <b>78700</b> |

India had been traditionally depending on thermal power as a major source of power generation, which constitutes about 65% of current capacity. Balance is contributed by Hydel power (26%), Nuclear (3 %) and Renewable energy (6%). Over 87% of the current installed capacity in the country is by the government, and with the state governments having lion's share of over 52% and the balance by central (federal) government. Due to the initiative of government of India to encourage Public Private Partnerships in power sector, share of private companies has gone up to steadily to MW, about 13 % of the installed capacity

### NATIONAL POLICY FOR HYDRO POWER DEVELOPMENT

Hydro power is a renewable economic, non- polluting and environmentally benign source of energy. Hydro power stations have inherent ability for instantaneous starting, stopping, load variations etc. and help in improving reliability of power system. Hydro stations are the best choice for meeting the peak demand. The generation cost is not only inflation free but reduces with time. Hydroelectric projects have long useful life extending over 50 years and help in conserving scarce fossil fuels. They also help in opening of avenues for development of remote and backward areas.

Our country is endowed with enormous economically exploitable and viable hydro potential assessed to be about 84,000 MW at 60% load factor (1,48,700 MW installed capacity). In addition, 6781.81 MW in terms of installed capacity from small, mini and micro hydel schemes have been assessed. Also, 56 sites for pumped storage schemes with an aggregate installed capacity of 94,000 MW have been identified. However, only 15% of the hydroelectric potential has been harnessed so far and 7% is under various stages of development. Thus, 78% of the potential remains without any plan for exploitation.

Despite hydroelectric projects being recognized as the most economic and preferred source of electricity, share of hydro power has been declining steadily since 1963. The share of hydro power has been continuously declining during the last three decades. The hydro share has declined from 44 per cent in 1970

to 25 per cent in 1998. The ideal hydro thermal mix should be in the ratio of 40:60. Because of an imbalance in the hydel thermal mix especially in the Eastern and Western regions, many thermal power stations are required to back down during off peak hours. The capacity of the thermal plants cannot be fully utilized resulting in a loss of about 4 to 5 per cent in the plant load factor. Even if the share of hydro power is to be maintained at the existing level of 25 per cent, the capacity addition during the 9th and 10th Plan would work out to 23,000 MW. If the share were to be enhanced to 30 per cent, it would require a further addition of 10,000 MW of hydro capacity.

## **THERMAL POWER**

India had been traditionally depending on thermal power as a major source of power generation, which constitutes about 65% of current capacity. Balance is contributed by Hydel power (26%), Nuclear (3 %) and Renewable energy (6%).

Over 87% of the current installed capacity in the country is by the government; with the state governments having lion's share of over 52% and the balance by central (federal) government. Due to the initiative of government of India to encourage Public Private Partnerships in power sector, share of private companies' power generation capacity has gone up to steadily to 17,112.62 MW, about 13 % of the installed capacity. With Government of India opening up Ultra Mega Power Projects (UMPP) for private investments, a number of private companies, including overseas companies, have been increasingly showing interest in investing in power projects. State-owned Power Finance Corporation, which is the nodal agency for the UMPP, has set up nine Special Purpose Vehicles (SPVs) to conduct preliminary studies and obtain government approval for the planned projects. Once these SPVs will become operational it will generate a capacity of 36,000 MW power. Renewable energy offers a huge potential as a physical target of 15,000 MW with an outlay of Rs.39,250 million is proposed for grid interactive/ distributed renewable power generation during 2007-12. The total investment required would be about Rs600 billion

## **Power Shortage in India**

Power shortage has cast its shadow over the country for a long time. However, the situation has now turned critical, and if timely measures are not implemented, power shortage is expected to slow down the growth in the economy. The energy deficit in the country is around 10%, while the peak deficit is 14-15%. The situation is far worse in some parts of the country, with states such as Maharashtra facing an energy shortage of 18% and a peak shortage as high as 27%. The peak deficit is around 4,500 MW in the state, leading to load shedding of 10-12 hours in some parts of the state.

There are multiple reasons for the critical power scenario in the country. The sector is marred by operational and commercial losses. Transmission and Distribution (T&D) losses are as high as 31%, indicating that one third of the energy generated is lost. This is far higher than T&D losses of 10%, or lower, in countries such as the US, UK, Australia, Japan and China. The higher losses and inefficiencies in the system have resulted into huge accumulated financial losses for the state sector. The sector was opened up with the introduction of the Electricity Act (EA) in 2003 to remove inefficiencies in the system. However, the implementation of reforms initiated by the EA has yet to gather pace. The concurrent nature of the industry governance has partly been the cause for the slowdown in progress. In India, power is a state subject, while a few entities (such as NTPC, NHPC, PGCIL) are governed by the Central Government. Hence, it is difficult to ensure a uniform pace of regulation in each state, as each of them faces a different sets of issues. Though some southern states have made significant progress, others have a long way to go.

Another important reason for the deficit scenario is inadequacy of capacity additions that have taken place during the various Plans. During the Tenth Plan, total capacity addition is expected to be lower at around 19,000 MW. This is less than 50% of the targets set for the Tenth Plan. The average rate of achievement during the last few plan periods has been less than 50%, indicating that in spite of government efforts for pushing for higher capacity addition through various means (including the setting up Inter Institutional Group (IIG)) little progress has been made. A comparison with China shows that the average annual capacity addition of four GW in India is miniscule, as against China's 70 GW over the past few years.

## **Future Capacity Additions**

The Government has set an ambitious target of providing "Power for All" during the Tenth and Eleventh Plans. Based on the 16th Electricity Power Survey prepared by the CEA, India would require additional capacity creation of nearly 100,000 MW by 2012 to achieve this goal.

## **Hydropower – Benefits and Development**

Hydropower is a renewable, economical, non-polluting and environmentally benign source of energy. Hydropower stations have the inherent ability for instantaneous starting, stopping, load variations, etc. and help in improving the reliability of power systems. There is no fuel cost during the life of the project as hydropower generation is a non-consumptive use of water. The benefits of hydropower as a clean, environment friendly and economically attractive source of energy have been sufficiently recognized. The need for its accelerated development also arises from enhanced system reliability and economics of utilization of resources.

Despite the benefits of hydroelectric projects, the share of hydropower has steadily declined in India. At the time of Independence, the share of hydropower in the total installed capacity was around 37%, which continued to rise, crossing 50% in the year 1963. The share of hydropower has declined since then. Until the late seventies, the share of hydropower remained above 40%, considered to be the ideal hydrothermal mix for meeting the demand in an efficient manner. However, since the eighties, the share of hydropower has started declining sharply and at present, the share of hydropower constitutes only about 25% of the overall installed capacity of the country. The graph below shows the trend.

## **Recent Developments**

To supplement public sector investment, the GOI took steps in 1991 to attract private investment in the power industry. The GOI permitted 100% foreign ownership of power generating assets and provided assured returns, a five-year tax holiday, low equity requirements and, for some private generators, counter-guarantees against non-payment of dues by SEBs. However, these reforms still did not address the poor financial health of the SEBs and power shortages persisted.

Transmission and distribution ("T&D") losses were especially high, due to inadequate metering, obsolete equipment, and theft. T&D losses were estimated to be 32.9% on average for the nation in fiscal 2001. The commercial losses of the SEBs were Rs. 253 billion in fiscal 2001, an amount equivalent to over 1% of India's GDP at the time. By March 2001, overdue payments by the SEBs to the CPSUs, including interest and surcharges, amounted to Rs. 278 billion.

In order to incentivize the states to take concrete measures to restructure their power operations, the GOI introduced the Accelerated Power Development and Reforms Programme ("APDRP") in fiscal 2001. The APDRP aims to bring down T&D losses to 10% through various central, state and local level initiatives and to improve the performance of generating stations through renovation and modernization. In order to improve the financial health of the SEBs, the GOI implemented the Scheme for One Time Settlement of Outstanding Dues (the "One Time Settlement"), which settled the outstanding dues of the SEBs payable to the CPSUs, and set up a system to facilitate the full payment of subsequent billings. Most recently, the EA 2003 was adopted, which consolidated all existing laws governing the industry, created a program for restructuring the SEBs, and introduced greater competition and access into certain segments of the industry.

## **The Electricity (Amendment) Act, June 2007**

In May 2007, the government passed the Electricity (Amendment) Bill, 2007 recommending amendments to the Electricity Act (EA), 2003. Subsequent to this, it passed the Electricity (Amendment) Act in June 2007. Certain sections of the EA 2003 were amended, after considering views of the affected parties. The amendments broadly relate to:

- The term 'elimination' has been omitted in relation to cross-subsidies.

- Captive units will not require a license to supply power to any user.
- Strict action against unauthorized usage of power.
- Power theft has been recognized as a criminal offence, punishable under Section 173 of the Code of Criminal Procedure, 1973.

The government has omitted the term “eliminated” in the context of cross-subsidies. (Earlier, the Act stated that ‘the cross-subsidy surcharge and cross subsidies shall be progressively reduced and eliminated’.) In the earlier Tariff Policy of January 2006, the government suggested that by the end of 2010-11, tariffs should be +/- 20% of the cost of supply, in conjunction to the EA, which envisaged a complete elimination of cross-subsidies. For this, the policy suggested that State Electricity Regulatory Commissions (SERCs) prepare a road map to achieve this target. However, the amendment suggests that cross-subsidies would be reduced gradually, and not completely eliminated, as per the earlier provision of ‘elimination of cross-subsidy’. Hence, the amendment is likely to make states more lenient in setting targets for cross-subsidy reduction. Consequently, this may act as a setback to the reformation process, as elimination of cross-subsidies is an important prerequisite for tariff rationalization and improving the financials of state utilities.

The amendment specifies a gradual reduction of cross-subsidy, and does not stipulate a strict timeframe or set targets (except reduction of cross-subsidies to +/- 20% of the cost of supply by 2011) for reducing the same. Going forward, the respective State Regulatory Commissions will have to set the targets and timeframes. In the past, most states have missed deadlines with respect to unbundling, open access implementation, multiyear tariffs, intra-state availability based tariffs (ABT), etc. Therefore, in such a scenario, the omission of a strict measure like ‘elimination of cross-subsidies’ will only ensure continued slow pace of reforms.

The Amendment Act has added a provision to Section 9, which discusses captive generation. The new provision of the Act states that licenses will not be required to supply electricity generated from captive generating plants to any licensee. Further, the amendment seeks to clarify ambiguity regarding a captive plant being a deemed generator that can sell electricity directly to a distribution licensee or a consumer (as a generator). However, charges related to open access and cross-subsidy would still be applicable to a captive generator, in the event where electricity is sold to a consumer directly as defined under Section 42 (2).

Amendments related to penalties for unauthorized usage of power and recognition of power theft as an offence punishable under Section 173 of the Code of Criminal Procedure, 1973, are to ensure strict action against power theft. These amendments would simplify the process of identifying those consumers stealing power, as well as increase the assessment amount, which would help curb losses in the system. This is expected to further strengthen the drive by respective state utilities to eliminate power theft and improve operational efficiencies. The country faces T&D losses of around 30%, which implies that one-third of the power is lost due to theft, pilferage and technical inefficiencies. In fact, a large part of the power lost is through theft and unaccounted agricultural consumption. Therefore, focused efforts towards eliminating theft of power can help reduce distribution losses substantially.

### **The Electricity Act, 2003**

The Electricity Act 2003 was approved by Parliament in May 2003 and took effect from June 2003. The EA 2003 is a central unified legislation and seeks to replace the multiple pieces of legislation that had previously governed the Indian electricity sector. The EA 2003 consolidates all of the existing legislation and provides for further material reforms in the sector. The most significant reform initiative under the EA 2003 is the move towards a multi-buyer, multi-seller system as opposed to the current structure, which permits only a single buyer to purchase power from generators. In addition, under the EA 2003, the regulatory regime is more flexible, has a multi-year approach and allows regulatory commissions’ greater freedom in determining tariffs, without being constrained by rate-of-return regulations. Under the EA 2003, the penal provisions for dishonest use of electricity have been tightened and special courts have been envisaged for speedy dispensation of justice.

## **Regulatory Control**

In India, control over the development of the power industry is shared between the central and the state governments. The Ministry of Power is the highest authority governing the power industry in India. The CEA, a statutory organization constituted under the Electricity Supply Act, is the technical branch of the Ministry of Power assisting in technical, financial and economic matters relating to the electricity industry. The CEA is responsible for giving concurrence to schemes involving capital expenditure beyond a certain limit as fixed by the government from time to time, and it is also responsible for the development of a sound, adequate and uniform power policy in relation to the control and utilization of national power resources. The Central Electricity Regulatory Commission constituted under the Electricity Regulatory Commissions Act 1998 is an independent statutory body with quasi-judicial powers. Its main functions include the formulation of policy and the framing of guidelines with regard to electricity tariffs.

Several states have set up State Electricity Regulatory Commissions (SERCs) and others are in the process of setting them up. The SERCs are engaged in regulating the purchase, distribution, supply and utilization of electricity, tariff and charges payable, as well as the quality of service. State governments have set up SEBs at the state level, which are responsible for ensuring that the supply, transmission and distribution of electricity in such states is carried out in the most economical and efficient manner. These SEBs are required to coordinate with power generating companies, as well as the government entities that control the relevant power grids. Some states have amalgamated their respective SEBs to form Regional Electricity Boards, to ensure that the electricity supply, transmission and distribution policies are consistently applied.

Private sector companies operating in the electricity supply, transmission and distribution industry report to the Ministry of Power, as well as their respective SEBs and their SERCs.

## **Power for All by 2012**

The Ministry of Power has set a goal - Mission 2012: Power for All.

A comprehensive blueprint for power sector development has been prepared encompassing an integrated strategy with the objective of having reliable, quality power at optimum cost that is commercially viable to achieve a GDP growth rate of 8%. This mission would require that India's installed generation capacity should be at least 200,000 MW by 2012 from the present level of 114,000 MW.

The strategies to achieve the objectives would include focusing on power generation, transmission and distribution, regulation, financing, conservation and communication, as follows:

- Power generation strategy with a focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimization of fuel mix, technology upgradation and utilization of non conventional energy sources.
- Transmission Strategy with a focus on development of national grid including interstate connections, technology upgradation and optimization of transmission cost.
- Distribution strategy to achieve distribution reforms with focus on System upgradation, loss reduction, theft control, consumer service orientation, quality power supply commercialization, decentralized distributed generation and supply for rural areas.
- Regulation strategy aimed at protecting consumer interests and making the sector commercially viable.
- Financing strategy to generate resources for required growth of the power sector.
- Conservation strategy to optimize the utilization of electricity with focus on demand side management, load management and technology upgradation to provide energy efficient equipment and gadgets.
- Communication strategy for political consensus with media support to enhance the general public awareness.

## **Public Private Partnership**

Historically, investments in the infrastructure, particularly in the highways, were being made by the government mainly due to the need of huge volume of resources required, long gestation period, uncertain returns and various associated externalities. The galloping resource requirements and the concern for managerial efficiency and consumer responsiveness have led in recent times to an active involvement by the private sector also. To encourage participation of private sector, the government has laid down comprehensive policy guidelines for private sector participation in the Highway Sector. The government has also announced several incentives such as tax exemptions and duty free import of road building equipments and machinery to encourage private sector participation. It has been decided that all the sub-projects in NHDP Phase III to Phase VII will be taken up on the basis of Public Private Partnership (PPP) on Build, Operate and Transfer (BOT) mode or Annuity mode. The private sector participation envisaged in Phase II of NHDP has also been increased.

## **PPP Approaches**

Common forms of Public Private Partnership in the road sector are:

- Design-Build-Finance-Operate (DBFO)
- Build-Operate-Transfer (Toll)
- Build-Operate-Transfer (Annuity)

## **Government Initiatives**

For facilitating Public Private Partnership in national highways, the government has taken following steps:

- Simplified policies with transparent procurement procedures.
- It will carry out all preparatory work including land acquisition
- Model Concession Agreement (MCA) standardized.
- Concession period allowed up to 30 years
- Foreign Direct Investment (FDI) allowed up to 100 per cent in the road sector
- Provision of encumbrance free site for construction
- Arbitration and Conciliation Act 1996 based on UNICITRAL provisions
- Viability Gap Funding upto 40 per cent of project cost based on competitive bidding for each project.
- In BOT projects, entrepreneurs are allowed to collect and retain tolls

## **PPP – Incentives**

- Tax concessions - complete tax holiday for any 10 consecutive years out of 20 years of the concession period.
- Retention of toll by concessionaire for BOT (Toll) Projects.
- Longer concession periods - up to 30 years. Presently, concession period of 12 to 20 years is available.
- Duty free import of high capacity and modern road construction equipment.

## **Future Opportunities for Public Private Partnership**

- Widening of about 6,500 km of national highways to 6 lanes on DBFO basis, costing US \$9.16 billion
- Up gradation and 4-laning of 10,000 km of national highways on Build-Operate-Transfer (BOT) basis at a total estimated cost of US \$ 14.5 billion
- Strengthening/widening of another 20,000 km of national highways to 2-lane with paved shoulders at a total estimated cost of US \$6.2 billion. Construction shall be mostly on BOT/Annuity basis.
- Construction of about 1000 km of expressways at a total projected cost of US \$3.7 billion on a DBFO basis.

- Ring Roads, bypasses, grade separators, flyovers etc. in several important cities (on BOT basis where feasible) at an estimated cost of US\$ 3.7 billion

#### **Foreign Participation**

Most of the proposed highway sector projects would be contracted through Public Private Partnership (PPP). With 100 per cent FDI allowed in the road sector, India is one of the most attractive destinations for Foreign Direct Investment. Given the unmatched investment opportunity offered, contractors and supervision consultants from around 25 countries are already working on NHAI projects in the country, helping implement one of the world's largest highways programmes.

## OUR BUSINESS

We are a construction company primarily engaged in the business of infrastructure development such as Highways, Roads and Bridges. We have diversified our civil works expertise into SEZ Development, Water Management Projects, Irrigation and Power Projects. We do business in the South Indian region, covering states of Karnataka, Andhra Pradesh, Tamil Nadu and the Union Territory of Pondicherry, Andaman Nicobar Islands. We have recently entered the Srilanka market and currently executing a project in the Railway Sector.

Our Company was incorporated in the year 1995 and since incorporation has executed over two hundred (200) Civil Construction projects across various segments of construction and infrastructure industry.

Our business encompasses the following sectors in the civil engineering and construction space spanning nearly fourteen (14) years of operation.

- Execution of civil construction projects from designing and execution to providing integrated one stop solutions in allied services across the value chain in services such as mechanical and electrical, plumbing, fire-fighting, ventilation and air conditioning, interior fit-out services, landscape and glazing solutions. We provide these allied services either directly through our rated and approved vendors (the "Construction" sector);
- Irrigation and water supply projects including dams, tunnels, lift irrigation projects and sewerage schemes (the "Irrigation" sector);
- Industrial construction projects such as development of Special Economic Zones and related works (the "SEZ" Sector);
- Water and waste water projects such as water treatment plants, water transmission and distribution systems, elevated reservoirs and ground level service reservoirs, sewage treatment plants, common effluent treatment plants, and underground drainages (the " Water Management sector");
- Transportation engineering projects, including roads, bridges, flyovers and subways (the "Transportation" sector) ; and
- Construction of civil structural for thermal / hydel power projects (the "Power" sector).

**We list out some of the large projects executed by our Company in the past:**

| No. | Project Description                                                                                                                                                                                      | Contract Value<br>(Rs. In Lakhs) |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1.  | General Civil Works for Power House Super Structure, ESP Control Room, BCW Pump House, Cable and Pipe trenches works of 2x210 MW ar RTPP Stage II, V.V.Reddy Nagar, Kadappa Dist, Andhra Pradesh. Value. | 2,372.56                         |
| 2.  | Creation of Common infrastructure work such as Road, Culverts, Drainage, Compound wall, Ornamental Gates and Gate Pillars for Coimbatore IT SEZ. Tamil Nadu.                                             | 1,897.45                         |
| 3.  | Civil, Structural and Architectural works for Cauvery Hi-Tech Weaving Park at Komarapalayam, Namakkal Dist. Tamil Nadu.                                                                                  | 1,878.39                         |
| 4.  | Construction of Paddy Market complex at Mattuthavani in Madurai District. Tamil Nadu.                                                                                                                    | 1,025.65                         |
| 5.  | Pushep (3x 50MW) - Construction of substructure and superstructure for the underground powerhouse at Singara. Tamil Nadu.                                                                                | 959.54                           |
| 6.  | TNRSP-03 Road Project Stone III Road / CD works from Thondi to Mimisal. Tamil Nadu.                                                                                                                      | 890.00                           |

| No. | Project Description                                                                                                                                                                                                                                                                                                                                         | Contract Value<br>(Rs. In Lakhs) |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 7.  | Design, Construction and Commissioning Common Effluent Treatment Plant of 12MLD Capacity including Civil works for Veerapandi Common Effluent Treatment Plant Ltd at Tirupur. Tamil Nadu.                                                                                                                                                                   | 858.39                           |
| 8.  | Salem-Kumarapalaaym Road Project, Km 36.000 to Km 53.00 on NH 47, Package TN-6. Tamil Nadu.                                                                                                                                                                                                                                                                 | 828.20                           |
| 9.  | Multiplex Complex with Seven Theatres for AMPA Centre one at Nelson Manikam Road, Chennai, Tamil Nadu.                                                                                                                                                                                                                                                      | 785.24                           |
| 10. | Sea water Intake Pump House for Udupi Thermal Power Plant at Udupi District, Karnataka.                                                                                                                                                                                                                                                                     | 650.00                           |
| 11. | Construction of Administrative Block, Hostel, Guest House, Servant Quarters, Dispensary, Garages, Building for Indoor games including water supply, sanitary, Road Works, Sumps, Internal and External Electrifications, Fire fighting works and Mechanical works in Master Plan complex for Anna Institute of Management at RA Puram, Chennai, Tamil Nadu. | 643.00                           |
| 12. | Water Treatment and Effluent Treatment Plant for M/s. Neyveli Lignite Corporation, Thermal II Expansion (2x250MW) at Neyveli, Tamil Nadu.                                                                                                                                                                                                                   | 425.22                           |

#### Our major clients:

- National Thermal Power Corporation, Chennai
- Neyveli Lignite Corporation, Tamil Nadu.
- Chennai Corporation, Chennai
- Driplex Water Engineering, Pune, Maharashtra.
- M/s IVRCL Infrastructures Limited, Hyderabad.
- Larson & Tubro Limited, Chennai, Tamil Nadu.
- Chemplast Sanmar Limited, Chennai
- Bharat Heavy Electricals Limited, Tamil Nadu
- HSCC (India) Limited, Noida, (U.P)
- APGENCO, Hyderabad. Andhra Pradesh.
- ELCOT. Tamil Nadu.
- M/s TNPL Limited
- Raasi Seeds, Chinnasalem
- Siemens, Chennai.
- Lanco Infratech Limited, Hyderabad
- Chennai Petroleum Corporation Limited, Chennai.

#### Our Services

We provide integrated engineering, procurement and construction services for civil construction and infrastructure projects.

#### (I) Infrastructure Projects

Infrastructure development has seen tremendous growth in India, especially in recent years. Increased investment in infrastructure has led to a surge in the activities of the construction industry. Infrastructure projects have emerged as, and we believe that they will continue to be, a significant business driver for us. We have developed skill sets in providing engineering and construction services for a diverse range of infrastructure projects, including transportation engineering projects /irrigation / water supply and execution of civil works for power thermal/ hydel projects.

We have successfully completed and are currently engaged in a number of transportation engineering projects, including roads, highways, bridges, flyovers and pedestrian subways, / irrigation & water supply projects, including the building of dams, tunnels, lift irrigation schemes.

**We list below some of the infrastructure projects which our Company is currently executing:**

| <b>No.</b> | <b>Project Description</b>                                                                                                                                                                                                | <b>Contract Value<br/>(Rs. In Lakhs)</b> |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 1.         | Service Facility Infrastructure Works Internal Roads, Storm Water Drains and Service Ducts, Chain Link Fencing, Security Block, Entrance Gate and Compound Wall at TIRUNELVELI Gangaikondan IT SEZ.                       | 3,290.00                                 |
| 2.         | Construction & expansion of additional shop floors, machine foundation, RCC framed structure & other infrastructure works in Block-II and system Bender Shop area in New Plant.                                           | 2,827.00                                 |
| 3.         | Construction of Road, Storm water drainage and other miscellaneous works on western side of Dept. of Atomic Energy plant site at Kalpakkam, Tamil Nadu.                                                                   | 2,145.00                                 |
| 4.         | CWSS to 175. Rural Habitations in Palani and Thoppampatti Unions in Dindigul District, Tamil Nadu, including maintenance of the scheme for twelve (12) Months.                                                            | 1,573.00                                 |
| 5.         | Infrastructure Works IT SEZ at ELCOT, Triuchinapalli, Tamil Nadu.                                                                                                                                                         | 1,422.00                                 |
| 6.         | Construction of RCC pipe carrying bridge across Colleroon River, construction of 8 Lakh liters and 2 Lakh liters elevated reservoir & providing pumping main & distribution system in Thanjavur Municipality, Tamil Nadu. | 1,116.00                                 |
| 7.         | Construction of sheds for FM Yard including internal electrification work in Mine 1 Area and vertical raising of Ebond of Thermal Power Station 1.                                                                        | 1,448.26                                 |
| 8.         | RTPP Stage III (1x210 MW) - General Civil works for power House Superstructure, ESP Control room, DMCW Pump House, Cable & Pipe trenches and other miscellaneous works at V.V Reddy Nagar at Kadappa. Andhra Pradesh.     | 1424.00                                  |
| 9.         | Infrastructure Works for IT SEZ at ELCOT, Illandikulam. Tamil Nadu.                                                                                                                                                       | 745.00                                   |

## **(II) Civil Construction Services**

Our Promoters began their foray into the construction business by providing engineering and construction services for civil construction projects, especially the construction of buildings. The portfolio of civil construction projects that we have successfully executed and are currently in various stages of completion includes mass housing projects and townships, industrial structures, an information technology park, corporate offices, hotels, hospitals and universities and educational campuses.

The following table illustrates some of the past civil construction projects executed by our Company:

| <b>Project Description</b>                                                                                                                                                                                              | <b>Client</b>                                                 | <b>Location</b>                                                                      | <b>Contract Value<br/>(Rs. In Lakhs)</b> | <b>Completion status</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------|--------------------------|
| Construction of additional shop floor areas of Bays 6,7,8 & A - Bay extension of Building 50 (civil and Structural works)                                                                                               | BHEL, Trichy.                                                 | Trichy, Tamil Nadu                                                                   | 1850.00                                  | Completed                |
| Industrial Units at Tirupur, Coimbatore, Tamil Nadu. Construction of 100 Industrial Sheds                                                                                                                               | Tamil Nadu Adi Dravidar Housing & Development Corporation.    | Tirupur, Coimbatore Dist, Tamil Nadu.                                                | 691.00                                   | Completed                |
| Construction of Treatment Plant in SPAC Tapioca Products (India) Limited                                                                                                                                                | SPAC Tapioca products (India) Ltd, Erode.                     | Salem District, Tamil Nadu.                                                          | 625.00                                   | Completed                |
| Construction of Industrial Structure, Machine Structure and allied works for starch manufacturing unit                                                                                                                  | SPAC Tapioca products (India) Ltd, Erode.                     | Poonachi Village, Bhavani Taluk, Erode District, Tamil Nadu.                         | 475.00                                   | Completed                |
| Civil Works for Veerapandi Common Effluent Treatment.                                                                                                                                                                   | ENKEM Engineers Private Limited, Chennai.                     | Tirupur, Coimbatore Dist, Tamil Nadu.                                                | 425.00                                   | Completed                |
| Setting up of a Demonstration High Rate Bio-Methanisation Plant for Treatment of Tapioca Processing Industry waste water for Generation of power under aegis of the Ministry of Non Conventional Energy sources (MNES). | Ministry of Non Conventional Energy sources New Delhi.        | M/S Varalakshmi Starch Industries Ltd., Pappireddipatty, Dharmapuri Dist, Tamil Nadu | 359.00                                   | Completed                |
| Construction of sheds and roads in Gummudipundi, Tamil Nadu including structural work covering an area of 10,600 sq. meters                                                                                             | Hindustan Petroleum Corporation Limited, Chennai, Tamil Nadu. | Gummudipundi, Tamil Nadu                                                             | 264.00                                   | Completed                |
| TTL Optical Fibre Cable Factory in Maraimalai Nagar,                                                                                                                                                                    | Tamil Nadu Telecommunications Limited, Chennai                | Maraimalai Nagar, Chennai                                                            | 244.00                                   | Completed                |

| Project Description                                | Client                            | Location              | Contract Value (Rs. In Lakhs) | Completion status |
|----------------------------------------------------|-----------------------------------|-----------------------|-------------------------------|-------------------|
| Chennai for Tamil Nadu Telecommunications Limited. |                                   |                       |                               |                   |
| Ware Houses in Tuticorin for Port Trust, Tuticorin | Tuticorin Port Trust, Tamil Nadu. | Tuticorin, Tamil Nadu | 77.00                         | Completed         |

### (III) Transportation Engineering and Irrigation & Water Supply Projects

The details of some of the transport engineering and irrigation & water supply projects we completed as under:

| Project Description                                                                                                                                                                             | Client                                                                               | Location                                             | Contract Value (Rs. In Lakhs) | Completion status |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------|-------------------|
| Providing Water Supply to Madurai Municipal Corporation.                                                                                                                                        | Madurai Municipal Corporation. Madurai, Tamil Nadu.                                  | Madurai, Tamil Nadu.                                 | 1370.00                       | Completed         |
| CD works up to GSB level in Milestone III for TNRSP 03 Road Project between Mimisal To Thondi. This was includes the Excavation, Embankment/ sub-grade filling, granular sub base and CD works. | Larsen & Toubro, Chennai                                                             | Mimisal, Pudukkottai Dist., Tamil Nadu.              | 1094.00                       | Completed         |
| Construction of Water Supply Scheme to Tiruchendur, Kayalpatinam, Arumuganery, Authoor and 13 wayside habitations in Tuticorin District                                                         | Tamil Nadu Water Supply & Drainage Board.                                            | Tiruchendur, Tuticorin District, Tamil Nadu.         | 884.85                        | Completed         |
| MKS High Level Bridge Across Bhavani River in Erode District. Total Length of Bridge-140m, 8 spans of 15m Length.                                                                               | Highways and Rural Works Department. Govt. of Tamil Nadu                             | Bhavani River, Erode District. Tamil Nadu            | 177.18                        | Completed         |
| Construction of Road in Kodaikanal Panchayat. Improvement to Attuvampatty to Periodai Road                                                                                                      | District Rural Development Agency under the Pradhan Mantri Gram Sadak Yojana Scheme. | Kodaikanal Panchayat, Dindugal District, Tamil Nadu. | 150.00                        | Completed         |

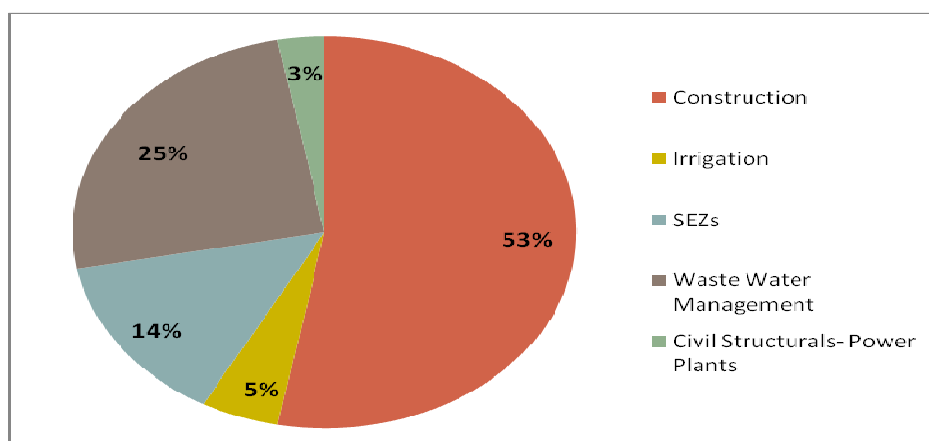
#### (IV) Power Plant Projects

The details of some of our ongoing power plant projects are as under:

| Project Description                                                                                                                                                                                                                                                                                                           | Client                                          | Location                          | Contract Value (Rs. In Lakhs) | Completion status |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------|-------------------------------|-------------------|
| RTPP Thermal Power Project in Royal Sheema Thermal Power Project, Andhra Pradesh for Andhra Pradesh Power General Corporation. General civil Works for Power House Super Structure, ESP control Room, BCW pump House, Cable and pipe trenches and other miscellaneous works in RTPP stage III(1X210, Kadappa, Andhra Pradesh. | Andhra Pradesh Power General Corporation.       | Kadappa, Andhra Pradesh.          | 1424.00                       | Ongoing Project   |
| Civil Structural & Architectural works for 2x25 MW CPP for Chemplast Sanmar Ltd.                                                                                                                                                                                                                                              | Thermax Instrumentation Ltd, Pune, Maharashtra, | Metturdam, Salem Dist, Tamilnadu. | 1200.00                       | Ongoing Project   |

**Table 1 - Sector wise Profile of our Order Book Position as on June 30, 2010**

Our Order Book comprises the unfinished and uncertified portion of projects. It also includes the value of subcontracting agreements that we enter into with our joint ventures partners for work to be executed. In our industry, the Order Book is considered an indicator of potential future performance since it represents a portion of the likely future revenue stream.



The following table sets forth certain information concerning contracts in our order book by outstanding value as on June 30, 2010.

| S. No | Name of the Work                                                                                                                                                                                                                                                                               | Agreement Value (in Lakhs) | Balance works |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------|
| 1.    | Construction of 4nos Type II, 4Nos Type III & 1 No Type IV qtrs for Kendriya Vidhyalaya at Tiruparamkundram, Madurai                                                                                                                                                                           | 663.85                     | 400.85        |
| 2.    | Information Technology Parks at Ilandhaikulam – SEZ, Madurai –Service Facility Infrastructure Works (Internal Roads, Storm Water Drains & Cable Ducts, RCC Box Culverts, Compound Wall and Gates & Gate Pillars)                                                                               | 744.39                     | 135.72        |
| 3.    | CWSS to 175 Rural habitations in Palani and Thoppampatti Unions in Dindigul District including maintenance of the scheme for 12 Months.                                                                                                                                                        | 1572.47                    | 646.48        |
| 4.    | Service Facility Infrastructure Works Internal Roads, Storm Water Drains, Cable Ducts, RCC Box Culverts, Compound Wall and Gates and Gate Pillars at TIRUCHY-Navalpattu IT SEZ & TIRUNELVELI Gangaikondan IT SEZ                                                                               | 4711.58                    | 3721.63       |
| 5.    | Construction of Vegetable shops at Madurai Central market.                                                                                                                                                                                                                                     | 710.24                     | 290.24        |
| 6.    | 2x507.5MW Udupi TPP, Yellur Village, Udupi Dist.                                                                                                                                                                                                                                               | 706.38                     | 62.89         |
| 7.    | Rehabilitation of Irrigation Infrastructures in Agniyar Sub Basin Poovanam and Thokkalikadu Anicuts and its group of Tanks in Thanjavur District & mbuliar Sub Basin from Pallathividuthi Anicut & its group of Tanks to Senthangudi Anicut&its group of Tanks in Alangudi of Pudukkottai Dist | 1337.51                    | 1036.51       |
| 8.    | Proposed construction of Air Conditioned Auditorium at 8 <sup>th</sup> cross street Shenoy Nagar in Dn.67, Zone V & Zonal Office                                                                                                                                                               | 1772.18                    | 1339.18       |
| 9.    | Providing, re-sectioning and Concrete lining to Raj Bhavan Canal including fencing and other improvement works and construction of Storm water drain work in Velachery Water Shed, Chennai city                                                                                                | 4182.88                    | 4182.88       |
| 10.   | Providing CWSS to 54 Quality affected and 67 Wayside Habitations in Kumaratchi & Parangipettai Unions and to Killai town Panchayat in Cuddalore District                                                                                                                                       | 1199.61                    | 1199.61       |
| 11.   | Construction of DMU Maintenance Sheds, Maintenance Building and Washing Aprons at Dematagoda, Alunthgama, & Galle for Colombo Matra Coastal Railway Line                                                                                                                                       | 1200.00                    | 1200.00       |
| 12.   | Civil, Structural & Architectural works for 2x25MW CPP for Chemplast Sanmar Ltd, Metturdam                                                                                                                                                                                                     | 789.19                     | 87.19         |
| 13.   | RTPP Stage III (1x210 MW) - General Civil works for power House Superstructure, ESP Control room, DMCW Pump House, Cable & Pipe trenches and other miscellaneous works at V.V Reddy Nagar at Kadapa.                                                                                           | 1424.38                    | 686.23        |
| 14.   | Construction of RCC pipe carrying bridge across Colleroon river, construction of 8 lakh litre and 2 lakh litre elevated reservoir & providing pumping main & distribution system in Thanjavur Municipality                                                                                     | 1116.34                    | 433.26        |
| 15.   | Construction & expansion of additional shop floors, machine foundation, RCC framed structure & other infrastructure works in Block-II and system Bender Shop area in New Plant.and AMC works                                                                                                   | 3627.00                    | 3627.00       |
| 16.   | Construction of Water Treatment Plant & Effluent Treatment Plant including Civil work, Structural and Architectural works such as Aerator, Stilling Chamber, Clarifier, Gravity Filter, Softening Plant etc and Civil Works for TPS II for M/sNeyveli Lignite Corporation, Neyveli             | 1154.19                    | 44.19         |
| 17.   | Construction of sheds for FM YARD including internal electrification                                                                                                                                                                                                                           | 1448.26                    | 1448.26       |

| S. No | Name of the Work                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Agreement Value (in Lakhs) | Balance works   |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------|
|       | works in MINE-I area and Vertical raising of "E" Pond of Thermal Power Station - I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                            |                 |
| 18.   | Township Package for NTPC Tamil Nadu Energy Company Ltd. (NTECL)'s Vallur Thermal Power Project (2x500 MW + 1x500 MW)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 14959.36                   | 14790.36        |
| 19.   | Partial Civil works for Steel Melt Shop at SSP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1000.00                    | 200.00          |
| 20.   | Construction of Road, Storm water drainage and other Miscellaneous works on western side of DAE plant site at Kalpakkam.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2145.24                    | 854.56          |
| 21.   | Constructions of Addl. Building work for National Institute of Unani Medicine (NIUM), Bangalore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 470.91                     | 100.91          |
| 22.   | Standardising and Strengthening the bank of Cauvery RB at mile 103/7 to 111/0 and 3/7 to 14/5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1299.98                    | 453.51          |
| 23.   | Construction of Staff rooms for Civil Engineering, Metallurgy & Material Engineering Department, 24 Nos Asst. Professor Quarters and Students Activity Centre at NIT, Trichy. 36nos. Lecture's quarters at NIT, Trichy                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1208.59                    | 796.59          |
| 24.   | Construction of storm water drain work in Kolathur Water Shed, Chennai city                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2252.23                    | 2252.23         |
| 25.   | Providing concrete retaining wall for the sides of existing open drains at SIPCOT Information Technology Park, Siruseri                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 778.35                     | 778.35          |
| 26.   | Improvements and Widening to Existing Kannadian Anicut across Tamirabarani river" under the Formation of flood carrier canal from LS 6.50 Km of existing Kannadian channel to drought prone area of Sathankulam, Thisaiyanvilai by interlinking Tamirabarani, Karumeniyar and Nambiyar rivers in Tirunelveli and Thoothukudi Districts of Tamilnadu                                                                                                                                                                                                                                                                                                                                    | 932.52                     | 779.42          |
| 27.   | Upgradation of existing 2x5MVA, 33/11KV Sub-Station to 2x10MVA, 110/11KV Sub-Station at <b>Hanumanal</b> and Construction of 110KV SC line on DC towers from proposed 110/33/11KV Sub-Station at Hiregonnagar to the proposed 110/11KV Sub-Station at Hanumanal for a distance of <b>10.58 Kms</b> in Kushtagi Taluk, Koppal District and Construction of 110KV Terminal Bay at proposed 110/33/11KV Sub-Station at Hiregonnagar for the proposed 110KV SC line to proposed 110/11KV Hanumanal Sub-Station on <b>Total Turnkey Basis</b> including Supply of all Materials / Equipments and Erection (including Civil Works) of all Materials / Equipments, Testing And Commissioning. | 719.87                     | 719.87          |
| 28.   | Providing, re-sectioning and Concrete lining to IIT Canal including fencing and other improvement works and construction of Storm water drain work in South Buckingham Canal Water Shed, Chennai city                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 3443.79                    | 3443.79         |
| 29.   | Construction of academic block for Tirunelveli Anna University Engineering College at Thoothukudi in Thoothukudi District.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1320.34                    | 1320.34         |
| 30.   | Service facilities and Infrastructure works viz., Internal roads, Street Lights, Storm Water Drain, Service Ducts, Compound Wall, Culverts, Electrical and plumbing Works, Security Block, Sewage treatment Plant & over Head tank at Hosur - Viswanathapuram IT SEZ.                                                                                                                                                                                                                                                                                                                                                                                                                  | 2398.48                    | 2398.48         |
|       | <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>61290.11</b>            | <b>49430.53</b> |

## **Key Competitive Strengths**

### **1. *Technical Expertise and Vast Industry Experience.***

The Industry in which we operate demands high level of skill sets. Our engineers have the required experience to adapt to the needs of our clients and the technical requirements of the diverse projects that we undertake. Our engineers periodically undergo rigorous training programmes conducted by experts in management, engineering, design, quality and human resource development. Experience gathered over the years by our management team backed by on the job training ensures that we meet the highest standards of quality and workmanship in a cost effective manner while strictly adhering to committed timelines in delivery. We believe that our expertise in project implementation and the commitment and expertise of our engineers and their support team provides us with a competitive advantage in our business. As of March 31, 2010 our work force comprised of forty five (45) qualified engineers who lead the implementation of our projects.

### **2. *Sustained investment in construction equipment.***

We own the latest construction equipment comprising of crushers, hydraulic cranes, excavators, loaders, dozers, paver finishers, jack hammers, air compressors & transportation equipments such as trucks, tractors, trailers, jeeps, etc. Ownership ensures continuous availability of critical equipment resulting in several advantages like lower cost and rapid mobilization. We have invested an amount Rs.1848.10 Lakhs, Rs. 2156.78 Lakhs and Rs.2269.95 Lakhs, respectively in the last three (3) F.Y. i.e., 2006-2007, 2007 – 2008 & 2008 -2009 on equipment purchase.

### **3. *Operations in diverse sectors with strong order book position.***

We have, over the years, leverged our civil construction expertise in diverse segments of the construction and infrastructure industry such as Roads, Bridges, Highways, SEZ Development, Irrigation, Water Supply Management and Power Projects. Each of these segments require specific skill sets and experience which have been developed by our Company for the timely execution of the projects in these sectors. As of June 30, 2010 out of our total order book 5.94% of Power Projects, 24.35% of Water Management Projects, 47.57% of Building Projects, 16.32% of SEZ Development and 5.82% of Irrigation Projects. The value of our Order Book was Rs. 61290.11 Lakhs as at June 30, 2010. We continue to add new orders to our Order Book at a steady pace, and have added orders worth more than Rs.40000.00 Lakhs during the period from March 31, 2009 through to June 30, 2010. Furthermore, we believe that a large order book will increase our operational efficiency by allowing us economies of scale.

### **4. *Track record of timely completion of Projects.***

It is critical in the construction industry that the projects are completed as per contracted schedule. We have a track record of timely execution of the projects which minimizes cost overruns and eliminates any possibilities of penalties and liquidated damages while earning recognitions and repeat orders from our clients.

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

Our business and growth are dependent on our ability to bid and secure large and varied projects. Bidding for infrastructure projects is dependent on various criteria, including, bid capacity and pre qualification capability. Bid capacity represents the aggregate value of the contracts that can be awarded to us, and is computed based on pre-defined criteria of various authorities. Pre qualification capability includes various factors such as the technical capability, financial capability and past experience in similar projects. We have focused on increasing these parameters and continuously increased our bid capacity.

**6. *Qualified and experienced senior management team.***

Our management team includes senior executives, a majority of whom have worked with the Company for over five (5) years. We have a qualified and trained employees consisting of vice presidents, general managers, engineers, technical staff and non-technical staff. We also believe that the strength of our team in our business divisions, such as planning & design and their understanding of the infrastructure & construction industry which enable our business to grow in a focused and constructive manner. We believe we benefit from a well-qualified workforce which has been instrumental in the implementation of our business strategies in the past.

**Business Strategy**

**1. *Leverage our expertise and focus on new territories.***

We intend to continue to focus on performance and project execution in order to maximize client satisfaction and margins. We will constantly endeavour to leverage our project management capabilities to increase productivity and maximize asset utilization in capital intensive projects. We will continue to optimize operations by minimizing operational / overhead costs, increase productivity thereby achieve to maximize our operating margins. We intend to continuously strengthen our execution capabilities by adding to our existing pool of engineers, attracting new graduates, and facilitating continuous learning with in-house and external training opportunities.

**2. *Forge Alliances with reputed and large players.***

We plan to establish, develop and maintain strategic alliance to increase our pre-qualification and bid capacity for large projects. We would also continue to form project specific joint ventures with large domestic players whose resources, skills and strategies are complementary to our business and would help us to explore newer markets.

**3. *Bid for, win and operate BOT and Annuity projects.***

The government has planned for a number of projects on a BOT or annuity basis. We believe that such projects will become a trend for development of infrastructure based on the public-private partnership (PPP) model. BOT or annuity projects generally provide better operating margins because of the added overall control of project costs that can be exercised by the contractor. Additionally BOT projects offer the possibility of higher revenues to the contractor by virtue of better than anticipated use of the asset. We intend to increase our focus on BOT and annuity projects by leveraging our technical and financial credentials, which we believe will be improved by the strengthened balance sheet. This will allow us to take larger and more projects, including BOT and annuity projects in alliance with Joint Venture partners. It will also increase our ability to form relationship with corporate developers and financial institutions.

**4. *Improve performance and enhance returns from our business.***

We intend to continue our focus in enhancing project execution capabilities so as to derive twin benefits of client satisfaction and improvements in operating margins. We will constantly endeavour to leverage our operating skills through our latest equipment and project management tools to increase productivity and maximize asset utilization in our capital intensive projects.

**5. *Focus on High Value contracts.***

To focus on successfully bidding quality contracts with high value. We intend to achieve this objective by bidding for mega – projects together with joint venture partners with proven track record and who share our work ethos and corporate vision. We intend to be associated with larger, technically more complex projects by leveraging, our experience in infrastructure projects and our equipment base. High entry barriers for bidding for large order size projects and the resulting

decreased competition to bid for and undertake such projects makes this an attractive sector to participate. While working on higher value projects may have associated risks, such projects also enable us to reduce operating costs and expenses and benefit from potentially higher margins.

**6. *Develop & Maintain strong relationships with our clients and strategic partners.***

Our services are significantly dependent on winning construction projects undertaken by Government Authorities & other large public & private sector agencies & companies. Our business is also dependent on developing & maintaining strategic alliances with other contractors with whom we want to enter in to project – specific joint venture or sub-contracting relationships for specific purposes. We will continue to develop and maintain these relationships and alliances.

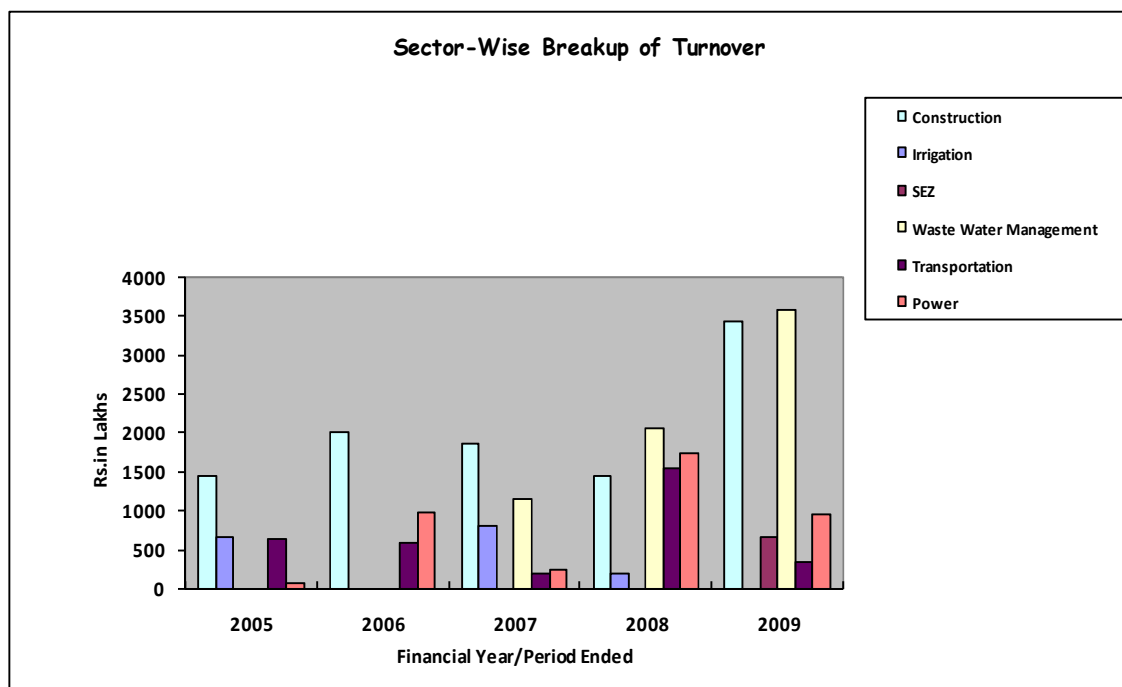
We intend to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our business and are likely to enhance our opportunities.

**7. *Enhance our design capabilities.***

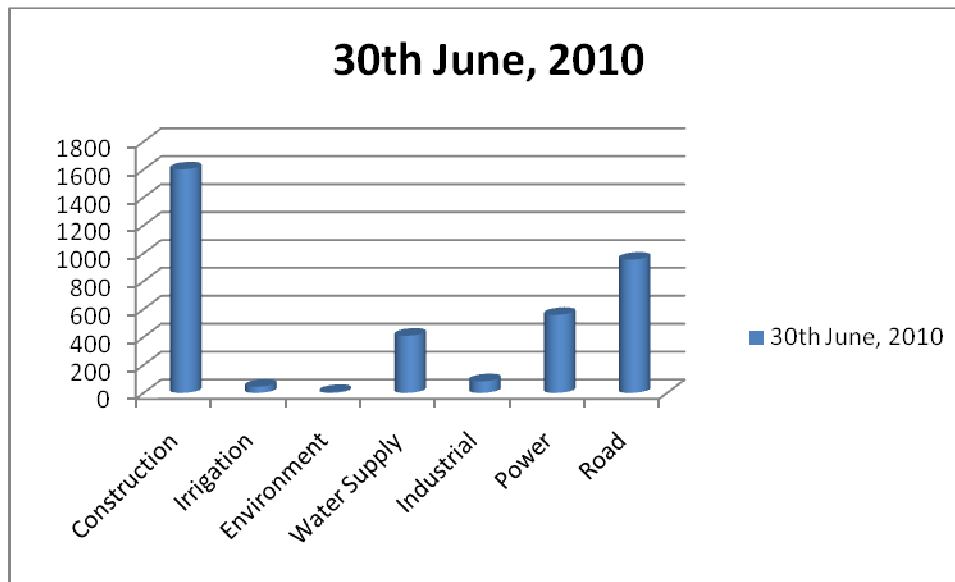
We currently have design capabilities in the water irrigation sectors, which enables us to provide turnkey construction services in this sector. Further, we intend to create design capabilities in sectors such as the Building Construction, Transportation and Water management so as to provide turnkey solutions in these sectors also.

**8. *Achieve higher operating margins by acquiring further capital equipment and other strategic assets.***

Our strategy is to continue to acquire the core equipment that we typically require for our projects. We intend to use Rs. 1100.00 Lakhs from the Net Proceeds towards the acquisition of capital equipment and other strategic assets, as stated in the section titled "Objects of the Issue" on page 52 of this Red Herring Prospectus. The continued acquisition of such equipment will enable us to achieve higher operating margins.



#### Sector wise break up of turnover for the quarter ended June 30, 2010



In the Financial Years ended March 31, 2006, 2007, 2008, 2009 and 2010 and 3 months ended 30<sup>th</sup> June 2010 our Gross Income from operations (excluding non-operating income) was Rs. 4,155.76 Lakhs, Rs. 4,467.18 Lakhs, Rs. 7,213.59 Lakhs, Rs.14688.67 Lakhs and 3,686.00 Lakhs, respectively. In the Financial Years ended March 31, 2006, 2007, 2008, 2009 and 2010 and 3 months ended 30<sup>th</sup> June 2010 we reported Profit after Tax of Rs. 121.49 Lakhs, Rs. 177.01 Lakhs, Rs. 393.28 Lakhs Rs. 333.19 Lakhs, 826.36 Lakhs and Rs. 218.10 Lakhs, respectively.

#### **Our Operations**

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

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

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

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

#### **Types of Contracts and the process for execution of contracts**

Generally, contracts fall within the following categories:

**Lump Sum contracts** - Lump Sum contracts provide for a single price for the total amount of work, subject to variations pursuant to changes in the client's project requirements. In Lump Sum contracts, the client supplies all the information relating to the project, such as designs and drawings. Based on such information, we are required to estimate the quantities of various items, such as raw materials, and the amount of work that would be needed to complete the project, and then prepare our own bill of quantities ("BOQ") to arrive at the price to be quoted. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted price.

**Design and Build contracts** - Design and Build contracts provide for a single price for the total amount of work, subject to variations pursuant to changes in the client's project requirements. In Design and Build contracts, the client supplies conceptual information pertaining to the project and spells out the project requirements and specifications. We are required to (i) consult technical consultants to design the proposed structure, (ii) estimate the quantities of various items that would be needed to complete the project based on the designs and drawings prepared by our consultants and (iii) prepare our own BOQ to arrive at the price to be quoted. We are responsible for the execution of all aspects of the project based on the above at our quoted price.

**Item rate contracts** - are contracts where we need to quote the price of each item presented in a BOQ furnished by the client. In item rate contracts the client supplies all the information such as design, drawings and BOQ. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted rates.

**Percentage rate contracts** - require us to quote a percentage above, below or at par with the estimated cost furnished by the client. In percentage rate contracts, the client supplies all the information such as design, drawings and BOQ with the estimated rates for each item of the BOQ. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted rates, which are arrived at by adding or subtracting the percentage quoted by us above or below the estimated cost furnished by the client.

**Build Operate and Transfer (BOT) contracts** - BOT contracts are a relatively recent phenomenon developed to attract private sector investments in the development of projects in various sectors such as water supply, roads, bridges and power. Typically, BOT contracts involve the construction of an asset as required by the client, with partial or total financing arrangements provided by the bidders/contractors. BOT contracts require the successful bidder to construct operate and maintain the asset over a pre-defined period (known as the "Concession Period") at its own expense. In return, the bidder is granted a right to collect revenues from the end users of the asset during the Concession Period through a pre-defined mechanism.

**Annuity contracts** - Annuity contracts typically provide for the facility to be constructed, maintained and financed by the bidder. The client agrees to pay the successful bidder annuity payments in predetermined amounts at predefined intervals over the course of the Concession Period. However, the client retains ownership of the asset and collects revenues, if applicable, during the entire life of the project.

Contracts, irrespective of their type (i.e., Lump Sum, item rate, percentage rate design-build), typically contain price variation or escalation clauses that provide for either reimbursement by the client in the event of a variation in the prices of key raw materials (e.g., steel and cement) or a formula that splits the contract into pre-defined components for materials, labour and fuel and links the escalation in amounts payable by the client to pre-defined price indices. Some contracts do not include such price variation or escalation clauses. Thus, in those instances, we face the risk that the price of key raw materials and other inputs will increase during the project execution period and are unable to pass on the increases in such costs to the client.

## **Project Lifecycle**

A typical project cycle extends over a period of two to three years and can be divided into two distinct phases. The first phase begins with the identification of the opportunity and ends with the execution of the construction contract.

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

### ***Phase I***

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

### ***Phase II***

#### Execution of the project

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

#### Completion of the project

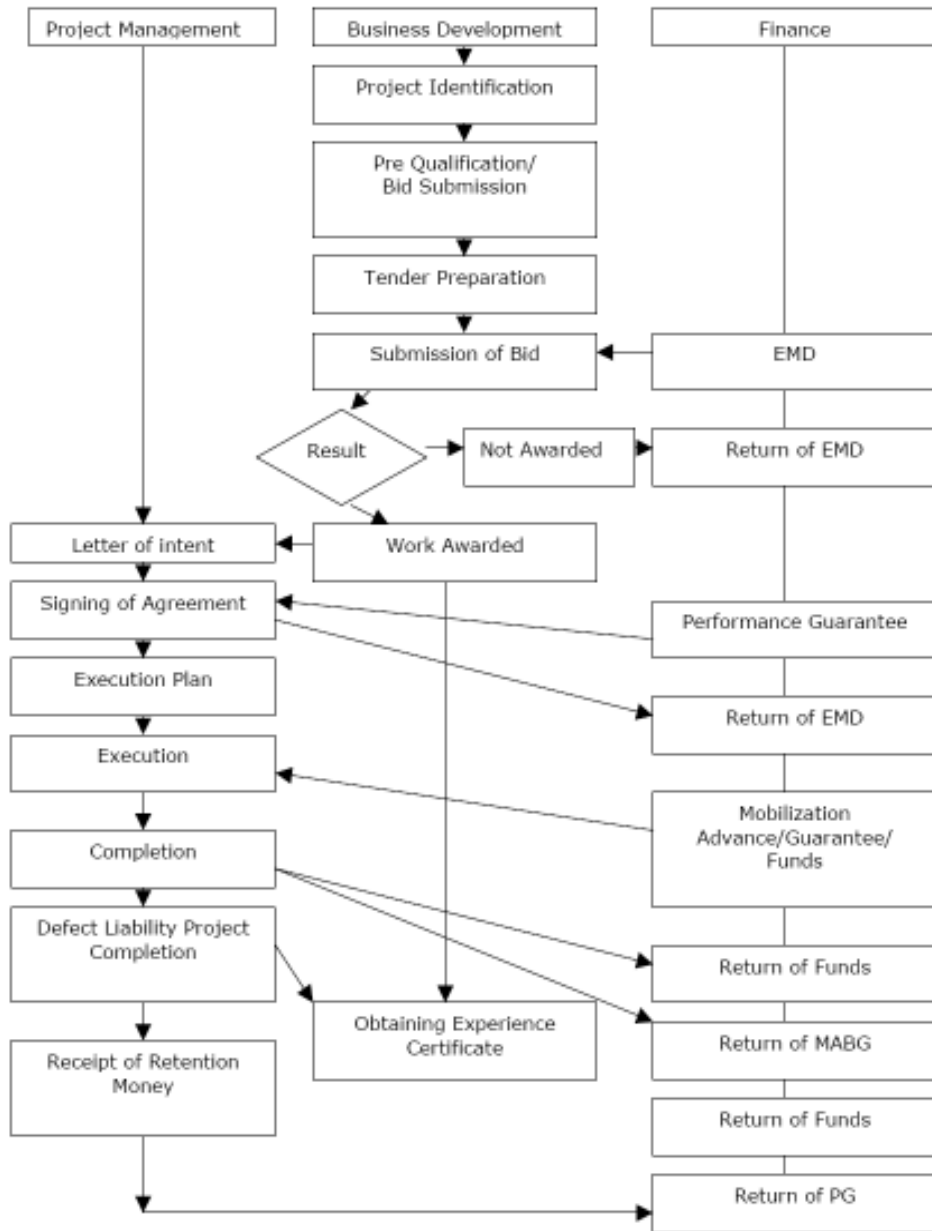
- Implementation by the contractor of all project completion activities.
- Receipt by the contractor of the final payment due to it subject to any retention amounts in respect of the defect liability period or the provision of a bank guarantee in respect of such retention amounts.
- Provision of a completion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

#### Defect Liability Period

- Our construction contracts often stipulate a defect liability period of between six (6) months and twelve (12) months from the date of hand over certificate. The contractor is responsible for rectifying any defects that may arise during this defect liability period as a consequence of the

construction services provided by the contractor. At the end of this defect liability period, any sum of money (as adjusted for any defects) retained by the client at completion is transferred to the contractor without interest.

**A schematic representation of the events is given below:**



## **Business Development & Tendering**

Our business development head is responsible for identifying business opportunities available to us and enhancing the range & number of projects which we bid for. We enter into contracts primarily through a competitive bidding process. Government and other clients typically advertise potential projects in leading national newspapers or on their websites. Our tendering department regularly reviews newspapers and websites to identify projects that could be of interest to us. The head of the tendering department evaluates bid opportunities and discusses internally with the top management on whether we should pursue a particular project based on various factors, including the client's reputation and financial strength, the geographic location of the project and the degree of difficulty in executing the project in such location, our current and projected workload, the likelihood of additional work, the project's cost and profitability estimates and our competitive advantage relative to other likely bidders. Once we have identified projects that meet our criteria, we submit the tender application to the client according to the procedures set forth in the document.

Our Company has a centralized tendering department that is responsible for managing the process of responding to tenders. Upon being advised of a suitable tender, the department engages in carrying out a preliminary evaluation of the proposed project, including conducting a site visit and reviewing the terms of the tender. The visit enables us to determine the site condition. Further we may also undertake local market surveys to assess the availability, rates and prices of materials, which are difficult to transport, and the availability of other resources like labour in that particular region. Cost determination, pricing and tender workings for all projects are handled by our tendering department under guidance of our top management.

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

The tendering department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. The quotations are then analyzed to arrive at the cost of items included in the Bill of Materials (BOM). After analysis and evaluation the estimated bid price is arrived at for the purpose of filing the tender.

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

## **Procurement**

We believe that procurement of suitable quality material at competitive prices & management of our supply chain to ensure adequate supply of material to project sites are critical to our success & profitability in business. Material comprises of 65-70% of the total project cost. We have a team of experienced personnel who are responsible for procurement and the logistics to ensure timely availability of material at each of our project sites. Upon award of a contract, the purchase department is provided with the project details along with the budgeted rates for material, services and equipment. The material, services and equipment required for projects are estimated by the engineering personnel from the individual project sites and then passed on to the purchase department along with the schedule of requirements.

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

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

#### **Stone aggregate**

The stone aggregates are procured from third party suppliers.

#### **Cement & Steel**

We negotiate with the nearest distributor of cement & steel for a particular project depending upon location of the project, price and ability to supply required quantity on time.

#### **Spares & other materials**

Spares for equipment, though not a very large portion of costs, form a very critical input in the continuous running of the project. We maintain adequate inventory of spares based on its requirement.

#### **Construction & Project execution**

We begin execution on a project upon receiving the workorder for a project from the client. This intimation, usually by way of a letter of acceptance or letter of intent also grants us access to the project site and permits us to begin our mobilization activities. Based on the contract document, a detail schedule of construction activities is prepared. The schedule identifies interim milestones if any, stipulated in the contract with corresponding time schedules. Our mobilization activities involve transporting material, equipment and personnel to the project site.

Our project execution teams are headed by a project engineer/project manager. Our road projects generally involve excavation, earthmoving, compaction of the earth, preparation of sub base through, Wet- Mix Macadam (WMM) & subsequently Bitumen Macadam (BM/DBM) & also Bitumen Concrete/Semi Dense Bitumen Concrete. The scope of each project may vary vastly depending on the nature and complexity of the structure being created.

Once the project is substantially complete, we jointly inspect the project with the client to begin the process of handing over the project to the client. Once satisfied, the client prepares a "project completion certificate", which signifies the commencement of the defects liability period or the maintenance period.

#### **Technology**

There are no key processes, technology and collaboration agreements with any party. The clients normally specify proven conventional technologies and methods for their projects. We have the latest construction equipments to implement as per the requirement of the client.

#### **Competition**

The construction industry is highly fragmented with large number of players operating in an unorganized sector and a few of them in the organized sector. The construction industry is quite competitive. The award of contracts depends on successfully bidding the tenders. The tendering involves two-tier process. Firstly, the prospective bidders have to qualify technically. Only after qualifying the technical bid, the prospective bidders can participate in financial bid. Further, the key success factor in qualifying the financial bid is cost competitiveness and our Company has been able to sustain in the competition due to its competitive financial strength and low overheads.

Our competition depends on whether the project is in the civil construction sector or the infrastructure sector. It also depends on a host of other factors, such as the type of project, contract value and potential margins, the complexity and location of the project, the reputation of the client and the risks relating to revenue generation.

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

### Equipment

Our investment in equipment and fixed assets is an advantage that enables us to rapidly mobilize our equipment to project sites as needs arise. We own a fleet of construction equipment assets, including crushers, excavators, cranes, batching plants, pavers, etc. having such an asset base is in our view an important advantage in serving the technically challenging and diverse nature of the highway and road projects in which we are engaged. We have key equipments that are required for smooth execution of the contracts and for avoiding dependency on the leased or rented equipments. List of major equipments that are owned by us as on March 31, 2010 is as follows:

| No. | Name of Equipment | No. of Equipments | Manufacturer and Model                                                                                | Year of Manufacture         |
|-----|-------------------|-------------------|-------------------------------------------------------------------------------------------------------|-----------------------------|
| 1.  | Excavators        | 9                 | Tata Hitachi Ex - 70( Telco)                                                                          | February 2003-February 2007 |
| 2.  | JCB               | 5                 | JCB 3DX 2WD Excavator Loader                                                                          | February 2003 - March 2010  |
| 3.  | Cranes            | 3                 | Articulated Hydraulic Mobile Crane<br>Sumitomo Link Belt Crawler Crane                                | June 2005-March 2007        |
| 4.  | Tower Crane       | 1                 | ACE MTC 3625                                                                                          | May 2005                    |
| 5.  | Graders           | 5                 | Komatsu GD405A-2 Motor Grader.<br>Bull dozers & bull Graders GD37-6H                                  | August 2000 - May 2007      |
| 6.  | Vibromax          | 5                 | Escorts Vibratory Soil Compactor Ec5250<br>Escorts Soil Vibratory Roller Ec5250                       | June 2006 – June 2007       |
| 7.  | Chain Dozer       | 1                 | Komatsu dozer D 50 P - 16                                                                             | October 2006                |
| 8.  | Batching Plant    | 8                 | Schwing Stetter CP 18 Concrete B. Plant                                                               | 2006 - 2010                 |
| 9.  | Concrete Pump     | 4                 | Schwing Stteter P.B 350(46m3) P.hrs                                                                   | 1999-2008                   |
| 10. | Riders            | 4                 | Tough Rider TR - 2 Ton 12 Hp Kirlosker.                                                               | 2006-2007                   |
| 11. | Mait              | 2                 | Mait Spa OSIMO (AN) ITALIE                                                                            | 2010                        |
| 12. | Road Rollers      | 3                 | Joseph                                                                                                | 2003-2004                   |
| 13. | Wet Mix Plant     | 1                 | (Poly Tech)100 TPH                                                                                    | 2003                        |
| 14. | Cutting Machine   | 1                 | Vivake (2.5*) 4mmtick                                                                                 | 2008                        |
| 15. | Bending Machine   | 1                 | Weldor Make2.5mtr &4mmtick                                                                            | 2010                        |
| 16. | Lathe             | 1                 | 12 F 3Hp Moter 18inch centre<br>Pataliyanmake.                                                        | 2004                        |
| 17. | Transmit Mixers   | 10                | Ashok Leyland 2516/2-150<br>Tipper/Goods(mixer )Schwing stteter                                       | 2003-2006                   |
| 18. | Tippers           | 7                 | A.Leyland CT 1611/2 Wb Comet Tipper<br>A.Leyland Comet Tipper Alco 3/10                               | 1995-2005                   |
| 19. | Tractors          | 13                | Sonalika International DI 750 III<br>Power Trac 439, Lmv Two wheel Tipping<br>Trailor<br>Farm Trac 60 | 1986-2009                   |
| 20. | Pile Tractors     | 2                 | New Hollend 7500                                                                                      | 2009-2010                   |
| 21. | Loaders           | 5                 | Farm Trac 70 Loader Attached                                                                          | 2007-2009                   |
| 22. | Traitors          | 2                 | Tusker Tractor<br>A.Leyland 3516                                                                      | 1993-1994                   |
| 23. | Cars              | 11                | Various                                                                                               | 2003-2010                   |
| 24. | Jeep              | 4                 | Bolero 1X2Wd 7Str Non Ac BS II                                                                        | 2006-2008                   |

## Utilities

The main utilities required in construction activity are:

- **Power**

The construction projects are not power intensive. Power is required at site for running various machineries and equipments and also for lighting. Generally power requirement is met at site through normal distribution channel and is generally provided by clients. However, if need arises, Company uses D.G Set to meet power requirements. Power requirement of our Company varies at each stage of project and depends upon the size and nature of the project.

- **Fuel**

The fuel required to operate D.G. Sets and certain heavy equipment is usually met from the local depot/station of oil Companies

- **Water**

Our Company meets its water requirement largely by digging tube wells at project sites. The cost of utilities is taken care under job charges and administration and other miscellaneous expenses.

## Human Resources and Employee Training

The details of employees on the rolls as on March 31, 2010 are given below:

| No.          | Particulars          | No. of Employees |
|--------------|----------------------|------------------|
| 1.           | Administrative Staff | 35               |
| 2.           | Engineers            | 45               |
| 3.           | Supervisors          | 25               |
| 4.           | Skilled Workers      | 30               |
| <b>Total</b> |                      | <b>135</b>       |

Recruitment of personnel in different categories is carried out by our administrative department. For recruiting the employees we approach HR consultants, use recruitment websites and through references. We also provide training to our employees at various project sites.

We believe that a trained, motivated and well remunerated employee base is key to our competitive advantage. Our engineering skills and capabilities enable us to successfully implement a wide variety of construction projects that involve varying degrees of complexity.

We are committed to the development of the expertise and skill levels of our employees through regular technical seminars and training sessions / on the job hands on training organized or sponsored by the Company. Our Human Resources policies are focused on recruiting and retaining the best available talent available in the industry, in facilitating the integration of our new employees into the Company and in encouraging development of skills to support our performance and the growing complexity of our operations.

## Project-Specific Joint Ventures and Strategic Alliances

Generally, we bid for projects as the sole contractor of the project with full responsibility for the entire project, including, if required, the overall responsibility and sole discretion to select and supervise sub-contractors. On certain large projects that require commitment of resources far in excess of those which are currently available, such as financial strength, equipment, manpower or local content resources, or when

we wish to diversify the risk on a particularly large project, we seek to make alliances through the formation project-specific joint ventures with other contracting, engineering and construction companies.

In a project-specific joint venture, each member of the joint venture shares the risks and revenues of the project according to a predetermined agreement. The agreements specifically assign the work to be performed by each party and the responsibilities of each party with respect to the joint venture, including how the joint venture will be managed and the equipment, personnel or other assets that each party will contribute or make available to the joint venture. The profits and losses of the joint venture are shared among the members according to a predetermined ratio. The fixed assets that are acquired by the joint venture are generally transferred to the respective joint venture members upon completion of the joint venture project. The agreements also set forth the manner in which any disputes among the members will be resolved. The construction contracts that the joint ventures enter into, or the joint ventures themselves, typically impose joint and several liabilities on the members. Thus, should the other member(s) of our joint ventures default on its or their duties to perform; we would remain liable for the completion of the project. The project-specific joint venture typically terminates at the completion of the defect liability period, at which point the project-specific joint venture liquidates and dissolves.

### **Location**

Considering the nature of Company's business i.e. construction, the location of projects depends upon the contracted site, which usually varies from project to project. At present we are executing various works in the states of Tamil Nadu, Karnataka, Andhra Pradesh and union territory of Pondicherry, Andaman Nicobar Islands and Sri Lanka, internationally.

### **Collaborations**

We have not entered into any technical or other collaboration.

### **Insurance**

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

Our significant insurance policies consist of coverage for risks relating to physical loss or damage. Loss or damage to our materials and property, including contract works, whether permanent or temporary and materials or equipment supplied by us or are generally covered by "contractors all risks insurance". We have also obtained a fire insurance policy for our registered office. We also maintain workmen's compensation policies.

Under certain of our contracts and sub-contracts, we are required to obtain insurance for the project. In some instances, we have not obtained such insurances. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate.

### **Our Properties**

The details of the properties owned/leased by our Company are provided herein below:

| <b>No.</b> | <b>Property Description</b>                                                                          | <b>Owned/ Leased</b> |
|------------|------------------------------------------------------------------------------------------------------|----------------------|
| 1.         | <b>Registered office:</b> No.140, Prundurai Road, P & C Towers, 3 <sup>rd</sup> Floor, Erode 638 011 | Leased               |
| 2.         | <b>Land:</b> R.S 69/3 sachithanatham Nagar Surambatti Village Erode (T.K)                            | Owned                |
| 3.         | <b>Land:</b> R.S. 19/1A, 19/3B, 19/1B and 19/3A Veerachipalayam                                      | Owned                |

| No. | Property Description                                   | Owned/ Leased |
|-----|--------------------------------------------------------|---------------|
|     | Amani Village                                          |               |
| 4.  | <b>Land</b> located in Kamudhi Village, Ramanathapuram | Owned         |

### **Intellectual Property Rights**

Our Company has filed an application bearing no. 1898115 dated December 18, 2009 before the Trade Marks Registry for registration of its name and logo under class 37. The application is pending registration.

### **Health Safety and Environmental Matters**

Our constructions and operations are subject to governmental, state and municipal laws and regulations relating to the protection of the environment, including requirements for water discharges, air emissions, management and disposal of solid or hazardous materials or wastes and the cleanup of contamination. However, all the necessary approvals and environmental clearances for the construction of the project are to be procured by the employers and undertakings, as may be required.

We believe that ensuring the health and safety of our employees is critical to the successful conduct of our business and operations. We are therefore committed to complying with applicable health, safety and environmental regulations and other requirements in our operations.

### **Performance Guarantees**

We are required to issue performance guarantees varying from 5-10% of the contract value at the time of commencement of the contract, pursuant to the award of the contract / sub contract agreement. The performance guarantees are given by us to our different clients / customers for execution of different contacts in normal course of business. These performance guarantees are typically valid up to twelve months post the completion of the contract. As on June 30, 2010, we have given 71 performance bank guarantees amounting to Rs. 2364.34 Lakhs to our various principles / employers in normal course of business.

## REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The regulations set below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. We set forth below are certain significant legislations and regulations which generally govern this industry in India:*

### **Industrial Laws:**

#### **1. Public Liability Insurance Act, 1991**

This enactment imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. The Government in by way of notification has enumerated a list of "hazardous substances" covered by the legislation. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The Rules made under the Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

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

The Contract Labour (Regulation and Abolition) Act, 1970 applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract Labour and to every contractor who employs or who employed on any day of the preceding 12 months 20 or more workmen. It does not apply to establishments where the work performed is of intermittent or casual nature. It aims to prevent any exploitation of the persons engaged as contract labour, who are generally neither borne on pay roll or muster roll nor is paid wages directly. It provides for registration requirements of the principal employer, who has the responsibility for inadequate wage payments by the contractor to the labour.

#### **3. The Shops and Establishment Act, 1948**

The Shops and Establishment Act, 1948 governs a company in the states where it has offices/godowns. It regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of registration, opening and closing hours, daily and weekly working hours, health and safety measures, and wages for overtime work.

#### **4. The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

#### **5. The Workmen's Compensation Act, 1923**

The Workmen's Compensation Act, 1923 has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors, compensation for industrial accidents and occupational diseases resulting in death or disablement. In case the employer fails to pay compensation due under the Act within one month from the date it falls due the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

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

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

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

**7. The Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs.100, whichever is higher.

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

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

**9. The Industrial Disputes Act, 1947**

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

**Environmental Laws:**

**10. The Environmental Protection Act, 1986**

The three major statutes in India, which seek to regulate and protect the environment against pollution related activities in India are the Water Act, the Air Act, and the Environment Protection Act, 1986 (the "*EPA Act*"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, the pollution control boards (the "*PCBs*") which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

**11. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "HWM Rules")**

The issue of management, storage, and disposal of hazardous waste is regulated by the HWM Rules made under the EPA Act. Under the HWM Rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility. A similar regulatory framework is also established with respect to bio-medical waste under the Bio-Medical Waste (Management and Handling) Rules, 1998.

**12. The Hazardous Wastes (Management and Handling) Rules, 1989**

The Hazardous Wastes (Management and Handling) Rules, 1989 provides for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings. Prior consent of the Pollution Control Board must be obtained for any new outlet or unit, likely to discharge sewage or effluent.

**13. Service Tax**

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the government. Several taxable services are enumerated under these service tax provisions which include construction services, including construction of residential and commercial complexes. However, road construction services provided by the company are specifically exempted from service tax.

**14. Value Added Tax ("VAT")**

VAT is charged by laws enacted by each state on a sale of goods effected in the relevant states. In the case of construction contracts, VAT is charged on the value of property in goods transferred contracts. VAT is payable on road construction contracts. VAT is not chargeable on the value of services which do not involve a transfer of goods.

**Foreign Investment Regime in Infrastructure Sector:**

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act ("**FEMA**"), and the rules, regulations and notifications thereunder, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board ("**FIPB**") is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. At present, FDI in the infrastructure sector is permitted up to 100% through the "automatic route", which does not require prior approval of the GoI or the RBI.

## HISTORY AND CERTAIN CORPORATE MATTERS

### History and Background

Our Company was originally incorporated as R.P.P. Constructions (Private) Limited on May 4, 1995 under the Companies Act, 1956. Our Company was jointly promoted by Mr. Arul P. Sundaram and his brother Mr. R. P. Selvasundaram. They were partners of certain partnership firms and entities namely R.P.P. Sago Factory, R.P.P. Engineering Works, R.P.G. Constructions, R.P.P. Agency, R.P.P. Blue Metals and R.P.P. Transport. Subsequently, by a Deed of Family Arrangement dated July 31, 2005 the family businesses and entities were amicably divided between them. Our Company, R.P.P. Sago Factory and R.P.P. Engineering Works came to be owned and controlled by Mr. Arul P. Sundaram, whereas R.P.G. Constructions, R.P.P. Agency, R.P.P. Blue Metals and R.P.P. Transport came to be owned and controlled by Mr. R. P. Selvasundaram. Pursuant to the Family Arrangement, our Promoter i.e. Mr. Arul P. Sundaram has no interests or obligations in the businesses and entities owned and controlled by his brother Mr. R. P. Selvasundaram and vice-versa. Pursuant, to the acquisition of business by our Company, R.P.P. Engineering Works ceased to exist.

The name of our Company was changed to R.P.P. Infra Projects Private Limited on November 27, 2009. Our Company was subsequently converted to a public limited company pursuant to a Special Resolution passed at the Shareholders meeting held on January 21, 2010. Our Company was issued a Fresh Certificate of Incorporation by the Registrar of Companies, Coimbatore on March 8, 2010.

As on this date of Red Herring Prospectus our Company is primarily engaged in the business of infrastructure development such as Highways, Roads and Bridges. We have diversified our civil works expertise into SEZ Development, Water Management Projects, Irrigation and Power Projects.

Our Registered Office is located at P and C Tower, 140, Perundurai Main Road, Erode 638 011, India.

### Changes in registered office of our Company from inception

| Date of the Board Approval | From                                        | To                                                                          |
|----------------------------|---------------------------------------------|-----------------------------------------------------------------------------|
| --                         | No.8, Railway Station road, Erode 638 002   | On Incorporation                                                            |
| January 29, 2001           | No.8, Railway Station road, Erode 638 002.  | No.102, Sheik Dawood Street, Erode 638 001.                                 |
| June 1, 2008               | No.102, Sheik Dawood Street, Erode 638 001. | No.140, Prundurai Road, P & C Towers, 3 <sup>rd</sup> Floor, Erode 638 011. |

### Major Events in the History of our Company

| Year | Particulars                                                                                                                                                         |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1995 | - Incorporated as R.P.P. Constructions (Private) Limited                                                                                                            |
| 1996 | - Pursuant to an Agreement of Acquisition dated may 3, 1996, our Company acquired the business of M/s. R.P.P. Builders, a Partnership Firm on a going concern basis |
| 2009 | - the name of our Company was changed to R.P.P. Infra Projects Private Limited                                                                                      |
| 2010 | - Our Company was subsequently converted to a public limited company pursuant to a Special Resolution passed at the Shareholders meeting held on January 21, 2010   |

### Main Objects

The main objects of our Company as contained in its Memorandum of Association are:

1. To carry on the business as Builders and building contractors and to layout, develop, construct, build, erect, demolish, re-erect, alter repair, remodel or do any other civil or architectural work in

connection with any building or building scheme, roads, highways, docks, ships, sewers, bridges, canals, wells, springs, serais, dams, power plants, bours, wharves, ports, reservoirs, embankments, tramways, railways, irrigation, reclamation, improvements, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works or any other structural or architectural works of any kind and to purchase, acquire, take on Lease or in any other lawful manner any area, land, buildings, structures, build townships, markets or any other buildings or conveniences thereon and to equip the same or any part thereof with all or any amenities or conveniences, drainage facility, electric, telegraphic, telephonic, television installations and to deal with the same in any manner whatsoever.

2. To carry on business as Engineering and Procurement Contractors, general engineers, mechanical engineers, process engineers, civil engineers, general mechanical and civil contractors for power plants and to enter into contracts and joint ventures in relation to and to erect, construct, supervise, maintain, alter, repair, pull down and restore either alone or jointly with companies or persons, works of all description including plants of all description, factories, mills, refineries, pipelines, gas works, electrical works, thermal, hydel, solar, wind, tidal, natural gas, diesel, biomass power plants, water works, water treatment plants and to undertake turnkey projects of every description and to undertake the supervision of any plant or factory or to invest in or acquire interest in companies carrying on the above businesses.
3. To carry on the business of construction / infrastructural development, civil engineers and contractors, architects, surveyors, town planners, estimators and valuers, and also to undertake infrastructural projects and for the said purposes to participate in tenders, enter into contracts, agreements, joint ventures or memorandum of understanding with the Central or any State Government/s, Government Department/s and Undertaking/s, Municipality, Local Authority, Corporation, Cooperative Society, Company, Firm, Partnership, person or persons, individual or individuals and to obtain from them the rights of all sorts for assistance, privileges, charters, licenses and concessions, as may be necessary or incidental in connection thereto.
4. To provide, develop, own, maintain, operate, instruct, execute, carry out, improve, construct, repair, work, administer, manage, control, transfer, on a build, operate and transfer (BOT), or build, own, operate and transfer (BOOT) or build, operate, lease and transfer (BOLT) basis or otherwise, make tenders, apply or bid for, acquire, invest in, transfer to operating companies in the infrastructure sector, any infrastructure facilities including but not limited to roads, bridges, airports, ports, waterways, rail systems, highway projects, water supply projects, irrigation projects, pipelines, sanitation and sewage systems, water treatment system, solid waste management system, generation, supply and distribution of electricity, power projects, telecommunication facilities, housing projects, commercial real estate projects, warehouses, factories, godowns, other works or convenience of public or private utility involving public or private financial participation, either directly or through any subsidiary or group company or companies, and to carry on the business on contractual basis, assign, convey, transfer, lease, sanction, sell, the right to collect any rent, toll, compensation charges or other income from infrastructure projects undertaken by the company.
5. To invest in industrial enterprises by acquiring shares, stock, debentures or other securities of such enterprises or by providing loans or other financial facilities to such enterprises, establish, promote, form, invest in companies providing, developing, constructing, repairing, working, administering, managing, controlling, on a build, operate and transfer (BOT), or build, own, operate and transfer (BOOT) or build, operate, lease and transfer (BOLT) basis, any infrastructure facilities including but not limited to roads, bridges, airports, ports, waterways, rail systems, highway projects, water supply projects, irrigation projects, pipelines, sanitation and sewage systems, water treatment system, solid waste management system, generation, supply and distribution of electricity, power projects, telecommunication facilities, housing projects, commercial real estate projects, warehouses, factories, godowns, other works or convenience of public or private utility and to acquire and hold controlling or other interest in the share capital or otherwise of such companies.

### Amendments to the Memorandum of Association of our Company

Since the incorporation of our Company, the following changes have been made to our Memorandum of Association:

| Date of the Shareholder's resolution | Amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 7, 1996                        | Increase in Authorised Share Capital from Rs.5,00,000 to Rs.30,00,000 comprising of 30,000 Equity Shares of Rs.100 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| November 15, 1996                    | Increase in Authorised Share Capital from Rs.30,00,000 to Rs. 1,00,00,000 comprising of 1,00,000 Equity Shares of Rs.100 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| May 28, 1999                         | Increase in Authorised Share Capital from Rs.1,00,00,000 to Rs.2,00,00,000 comprising of 2,00,000 Equity Shares of Rs.100 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| March 14, 2008                       | Increase in Authorised Share Capital from Rs.2,00,00,000 to Rs.5,00,00,000 comprising of 5,00,000 Equity Shares of Rs.100 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| July 20, 2009                        | Increase in Authorised Share Capital from Rs.5,00,00,000 to Rs.16,00,00,000 comprising of 16,00,000 Equity Shares of Rs.100 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| October 16, 2009                     | <p>Change in the Object Clause of the MoA as follows:</p> <ol style="list-style-type: none"> <li>1. To carry on the business as Builders and building contractors and to layout, develop, construct, build, erect, demolish, re-erect, alter repair, remodel or do any other civil or architectural work in connection with any building or building scheme, roads, highways, docks, ships, sewers, bridges, canals, wells, springs, serais, dams, power plants, bours, wharves, ports, reservoirs, embankments, tramways, railways, irrigation, reclamation, improvements, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works or any other structural or architectural works of any kind and to purchase, acquire, take on Lease or in any other lawful manner any area, land, buildings, structures, build townships, markets or any other buildings or conveniences thereon and to equip the same or any part thereof with all or any amenities or conveniences, drainage facility, electric, telegraphic, telephonic, television installations and to deal with the same in any manner whatsoever.</li> <li>2. To carry on business as Engineering and Procurement Contractors, general engineers, mechanical engineers, process engineers, civil engineers, general mechanical and civil contractors for power plants and to enter into contracts and joint ventures in relation to and to erect, construct, supervise, maintain, alter, repair, pull down and restore either alone or jointly with companies or persons, works of all description including plants of all description, factories, mills, refineries, pipelines, gas works, electrical works, thermal, hydel, solar, wind, tidal, natural gas, diesel, biomass power plants , water works , water treatment plants and to undertake turnkey projects of every description and to undertake the supervision of any plant or factory or to invest in or acquire interest in companies carrying on the above businesses.</li> <li>3. To carry on the business of construction / infrastructural development, civil engineers and contractors, architects, surveyors, town planners, estimators and valuers, and also to undertake infrastructural projects and for the said purposes to participate in tenders , enter into contracts, agreements, joint ventures or memorandum of understanding with the Central or any State Government/s, Government Department/s and Undertaking/s, Municipality, Local Authority, Corporation, Cooperative</li> </ol> |

| Date of the Shareholder's resolution | Amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | <p>Society, Company, Firm, Partnership, person or persons, individual or individuals and to obtain from them the rights of all sorts for assistance, privileges, charters, licenses and concessions, as may be necessary or incidental in connection thereto.</p> <p>4. To provide, develop, own, maintain, operate, instruct, execute, carry out, improve, construct, repair, work, administer, manage, control, transfer, on a build, operate and transfer (BOT), or build, own, operate and transfer (BOOT) or build, operate, lease and transfer (BOLT) basis or otherwise, make tenders, apply or bid for, acquire, invest in, transfer to operating companies in the infrastructure sector, any infrastructure facilities including but not limited to roads, bridges, airports, ports, waterways, rail systems, highway projects, water supply projects, irrigation projects, pipelines, sanitation and sewage systems, water treatment system, solid waste management system, generation, supply and distribution of electricity, power projects, telecommunication facilities, housing projects, commercial real estate projects, warehouses, factories, godowns, other works or convenience of public or private utility involving public or private financial participation, either directly or through any subsidiary or group company or companies, and to carry on the business on contractual basis, assign, convey, transfer, lease, sanction, sell, the right to collect any rent, toll, compensation charges or other income from infrastructure projects undertaken by the company.</p> <p>5. To invest in industrial enterprises by acquiring shares, stock, debentures or other securities of such enterprises or by providing loans or other financial facilities to such enterprises, establish, promote, form, invest in companies providing, developing, constructing, repairing, working, administering, managing, controlling, on a build, operate and transfer (BOT), or build, own, operate and transfer (BOOT) or build, operate, lease and transfer (BOLT) basis, any infrastructure facilities including but not limited to roads, bridges, airports, ports, waterways, rail systems, highway projects, water supply projects, irrigation projects, pipelines, sanitation and sewage systems, water treatment system, solid waste management system, generation, supply and distribution of electricity, power projects, telecommunication facilities, housing projects, commercial real estate projects, warehouses, factories, godowns, other works or convenience of public or private utility and to acquire and hold controlling or other interest in the share capital or otherwise of such companies.</p> |
| December 10, 2009                    | Increase in Authorised Share Capital from Rs.16,00,00,000 to Rs.25,00,00,000 comprising of 2,50,00,000 Equity Shares of Rs.10 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

#### Awards and Accreditations

- Excellence of Construction award from "Kondu Polytechnic College, Perundurai" in the year 2004.
- Excellence of Construction award from the Minister for Madurai Vegetable Market in the year 2009.
- Award for Construction of Anna University, Chennai in the year 2005.
- Excellence of Construction firm from Builders Association of India in the year 2010.
- Excellence of construction award from "Neyveli Lignite Corporation, Neyveli" in the year 2007

**Subsidiaries of our Company**

Our Company does not have any subsidiary as on the date of this Red Herring Prospectus.

**Shareholders Agreement**

Our Company has not entered into any Shareholders Agreement as on the date of this Red Herring Prospectus.

**Other Agreements**

Our Company has not entered into any other agreements, other than disclosed in this Red Herring Prospectus.

**Strategic Partners**

As on the date of this Red Herring Prospectus, our Company does not have any strategic partners.

**Financial Partners**

As on the date of this Red Herring Prospectus, our Company does not have any financial partners.

## OUR MANAGEMENT

### Board of Directors

As per our Articles of Association our Company shall not appoint less than three (3) and more than twelve (12). Currently, our Company has eight (8) Directors. The following table sets forth details regarding our Board of Directors as on the date of this Red Herring Prospectus:

| Name, Father's Name, Residential Address, Designation, Occupation, Term and DIN                                                                                                                                                                                                                                                                                                  | Nationality | Age      | Other Directorship/ Partnerships as on March 31, 2010                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. P. Arul Sundaram*</b><br>S/o Mr. Poosappa Gounder<br><u>Residential Address:</u> No. 11, Raghupathinaichenpalayam, Lakkapurampudur Railway Colony Post, Erode 638 002, India.<br>Chairman & Managing Director,<br><u>Date of re-appointment:</u> March 13, 2010<br><u>Term:</u> Five (5) years from March 13, 2010<br><u>Occupation:</u> Business<br><u>DIN:</u> 00125403 | Indian      | 44 years | <ul style="list-style-type: none"> <li>▪ SPAC Tapioca Products (India) Limited</li> <li>▪ M/s RPP Sago Factory</li> </ul>      |
| <b>Ms. A. Nithya*</b><br>W/o Mr. P. Arul Sundaram<br><u>Residential Address:</u> No. 11, Raghupathinaichenpalayam, Lakkapurampudur Railway Colony Post, Erode 638 002, India.<br>Whole Time Director<br><u>Date of re-appointment:</u> March 13, 2010<br><u>Term:</u> Five (5) years from March 13, 2010<br><u>Occupation:</u> Business<br><u>DIN:</u> 00125357                  | Indian      | 37 years | <ul style="list-style-type: none"> <li>▪ M/s RPP Sago Factory</li> <li>▪ Dexterity Business Analyst Private Limited</li> </ul> |

| <b>Name, Father's Name,<br/>Residential Address,<br/>Designation, Occupation,<br/>Term and DIN</b>                                                                                                                                                                                                                                                                                                                                                         | <b>Nationality</b> | <b>Age</b>  | <b>Other Directorship/ Partnerships as on<br/>March 31, 2010</b>                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. S. Thirunavukkarasu</b><br><br>S/o Mr. Subbarayagounder Samiappan<br><br><u>Residential Address:</u><br>80A , VInayagar Kovil Street, -<br>2, 3<br>Kasipalayam (M) Ward -16, 17<br>Erode, Tamil Nadu 638 002,<br>India<br><br>Non-Independent and Non-<br>Executive Director<br><br><u>Date of Appointment:</u> April 1,<br>2008<br><br><u>Term:</u> Liable to retire by<br>rotation<br><br><u>Occupation:</u> Business<br><br><u>DIN:</u> 02264555 | Indian             | 37<br>years | <ul style="list-style-type: none"> <li>▪ M/s. Sakthi Constructions</li> </ul>                                                                           |
| <b>Mr. A. Murugesan</b><br><br>S/o Mr. Velayutham Arthnaoor<br><br><u>Residential Address:</u> 33, Type 4<br>Quarters, Block 13, Neyveli<br>Township, Cuddalore, Tamil<br>Nadu – 607 803<br><br>Independent and Non-Executive<br>Director<br><br><u>Date of appointment:</u> April 1,<br>2008<br><br><u>Term:</u> Liable to retire by<br>rotation<br><br><u>Occupation:</u> Business<br><br><u>DIN:</u> 02206637                                           | Indian             | 63<br>years |                                                                                                                                                         |
| <b>Mr. V. Subramanian</b><br><br>S/o Mr. Venkuswami<br>Venkatachalam                                                                                                                                                                                                                                                                                                                                                                                       | Indian             | 64<br>years | <ul style="list-style-type: none"> <li>▪ Pioneer Distilleries Limited</li> <li>▪ Pioneer iServe Limited</li> <li>▪ Pioneer Gas Power Limited</li> </ul> |

| Name, Father's Name,<br>Residential Address,<br>Designation, Occupation,<br>Term and DIN                                                                                                                                                                                                                                                                                                                                  | Nationality | Age         | Other Directorship/ Partnerships as on<br>March 31, 2010 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|----------------------------------------------------------|
| <p><u>Residential Address:</u> C-48,<br/>Madhuranagar, Hyderabad,<br/>Andhra Pradesh 500 038, India.</p> <p>Independent and Non-Executive<br/>Director</p> <p><u>Date of appointment:</u><br/>November 16, 2009</p> <p><u>Term:</u> Liable to retire by<br/>rotation</p> <p><u>Occupation:</u> Professional</p> <p><u>DIN:</u> 00013702</p>                                                                               |             |             |                                                          |
| <p><b>Mr. A. P. C. Krishnamoorthy</b></p> <p>S/o Mr. Ayyampalayam Perichi<br/>Chinnasamy</p> <p><u>Residential Address:</u> No.10,<br/>Gandhi Nagar, Erode, Tamil<br/>Nadu 638 009, India.</p> <p>Independent and Non-Executive<br/>Director</p> <p><u>Date of appointment:</u> April 1,<br/>2008</p> <p><u>Term:</u> Liable to retire by<br/>rotation</p> <p><u>Occupation:</u> Advocate</p> <p><u>DIN:</u> 02181130</p> | Indian      | 56<br>years |                                                          |
| <p><b>Mr. Meenakshi Sundaram</b></p> <p>S/o Mr. Ramasamy<br/>Ruthrapathay</p> <p><u>Residential Address:</u> No. 70 H<br/>SES PWD Quarter (PWD),<br/>No.:1,Vallam Road, Tanjavur,<br/>Tamil Nadu 613 007, India.</p> <p>Independent and Non-Executive<br/>Director</p>                                                                                                                                                    | Indian      | 63<br>years |                                                          |

| <b>Name, Father's Name, Residential Address, Designation, Occupation, Term and DIN</b>                                                                                                                                                                                                                                                                                                              | <b>Nationality</b> | <b>Age</b> | <b>Other Directorship/ Partnerships as on March 31, 2010</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------|--------------------------------------------------------------|
| <u>Date of appointment:</u> April 1, 2008<br><br><u>Term:</u> Liable to retire by rotation<br><br><u>Occupation:</u> Business<br><br><u>DIN:</u> 02230146                                                                                                                                                                                                                                           |                    |            |                                                              |
| <b>Mr. R. P. Murlithasan</b><br><br>S/o Mr. Rajagounder Perumal<br><br><u>Residential Address:</u> 23 B-2, Victor Ace Gandhi Nagar, Mohanur Road, Namakkal, Tamin Nadu – 637 002<br><br>Non-Independent and Non-Executive Director<br><br><u>Date of appointment:</u> April 1, 2008<br><br><u>Term:</u> Liable to retire by rotation<br><br><u>Occupation:</u> Business<br><br><u>DIN:</u> 02186774 | Indian             | 45 years   | ■ M/s. Sanjeevi Constructions                                |

*\*Ms. A. Nithya is the spouse of Mr. P. Arul Sundaram.*

There are no arrangements of understanding with major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of a senior management.

### **Brief Biographies of our Directors**

**Mr. P. Arul Sundaram**, 44 years, is the Chairman and Managing Director of our Company. Mr. Sundaram is the founder and Promoter of our Company and has been on the Board since its incorporation. He holds a Bachelor of Engineering Degree in Civil Engineering from Sri Vinayaka Mission Research Foundation, Deemed University, Salem, Tamil Nadu and a Diploma in Civil Engineering from Kongu Engineering College, Erode. He has over twenty two (22) years of experience in civil works in the fields of transportation/ power/ commercial buildings and irrigation projects. He has been responsible for strategic direction and development of our Company and is in overall control of our operations. His experience and his intimate understanding of the businesses verticals of our operations have played a central role in the rapid growth of our Company.

**Ms. A. Nithya**, 37 years, is the Whole Time Director, Finance of our Company. She has been on our Board since February 19, 1999 and holds a Masters degree in Software Applications from Bharathiar University, Coimbatore. She is responsible for the finance, accounting and treasury functions of our Company.

**Mr. S. Thirunavukkarasu**, 37 years, is Non-Independent Non-Executive Director of our Company. He holds a Diploma in Electronics and Communications Engineering from the State Board of Technical Education and Training, Government of Tamil Nadu. He has over fifteen (15) years of experience in the construction industry.

**Mr. A. Murugesan**, 63 years, is an Independent Non-Executive Director of our Company and Ex-Executive Director (Power) of M/s. Neyveli Lignite Corporation. Mr. A. Murugesan holds degree of Bachelor of Mechanical Engineer from Annamalai University. He has more than thirty five (35) years of experience in Power Generation construction of large Thermal Power Stations.

**Mr. V. Subramanian**, 64 years, is an Independent Director of our Company. He is a Commerce graduate and a Chartered Accountant by profession. He has over four (4) decades of experience in areas of Finance/ Accounting/ Audit/ Industrial Relations and Administration. He possesses vast experience in Power Projects and Manufacturing Industries. He is an Independent Director on the Board of a listed company, Pioneer Distilleries limited and is on the board of Pioneer i-Serve Limited and Pioneer Gas and Power Limited.

**Mr. A. P. C. Krishnamoorthy**, 56 years, is an Independent Director of our Company and has over thirty four (34) years of experience as a practicing council in the Bar. Mr. Krishnamoorthy is an advocate by profession holds a degree of B.Com from Annamalai University. He does his practice advocate in both Civil and Criminal cases.

**Mr. Meenakshi Sundaram**, 63 years, is an Independent Director of our Company and has experience in Irrigation Sector. Mr. Meenakshi Sundaram holds a Bachelor's degree in Civil Engineering from Annamalai University. He has more than thirty eight (38) years of experience with Tamilnadu PWD. He was associated as Chief Engineer of PWD WRO in Tamilnadu PWD WRO, speaks of his competence in Irrigation Projects.

**Mr. R.P. Muralithasan**, 45 years, is a Non-Independent Non-Executive Director of our Company. He holds a bachelor's degree in Civil Engineering from Bangalore University. Previously he was associated with our Company as an employee and resigned from our Company in the year 1999. He has executed several prestigious civil engineering projects for our Company.

### **Service Contracts**

Our Company has not executed any service contracts with its directors providing for benefits upon their termination of employment.

### **Borrowing Powers of the Board**

Our Articles, subject to the provisions of the Companies Act, authorize our Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our shareholders have, pursuant to a resolution passed at the Extra Ordinary General Meeting held on March 13, 2010 authorized our Board to borrow monies in an amount not exceeding Rs.10,000 Lakhs.

### **Remuneration to Non-Executive Directors:**

Our Company, subject to the provisions of the Companies Act and other applicable laws and regulations, pays each non-executive Director sitting fees to attend meetings of the Board and any committee of the Board. Our Company also reimburses such Directors for out-of-pocket expenses to attend such meetings and perform their role as a Director. Our Non-Executive Directors shall be paid sitting fees of a maximum of Rs. 5,000 in terms of our Articles of Association.

**Remuneration to Executive Directors:**

1. Mr. P. Arul Sundaram

| Particulars                        | Remuneration                                   |
|------------------------------------|------------------------------------------------|
| Basic Salary                       | Rs. 42,00,000 p.a.                             |
| Appointment as a Managing Director | Five (5) years with effect from March 13, 2010 |
| Other Allowances                   | Nil                                            |
| Compensation paid for F.Y. 2009    | Rs. 24,00,000                                  |

2. Ms. A. Nithya

| Particulars                          | Remuneration                                   |
|--------------------------------------|------------------------------------------------|
| Basic Salary                         | Rs. 18,00,000 p.a.                             |
| Appointment as a Whole Time Director | Five (5) years with effect from March 13, 2010 |
| Other Allowances                     | Nil                                            |
| Compensation paid for F.Y. 2009      | Rs. 12,00,000                                  |

**Shareholding of Directors in our Company**

The shareholding of our Directors as on the date of filing of this Red Herring Prospectus is as below:

| Name of the Director    | Number of shares held | Shareholding (%) |
|-------------------------|-----------------------|------------------|
| Mr. P. Arul Sundaram    | 1,00,31,648           | 60.80            |
| Ms. A. Nithya           | 64,67,460             | 39.20            |
| Mr. R. P. Muralithasan  | 156                   | Negligible       |
| Mr. S. Thirunavukarasan | 156                   | Negligible       |

**Interests of Directors**

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

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or that may be subscribed by or allotted to their relatives or the companies in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this section "Our Management" or the section "Related Party Transactions" on page 128 and 161 of this Red Herring Prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

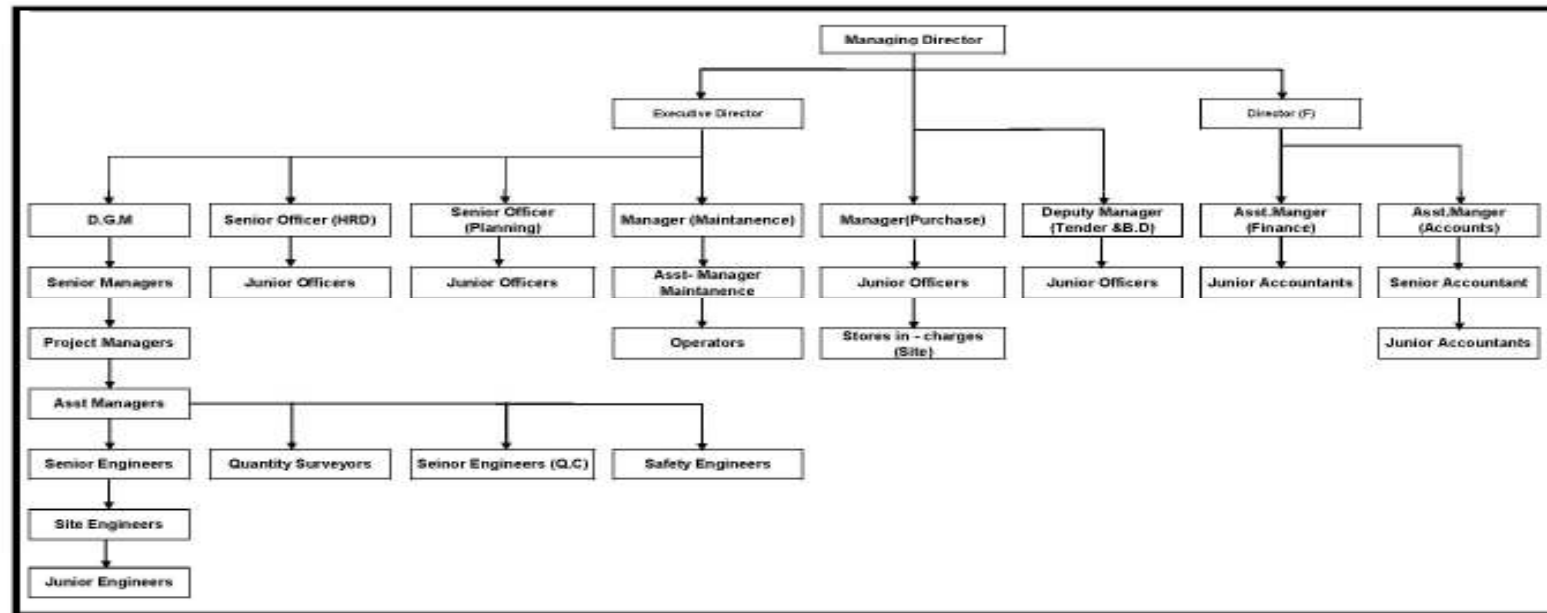
Our Directors have no interest in any property acquired by our Company within two (2) years of the date of this Red Herring Prospectus.

**Changes in our Company's Board of Directors during the last three (3) years**

The changes in the Board of Directors of our Company in the last three (3) years are as follows:

| No. | Name of the Director & Designation | Date of Appointment     | Date of Resignation | Reason                                           |
|-----|------------------------------------|-------------------------|---------------------|--------------------------------------------------|
| 1.  | Mr. P. Selvasundaram, Chairman     | May 4, 1995             | March 18, 2006      | Resignation                                      |
| 2.  | Mr. P. Shivakumar                  | January 15, 2007        | --                  | Appointment as a Additional Director             |
| 3.  | Mr. P. Murlithasan                 | January 15, 2007        | --                  | Appointment as a Additional Director             |
| 4.  | Mr. S.Thirunavukarasu              | January 15, 2007        | --                  | Appointment as a Additional Director             |
| 5.  | Mr. P. Shivakumar, Director        | --                      | March 24, 2008      | Resignation                                      |
| 6.  | Mr. P. Murlithasan, Director       | --                      | March 24, 2008      | Resignation                                      |
| 7.  | Mr. S.Thirunavukarasu, Director    | --                      | March 24, 2008      | Resignation                                      |
| 8.  | Mr. P. Shivakumar                  | April 1, 2008 (EGM)     | --                  | Appointed as a Director                          |
| 9.  | Mr. P. Murlithasan                 | April 1, 2008 (EGM)     | --                  | Appointed as a Director                          |
| 10. | Mr. S.Thirunavukarasu              | April 1, 2008 (EGM)     | --                  | Appointed as a Director                          |
| 11. | Mr. A.P.C. Krisshnamoorthy,        | April 1, 2008 (EGM)     | --                  | Appointed as a Director                          |
| 12. | Ms. Meenakshi Sundaram             | April 1, 2008 (EGM)     | --                  | Appointed as a Director                          |
| 13. | Mr. A. Murugesan                   | April 1, 2008 (EGM)     | --                  | Appointed as a Director                          |
| 14. | Mr. S. Sekar                       | April 1, 2009 (EGM)     | --                  | Appointed as a Director                          |
| 15. | Ms. A. Nithya                      | September 1, 2009       | --                  | Appointed as an Whole Time Director              |
| 16. | Mr. V. Subramanian                 | November 16, 2009 (EGM) | --                  | Appointed as a Director                          |
| 17. | Mr. P. Shivakumar                  | March 9 , 2010          |                     | Resigned as a Whole Time Director                |
| 18. | Mr. P. Shivakumar                  | March 9 , 2010          | -                   | Appointed as a Director                          |
| 19. | Ms. A. Nithya                      | March 13, 2010          | --                  | Re-appointed as a Whole Time Director            |
| 20. | Mr. P. Arul Sundaram               | March 13, 2010          | --                  | Re-appointed as a Chiarman and Managing Director |
| 21. | Mr. P. Shivakumar                  | -                       | September 01, 2010  | Resignation                                      |
| 22. | Mr. S. Sekar                       | -                       | September 01, 2010  | Resignation                                      |

## Management Organisational Structure



## Corporate Governance

The provisions of the listing agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI (ICDR) Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. As of the date of the Red Herring Prospectus, our Company has taken steps to comply with the provisions of Clause 49 of the Listing Agreements, including with respect to the appointment of independent directors, the constitution of the Audit, Remuneration and Shareholders/Investors Grievance Committee of the Stock Exchanges.

The Chairman of the Board is an Executive Director. The Board of Directors consists of ten (8) directors, of which three (2) are executive directors, one (1) is Non-Independent & Non-Executive Director and five (5) are Independent and Non-Executive Directors.

In accordance with Clause 49 of the Listing Agreement, our Company has constituted/re-constituted the following committees:

### a) **Audit Committee**

Our Company constituted an audit committee in accordance with the Section 292A of the Companies Act, and Clause 49 of the Listing Agreement in the meeting of our Board of Directors held on November 16, 2009. The audit committee presently consists of the following Directors of the Board:

- i) Mr. V. Subramanian, Chairperson
- ii) Mr. A.P.C. Krishnamoorthy, Member
- iii) Mr. Meenakshi Sundram, Member

The scope of the Audit Committee shall include the following:

- 1. Regular review of accounts, accounting policies and disclosures.
- 2. Review the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
- 3. Review any qualifications in the draft audit report.
- 4. Establish and review the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- 5. Upon completion of the audit, attend discussions with the independent auditors to ascertain any area of concern.
- 6. Establish the scope and frequency of the internal audit, review the findings of the internal auditors and ensure the adequacy of internal control systems.
- 7. Examine reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.
- 8. Examine matters relating to the Director's Responsibility Statement for compliance with Accounting Standards and accounting policies.
- 9. Oversee compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
- 10. Examine any related party transactions, i.e., transactions of the Company that are of a material nature with promoters or management, their subsidiaries, relatives, etc., that may have potential conflict with the interests of the Company.
- 11. Appointment and remuneration of statutory and internal auditors.

### b) **Shareholders/ Investors Grievance Committee:**

Our Company has re-constituted shareholders/investors grievance committee in the meeting of our Board of Directors held on September 1, 2010. The shareholders/investors grievance committee presently consists of the following Directors of the Board:

- i) Mr. Meenakshi Sundaram, Chairman
- ii) Mr. A.P.C. Krishnamoorthy, Member
- iii) Mr. A. Murugesan, Member.

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

1. Supervise investor relations and redressal of investor grievance in general and relating to non-receipt of dividends, interest, and non-receipt of balance sheet in particular.
2. Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

**c) Remuneration/ Compensation Committee:**

Our Company has re-constituted remuneration/compensation committee in the meeting of our Board of Directors held on September 1, 2010. The remuneration/compensation committee presently consists of the following Directors of the Board:

- i) Mr. V. Subramanian, Chairperson
- ii) Mr. A.P.C. Krishnamoorthy, Member
- iii) Mr. A. Murugesan, Member

The terms of reference of the Remuneration/Compensation Committee is set out below:

1. Determine the remuneration, review performance and decide on variable pay of executive Directors.
2. Establish and administer employee compensation and benefit plans.
3. Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

**Profile of Key Managerial Personnel**

All our Key Managerial Personnels are permanent employees of our Company.

**Mr. M. K. Sivabal**, 44 years is the Chief Operating officer of our Company and is associated with our Company since July 2010. Mr. M. K. Sivabal holds M.Sc., Agri degree from Tamilnadu Agriculture University. He has over 20 years of experience in Marketing Distribution, Finance, Capital Market, HR Training Administration. As a Chief Operating Officer of our Company, Mr. M. K. Sivabal is primarily responsible for the HR Training Administration, Capital Market, Business Development.

**Mr. A. Ravi** 46 years, is a Deputy General Manager of our Company and holds Diploma in Civil Engineering from the Technical Education Board. He has been associated with our Company since May 20, 2009. He has more than twenty (29) years of experience in Industrial & residential Building Projects. He was associated as Assistant General Manager in Asia Engineering Company. Mr. Ravi was paid a gross remuneration of Rs. 6.28 Lakhs for the F.Y. 2009-2010.

**Mr. S. Balasubramaniam**, 36 years, is Assistant General Manager of our Company and holds Diploma in Computer Science and Engineering from the Technical Education Board. He has been associated with our Company since incorporation. He has more than sixteen (16) years of experience in Water Supply Management & Commercial Building Projects. Mr. Balasubramaniam was paid a gross remuneration of Rs. 4.88 lakhs for the F.Y. 2009-2010.

**Mr. P. Karthikeyan**, 41 years, is a Senior Manager of our Company and holds Diploma in Civil Engineering from the Technical Education Board. He has been associated with our Company since incorporation. He has more than nineteen (19) years of experience in Industrial, infrastructure and Power Projects. Mr. Karthikeyan was paid a gross remuneration of Rs. 3.86 lakhs for the F.Y. 2009-2010.

**Mr. S. Krishnamoorthi**, 39 years, is a Manager (Projects) of our Company and holds Diploma in Civil Engineering from the Technical Education Board. He has been associated with our Company since December 15, 1999. He has more than nineteen (19) years of experience in Finalization of New Projects, Planning and processes the projects to complete the works in time. Mr. Krishnamoorthi was paid a gross remuneration of Rs. 3.06 Lakhs for the F.Y. 2009-2010.

**Mr. V. Rajasekaran**, 48 years, is a Deputy Manager (Finance & Accounts) of our Company and holds Master of Business Administration from the Madras University. He has been associated with our Company from January 27, 2010. He has more than twenty two (22) years of experience in finalization of Accounts Preparing the MIS report, Project cost control & Ensuring Statutory Compliance. Mr. V. Rajasekaran was paid a gross remuneration of Rs. 0.49 Lakhs for the F.Y. 2009-2010.

**Mr. M. Ashokan**, 39 years, is a Manager (Equipment) of our Company and holds Diploma from ITI from the Technical Education Board. He has been associated with our Company since July 14, 1995. He has more than twenty two (22) years of experience in managing the equipments and machineries. Mr. Ashokan was paid a gross remuneration of Rs. 3.64 Lakhs for the F.Y. 2009-2010.

**Mr. S. Varadharajen**, 52 years, is Administrative head of our Company and holds B.Sc., with Post Graduate Diploma in Human Resource and Labour Law. He was recently associated with our Company since February 8, 2010. He has more than twenty three (23) years of experience in Entire gamut of HR from Recruitment to Retirement. Mr. Varadharajen was paid a gross remuneration of Rs. 0.44 lakhs for the F.Y. 2009-2010.

**Mr. C. Somasundaram**, 52 Years, is a Vice President of our Company and holds Bachelor of Engineering in Electrical from Bangalore University. He has been associated with our Company since February 23, 2010. He has more than thirty two (32) years of experience in Electrical Engineering – Design, Engineering, Procurement, Construction, Testing & Commissioning of Sub-stations and Transmission lines, Testing & Certification of all Power System equipments Project management & Quality Assurance. Mr. Somasundaram was paid a gross remuneration of Rs. 1.00 Lakhs for the F.Y. 2009-2010.

Mr. S. Shankar, 29 years is the Project Co-Ordinator of our Company and is associated with our Company since December 7, 2003. Mr. S. Shankar holds Bachelor of Engineering degree from Coimbatore Institute of Technology. He has over seven (7) years of experience in Industrial Buildings, structural and residential buildings. As a Project Co-ordinator of our Company, Mr. S. Shankar is primarily responsible for projects allocated to him. Mr. S. Shankar was paid a remuneration of Rs.6.00 Lakhs in the F.Y. 2009-2010

Mr. Venkateshwarlu, 44 years is the Assistant General Manager of our Company and is associated with our Company since September 1, 2010. Mr. Venkateshwarlu holds Bachelors Degree in Technology (B.Tech.) – Civil (Final Year) from C.V. Raman University and Diploma in Civil Engineering (D.C.E.) degree from S.V.K.P. Polytechnic, Cumbum State Board of Technical Education, Hyderabad, A.P. in 1984. He has over eighteen (18) years of experience in the field of construction and planning. As an Assistant General Manager of our Company, Mr. Venkateshwarlu is primarily responsible for Management, Co-ordination & Planning of the projects.

**Ms. Saritha**, 26 years is the Company Secretary of our Company and is associated with our Company since October 2010. Ms. Saritha holds B.Com, BGL degree from Annamalai University and qualified as company secretary from the Institute of Company Secretaries of India, New Delhi. She has around two (2) years experience in handling secretarial matters and related issues. As a Company Secretary of our Company, Ms. Saritha is primarily responsible of the secretarial related compliances of our Company.

#### **Shareholding of Key Managerial Personnel in our Company**

None of the Key Managerial Personnels hold Equity Shares in our Company.

**Bonus or profit sharing plan of the Key Managerial Personnel**

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

**Interests of Key Managerial Personnel**

The Key Managerial Personnel 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.

**Payment of Benefits to Officers of our Company**

Our Company has not paid any sum any non-salary amount or benefit to any of its officers to its employees except for the ex-gratia/rewards. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

**There is no family relationship between our Promoters and Key Managerial Personnels of our Company.**

None of the key personnel mentioned above are related to the promoters/directors of our company. None of the above has been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

**Changes in our Company's Key Managerial Personnel during the last three (3) years**

The changes in the Key Managerial Personnel of our Company in the last three (3) years are as follows:

| No. | Name of the Key Management Personnel & Designation | Date of Appointment | Date of Resignation | Reason      |
|-----|----------------------------------------------------|---------------------|---------------------|-------------|
| 1.  | Ms. S. Neelaaveni                                  | May 1, 2010         | --                  | --          |
| 2.  | Mr. A. Ravi                                        | May 20, 2009        | --                  | --          |
| 3.  | Mr. V. Rajsekeran                                  | January 28, 2010    | --                  | --          |
| 4.  | Mr. Varadharajan                                   | February 8, 2010    | --                  | --          |
| 5.  | Mr. M.K.Sivabal                                    | July 1, 2010        | --                  | Appointment |
| 6.  | Ms. S. Neelaaveni                                  | --                  | September 20, 2010  | Resignation |
| 7.  | Ms. S. Saritha                                     | September 20, 2010  | --                  | Appointment |
| 8.  | Mr. K. Venkateswarlu                               | September 1, 2010   | --                  | Appointment |
| 9.  | Mr. S. Shankar                                     | June 1, 2010        | --                  | Appointment |

## OUR PROMOTERS

### Our Promoters

Our Promoters are Mr. P. Arul Sundaram and Ms. A. Nithya.

|                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | Mr. P. Arul Sundaram is the Chairman and Managing Director of our Company. He is a resident Indian national. For further details, please refer to the section titled "Our Management" beginning on page 128 of this Red Herring Prospectus. His Permanent Account Number is ACGPA7995N, driving licence number is TN 33 19820000646 and Passport No. is Z1775059. His voter identification number is LTR2259372. |
|  | Ms. A. Nithya is the Whole Time Director of our Company. She is a resident Indian national. For further details, please refer to the section titled "Our Management" beginning on page 128 of this Red Herring Prospectus. Her Permanent Account Number is ABSPN5094N, driving licence number is F/TN/033/004125/1998 and Passport No. is E4208192. Her voter identification number is TN/17/118/0006481.        |

Our Company undertakes that the details of the PAN, Bank Account Numbers, and Passport Numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with the Stock Exchanges.

For more details on our Promoters, please refer to the section titled "Our Management" beginning on page 128 of this Red Herring Prospectus.

### Interests of Promoters, Group Companies and Common Pursuits

Our individual Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration or reimbursement of expenses payable to them and also to the extent of dividend payable to them and other distributions in respect of the Equity Shares held by them. Our individual Directors (*excluding the Promoters of our Company*) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them out of the present Issue in terms of this Red Herring Prospectus and also to the extent of dividend payable to them and other distributions in respect of the said Equity Shares.

Further, our individual Promoters are also directors on the boards of certain Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Group

entities. For the payments that are made by our Company to certain Group entities, please refer to the section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.

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

**Our Promoters or directors are not involved with any ventures in the same line of activity or business as that of our Company.**

#### **Confirmations**

Further, none of our Promoters have been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them. None of our Promoters, Promoter Group or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group have been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

#### **Payment or benefits to our Promoters**

No payment or benefit has been made to our Promoters except as disclosed in the related party transaction. For further details, please refer to the section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.

## DIVIDEND POLICY

Our Company has no stated dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared dividend in last five (5) years except for the F.Y. 2010, F.Y. 2009, F.Y. 2008 and F.Y. 2006 and 3 months ended June 30, 2010 details of which are given below:

The table below provides information of dividends declared by our Company during the F.Y. 2010, F.Y. 2009, F.Y. 2008, F.Y. 2007 and F.Y. 2006 and quarter ended June 30, 2010:

*(Rs. In Lakhs)*

| Particulars                                 | June 30,<br>2010 | March 31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March 31,<br>2006 |
|---------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Face value of Equity Shares (Rs. per share) | 10               | 10                | 100               | 100               | 100               | 100               |
| Dividend                                    | Nil              | 89.76             | 10.14             | 5.07              | Nil               | 65.93             |
| Dividend tax                                | N.A.             | 14.90             | 1.72              | 0.86              | N.A.              | 9.25              |
| Dividend per Equity Share (Rs.) final       | Nil              | 0.05              | 10                | 5                 | Nil               | 65                |

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

## **SECTION V: FINANCIAL INFORMATION**

### **FINANCIAL STATEMENTS**

#### **AUDITORS' REPORT**

**(as required by Part II of Schedule II of the Companies Act, 1956)**

To,  
The Board of Directors,  
R.P.P. Infra Projects Limited  
P and C Tower,  
140, Perundurai Main Road,  
Erode 638 011, India.

Dear Sirs,

- 1) We have examined the attached financial information of R.P.P. Infra Projects Ltd, as approved by the Board of Directors of the company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009 as amended to date (SEBI ICDR Regulations) and in terms of the engagement agreed upon with you in accordance with our engagement letter dated 21<sup>st</sup> April 2010 in connection with the proposed issue of equity shares of the company.
- 2) These information have been extracted by the management from the financial statements for the year ended 31.03.2006, 2007, 2008, 2009, 2010 and 30.06.2010. Audit for the financial year ended 31.03.2006 & 2007 was conducted by the previous auditor, Mr. E.P. Kathirvel and accordingly reliance has been placed on the financial information examined by him for the said years. The financial report included for these years i.e. 2006 & 2007 are based solely on the report submitted by him. Based on the above, we further report that the restated financial information has been made after incorporating:
  - (a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
  - (b) Adjustments for the material amounts in the respective financial years to which they relate.
  - (c) And there are no extraordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
- 3) We have also examined the financial information of the company for the period 01.04.2010 to 30.06.2010 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the company mentioned in the paragraph (1) above (the broken period ending not before six months from the date of prospectus)

The financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanation given to us, we have found that the same to be correct and the same have been accordingly used in the financial information appropriately.

- 4) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI ICDR Regulations and terms of our engagement agreed with you, we further report that:
  - (a) The Restated summary statement of Assets and Liabilities of the company, including the financial information for the periods 31.3.2006 and 31.03.2007 examined and reported upon by Mr. E.P. Kathirvel on which reliance has been placed by us, and as at 31.03.2008, 31.12.2009, 31.03.2010 & 30.06.2010 examined by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and changes in Significant Accounting Policies (Refer Annexure No.4)
  - (b) The Restated Summary statement of Profit or Loss of the Company for the year then ended, including for the year ended 2006 and 2007 examined by Mr. E.P. Kathirvel whose report on which reliance has been placed by us, and for the year ended 2008, 2009, 2010 & 30.06.2010 examined by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and changes in Significant Accounting Policies (Refer Annexure No.4)
  - (c) Based on the above and also as per the reliance placed on the reports submitted by the previous Auditor Mr. E.P. Kathirvel for the respective years, we are of the opinion that the restated financial information have been made after incorporating:
    - (i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
    - (ii) Adjustments for the material amounts in the respective financial years to which they relate.
    - (iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
  - (d) We have also examined the following other financial information setout in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the year ended 2006, 2007, 2008, 2009, 2010 & 30.06.2010. In respect of the years ended 31.03.2006 and 31.03.2007 these informations have been included based upon the reports submitted by previous auditor Mr. E.P. Kathirvel and relied upon by us.
    - (i) Statement of Dividend paid/proposed included in Annexure No. 5
    - (ii) Statement of Accounting Ratios included in Annexure No.6
    - (iii) Statement of Capitalisation as at 30.06.2010 included in Annexure No.7
    - (iv) Statement of Tax Shelter included in Annexure No.8
    - (iv) Statement of Secured & Unsecured Loans included in Annexure No.9
    - (v) Details of Loans and Advances included in Annexure No.10
    - (vi) Details of Investments included in Annexure No.11
    - (vii) Details of Sundry Debtors included in Annexure No.12
    - (viii) Details of Inventories included in Annexure No.13
    - (ix) Details of Current liabilities in Annexure No.14
    - (x) Statement of Other Income included in Annexure 15

In our opinion the financial information contained in Annexure to this report read along with the Significant Accounting Policies, changes in Significant Accounting Policies and Notes (As per

Annexure No. 4) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the ICDR Regulation 2009.

- 5) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the company. Our report and should not be used for any other purpose except with our consent in writing.

For **KARTHIKEYAN & JAYARAM**  
**CHARTERED ACCOUNTANTS**

Place: Erode  
Date : 22.10.2010

**CA. G.N. JAYARAM, F.C.A.**  
Partner.  
Membership No: 200-027291

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

(Rupees in Lakhs)

| Particulars                               | June<br>30, 2010 | March<br>31, 2010 | March<br>31, 2009 | March<br>31, 2008 | March<br>31, 2007 | March<br>31, 2006 |
|-------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fixed Assets</b>                       |                  |                   |                   |                   |                   |                   |
| Gross Block                               | 3,651.08         | 3,463.82          | 2,269.95          | 2,156.78          | 1,795.59          | 1,134.76          |
| Less: Depreciation                        | 1,162.62         | 1,081.38          | 871.51            | 724.19            | 583.78            | 482.62            |
| <b>Net Block</b>                          | <b>2,488.46</b>  | <b>2,382.44</b>   | <b>1,398.44</b>   | <b>1,432.59</b>   | <b>1,211.81</b>   | <b>652.14</b>     |
|                                           |                  |                   |                   |                   |                   |                   |
| <b>Investments</b>                        | 7.84             | 7.84              | 15.20             | 37.50             | 37.50             | 42.22             |
|                                           |                  |                   |                   |                   |                   |                   |
| <b>Current Assets, Loans and Advances</b> |                  |                   |                   |                   |                   |                   |
| Inventories                               | 52.55            | 113.92            | 98.94             | 76.83             | 76.00             | 50.97             |
| Sundry Debtors                            | 2,410.56         | 840.76            | 516.08            | 803.41            | 455.01            | 144.78            |
| Cash and Bank balances                    | 771.41           | 745.11            | 567.37            | 424.57            | 334.83            | 261.50            |
| Other Current Assets                      | 2,824.42         | 3,856.71          | 2,421.73          | 1,767.64          | 1,340.92          | 1,101.07          |
| Loans and Advances                        | 135.51           | 268.85            | 124.02            | 301.00            | 100.79            | 4.17              |
| <b>Total</b>                              | <b>8,690.75</b>  | <b>8,215.63</b>   | <b>5,141.78</b>   | <b>4,843.53</b>   | <b>3,556.85</b>   | <b>2,256.85</b>   |
| <b>Liabilities And provisions</b>         |                  |                   |                   |                   |                   |                   |
| Secured Loans                             | 3,396.65         | 2,795.02          | 1,543.08          | 1,909.72          | 1,377.85          | 606.24            |
| Unsecured Loans                           | 27.85            | 36.05             | 66.52             | 65.00             | 2.00              | 41.59             |
| Current Liabilities                       | 2,085.64         | 2,486.08          | 1,587.20          | 1,181.99          | 1,130.18          | 855.83            |
| Provisions                                | 523.82           | 417.76            | 185.83            | 245.02            | 152.39            | 37.99             |
| Deferred Tax liability                    | 13.29            | 25.96             | 12.42             | 16.41             | 26.73             | 24.51             |
| <b>Total</b>                              | <b>6,047.25</b>  | <b>5,760.87</b>   | <b>3,395.05</b>   | <b>3,418.14</b>   | <b>2,689.15</b>   | <b>1,566.16</b>   |
| <b>Net Worth</b>                          | <b>2,643.50</b>  | <b>2,454.76</b>   | <b>1,746.73</b>   | <b>1,425.39</b>   | <b>867.70</b>     | <b>690.69</b>     |
| <b>New Worth represented by</b>           |                  |                   |                   |                   |                   |                   |
| Share Capital                             | 1,650.00         | 1,650.00          | 271.78            | 271.78            | 101.43            | 101.43            |
| Reserves and Surplus                      | 1,039.74         | 821.64            | 1,474.95          | 1,153.62          | 766.27            | 589.26            |
| Less:                                     |                  |                   |                   |                   |                   |                   |
| Misc. exp (to the extent not written off) | 46.24            | 16.88             | -                 | -                 | -                 | -                 |
| <b>Net Worth</b>                          | <b>2,643.50</b>  | <b>2,454.76</b>   | <b>1,746.73</b>   | <b>1,425.40</b>   | <b>867.70</b>     | <b>690.69</b>     |

**Note:**

The above statement should be read with Significant Accounting Policies, Notes and Changes in Significant Accounting Policies set out in Annexure – 4

**SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rupees in Lakhs)

| Particulars                                                          | June<br>30, 2010 | March<br>31, 2010 | March<br>31, 2009 | March<br>31, 2008 | March<br>31, 2007 | March<br>31, 2006 |
|----------------------------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>INCOME</b>                                                        |                  |                   |                   |                   |                   |                   |
| Contract Revenue                                                     | 3,664.28         | 14,454.47         | 10,009.81         | 7,075.73          | 4,393.42          | 4,131.77          |
| Other Income                                                         | 21.72            | 234.20            | 112.73            | 137.86            | 73.76             | 23.99             |
| <b>Total</b>                                                         | <b>3,686.00</b>  | <b>14,688.67</b>  | <b>10,122.54</b>  | <b>7,213.59</b>   | <b>4,467.18</b>   | <b>4,155.76</b>   |
| <b>EXPENDITURE</b>                                                   |                  |                   |                   |                   |                   |                   |
| Construction Expenditure                                             | 2,816.00         | 11,777.10         | 8,063.89          | 5,425.07          | 3,271.89          | 3,389.22          |
| Administrative & Other Expenses                                      | 355.02           | 1,201.76          | 890.47            | 1,205.98          | 726.94            | 322.93            |
| Interest & Finance Charges                                           | 115.27           | 315.72            | 343.70            | 47.47             | 27.92             | 87.07             |
| Depreciation / Amortisation                                          | 88.40            | 240.92            | 222.80            | 207.87            | 153.67            | 96.61             |
| <b>Total</b>                                                         | <b>3,374.69</b>  | <b>13,535.50</b>  | <b>9,520.86</b>   | <b>6,886.39</b>   | <b>4,180.42</b>   | <b>3,895.84</b>   |
| <b>Profit / (Loss) before tax and prior period items</b>             | <b>311.31</b>    | <b>1,153.17</b>   | <b>601.68</b>     | <b>327.20</b>     | <b>286.76</b>     | <b>259.92</b>     |
| <b>Provision for Tax</b>                                             |                  |                   |                   |                   |                   |                   |
| Current tax                                                          | 105.88           | 313.27            | 187.14            | 132.08            | 98.32             | 89.33             |
| Deferred tax                                                         | (12.67)          | 13.54             | (3.99)            | (10.31)           | 2.22              | 1.29              |
| Fringe Benefit tax                                                   | -                | -                 | 6.31              | -                 | -                 | -                 |
| <b>TOTAL TAX EXPENSES</b>                                            | <b>93.21</b>     | <b>326.81</b>     | <b>189.46</b>     | <b>121.77</b>     | <b>100.54</b>     | <b>90.62</b>      |
| <b>Net Profit / (Loss) After Tax &amp; Before Prior Period Items</b> | <b>218.10</b>    | <b>826.36</b>     | <b>412.22</b>     | <b>205.43</b>     | <b>186.22</b>     | <b>169.30</b>     |
| Prior Period Items                                                   | -                | -                 | 16.38             | (10.31)           | (6.38)            | (1.56)            |
| <b>Net profit / (Loss) for the period / year</b>                     | <b>218.10</b>    | <b>826.36</b>     | <b>428.60</b>     | <b>195.12</b>     | <b>179.84</b>     | <b>167.75</b>     |
| Adjustments (Net of tax) (Refer Annexure - 4)                        | -                | -                 | (95.41)           | 198.16            | (2.84)            | (46.25)           |
| <b>NET PROFIT AS RESTATED</b>                                        | <b>218.10</b>    | <b>826.36</b>     | <b>333.19</b>     | <b>393.28</b>     | <b>177.01</b>     | <b>121.49</b>     |
| Profit and loss amount at the beginning of the year                  | 821.64           | 1,474.95          | 1,153.62          | 766.27            | 589.26            | 533.70            |
| <b>Appropriations</b>                                                | <b>-</b>         | <b>1,479.67</b>   | <b>11.86</b>      | <b>5.93</b>       | <b>-</b>          | <b>65.93</b>      |
| Interim Dividend                                                     | -                | -                 | -                 | -                 | -                 | -                 |
| Dividend                                                             | -                | 89.76             | 10.14             | 5.07              | -                 | 65.93             |
| Tax on Dividend                                                      | -                | 14.91             | 1.72              | 0.86              | -                 | -                 |
| Capitalisation on issuance of bonus shares                           | -                | 1,375.00          | -                 | -                 | -                 | -                 |
| <b>BALANCE CARRIED FORWARD RESTATED</b>                              | <b>1,039.74</b>  | <b>821.64</b>     | <b>1,474.95</b>   | <b>1,153.62</b>   | <b>766.27</b>     | <b>589.26</b>     |

**Note:**

The above statement should be read with Significant Accounting Policies, Notes and Changes in Significant Accounting Policies set out in Annexure – 4

**CASH FLOW STATEMENT, AS RESTATED****(Rs. In Lakhs)**

| <b>Financial Year ended March 31</b>                         | <b>June 30, 2010</b> | <b>March 31, 2010</b> | <b>March 31, 2009</b> | <b>March 31, 2008</b> | <b>March 31, 2007</b> | <b>March 31, 2006</b> |
|--------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Cash Flows from Operating Activities</b>                  |                      |                       |                       |                       |                       |                       |
| Net Profit as Restated after Tax                             | 218.10               | 826.36                | 333.19                | 393.28                | 177.01                | 121.49                |
| Add:                                                         |                      |                       |                       |                       |                       |                       |
| Depreciation                                                 | 88.40                | 240.92                | 222.80                | 207.87                | 153.67                | 96.61                 |
| Interest                                                     | 115.27               | 315.72                | 343.70                | 47.47                 | 27.92                 | 87.07                 |
|                                                              |                      |                       |                       |                       |                       |                       |
| Operating Profit before Working Capital Changes              | 421.77               | 1,383.00              | 899.69                | 648.62                | 358.60                | 305.18                |
| Increase / (Decrease) in Current Assets                      | (372.16)             | (1,921.26)            | (211.90)              | (976.16)              | (671.73)              | (25.51)               |
| Increase / (Decrease) in Current Liability                   | (294.38)             | 1,130.81              | 346.02                | 144.44                | 388.75                | 53.16                 |
| Cash Generated from Operations                               | (666.54)             | (790.45)              | 134.12                | (831.72)              | (282.98)              | 27.66                 |
|                                                              |                      |                       |                       |                       |                       |                       |
| Less: Tax Paid incl. Dividend Tax                            | -                    | (14.91)               | (1.72)                | (0.86)                | -                     | -                     |
| Less: Dividend Paid                                          | 0.00                 | (89.76)               | (10.14)               | (5.07)                | -                     | (65.93)               |
| <b>Net Cash Flow from Operating Activities</b>               | <b>(244.77)</b>      | <b>487.88</b>         | <b>1,021.95</b>       | <b>(189.03)</b>       | <b>75.63</b>          | <b>266.90</b>         |
|                                                              |                      |                       |                       |                       |                       |                       |
| <b>Cash Flow from Investing Activities</b>                   |                      |                       |                       |                       |                       |                       |
| Purchase of Fixed Assets                                     | (201.98)             | (1,312.77)            | (231.13)              | (487.38)              | (726.87)              | (265.15)              |
| Sale of Fixed Asset                                          | 7.56                 | 72.76                 | 42.49                 | 58.73                 | 13.52                 | 7.33                  |
| Increase/(Decrease) of Investments                           | 0.00                 | 7.36                  | 22.30                 | -                     | 4.73                  | (2.93)                |
| <b>Net Cash Flow from Investing Activities</b>               | <b>(194.42)</b>      | <b>(1,232.65)</b>     | <b>(166.34)</b>       | <b>(428.65)</b>       | <b>(708.62)</b>       | <b>(260.75)</b>       |
|                                                              |                      |                       |                       |                       |                       |                       |
| <b>Cash Flows from Financing Activities</b>                  |                      |                       |                       |                       |                       |                       |
| Proceeds from Issue of Shares                                | 0.00                 | 3.22                  | -                     | 170.35                | -                     | -                     |
| <b>Proceeds from Issue of Shares including Share Premium</b> |                      |                       |                       |                       |                       |                       |
| Interest paid                                                | (115.27)             | (315.72)              | (343.70)              | (47.47)               | (27.92)               | (87.07)               |
| Public Issue Expenses                                        |                      |                       |                       |                       |                       |                       |
| Increase/ (Decrease) in Secured Long-term Loan               | 601.63               | 1,251.94              | (366.64)              | 531.87                | 771.61                | (56.30)               |
| Increase/ (Decrease) in Secured Working Capital Loan         |                      |                       |                       |                       |                       |                       |
| Increase/ (Decrease) in Unsecured Loan                       | (8.20)               | (30.47)               | 1.52                  | 63.00                 | (39.59)               | 9.80                  |
| Decrease in Differed Tax Liability                           | (12.67)              | 13.54                 | (3.99)                | (10.32)               | 2.22                  | 1.29                  |
| <b>Net Cash Flow from Financing Activities</b>               | <b>465.49</b>        | <b>922.51</b>         | <b>(712.81)</b>       | <b>707.43</b>         | <b>706.32</b>         | <b>(132.28)</b>       |
|                                                              |                      |                       |                       |                       |                       |                       |
| <b>Net increase / (Decrease) in Cash and cash equivalent</b> | <b>26.30</b>         | <b>177.74</b>         | <b>142.80</b>         | <b>89.75</b>          | <b>73.32</b>          | <b>(126.13)</b>       |
| <b>Cash and cash equivalent at beginning of the period</b>   | <b>745.11</b>        | <b>567.37</b>         | <b>424.57</b>         | <b>334.83</b>         | <b>261.50</b>         | <b>387.63</b>         |
| <b>Cash and cash equivalent at ending of the period</b>      | <b>771.41</b>        | <b>745.11</b>         | <b>567.37</b>         | <b>424.57</b>         | <b>334.82</b>         | <b>261.50</b>         |

**SIGNIFICANT ACCOUNTING POLICIES, NOTES AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL INFORMATION:**

**1. Significant Accounting Policies:**

**i) Method of Accounting:**

- The financial statements are prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

**ii) Use of Estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from such estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

**iii) Valuation of Inventories :**

*Raw Materials, Stores & Spares and Finished Goods:*

Raw Materials, construction materials and Finished Goods are valued at the lower of cost and net realizable value.

**iv) Cash Flow Statement:**

Cash Flow Statement is prepared in accordance with “Indirect method” as explained in the Accounting standard 3 issued by the Institute of Chartered Accountants of India.

**v) Depreciation Accounting:**

Depreciation is being charged on Written Down Value method in accordance with rates specified under schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion to assets during the period has been provided on pro-rata basis with reference to the date of addition / deletion. Depreciation on assets, whose actual cost does not exceed five thousand rupees, has been provided at the rate of 100%.

**vi) Accounting for fixed assets:**

Fixed assets are stated at cost of acquisition or construction (net of Cenvat credit if any availed). All costs relating to the acquisition and installation of fixed assets are capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets up to the date the asset is put to use.

**vii) Construction Contracts:**

- **General:**
  - i. Contract Revenue recognized as revenue in the 3 months period ended June 30 – Rs. 3664.28 lakhs

- ii. For recognition of contract revenue, percentage completion method is adopted.
- iii. Total costs estimated to complete the contracts are adopted as assessed by a qualified engineer and certified by the Management.

- **In respect of Contract in Progress :**

- iv. Advance payments received from Customers - Rs. 329 lakhs (31.03.2010 Rs. 465 Lacs)
- v. Retention amounts – Rs. 1256 Lakhs (31.03.2010 Rs. 1232 lakhs)

**viii) Revenue recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Income from contractual activities:*

Revenue from fixed price construction contracts is recognized by reference to the stage of completion of the project at the balance sheet date.

**ix) Accounting for Effects of changes in Foreign Exchange Rates:**

Transactions in foreign currencies are recorded at the rate prevailing on date of transaction. Monetary items of assets & liabilities are translated on the reporting date at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the profit or loss A/c for the period in which they arise. In our opinion and according to informations given to us the Company has not entered into any forward exchange contracts involving foreign exchange inflow/outflow.

The amount of Exchange difference on account of a monetary transaction in foreign currency included in the net profit for the period in accordance with Accounting Standard – 11 – Rs. 8.53 lakhs.

**x) Accounting for Investments:**

Long Term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are stated at lower of cost and fair value, computed category-wise.

**xi) Employee Benefits:**

- Employer's contribution to the recognized provident fund, which is a defined contribution scheme and ESI Contribution as per law are charged to the profit and loss account.
- Provision for Gratuity is not attracted for the three months period under reporting.

**xii) Borrowing Cost**

Borrowing cost directly attributed to acquisition or construction of those fixed assets which are necessarily take a substantial period of time to get ready for their intended use are capitalized as required by Accounting Standard - 16

**xiii) Earning per Share:**

Basic Earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue.

**xiv) Accounting for taxes on income:**

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Timing difference arising on account of depreciation alone is considered for the 3 months period ended June 30, 2010.

**xv) Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

■ **Claims against the Company:**

A show cause notice dated 20<sup>th</sup> October, 2009 has been issued by the Commissioner of Customs and Central Excise, Salem against the Company for alleged failure to pay service tax on the taxable services rendered by the Company in respect of several projects and for failure to file periodic Service Tax Returns. The said notice has been issued against the to show cause as to why the service tax amounting to Rs.6,20,49,021/- (including education cess) should not be demanded and why interest and penalty should not be levied for non compliance of service tax requirements.

The Management has filed a reply on 6<sup>th</sup> February, 2010 contending that no service tax is payable for certain projects under dispute, the services for which were rendered during the period earlier to the date on and from which certain services became taxable and that services for certain other projects did not fall within the ambit of service tax net, as a taxable service. The Company has further submitted that when the levy of duty itself is not sustainable in law, the levy of interest and penalty on such duty is equally unsustainable. The matter is pending before the Commissioner of Customs and Central Excise, Salem.

■ **Cases filed against the company in relation to labour matters:**

| <u>Name of the Party</u> | <u>Amount of claim</u> |
|--------------------------|------------------------|
| Mr. Balakrishnan         | Rs.5 lakhs             |
| Mr. A.Alex               | Rs.5 lakhs             |

|                        |            |
|------------------------|------------|
| Ms. K.Selvi            | Rs.2 lakhs |
| Mr. S. Vadivel Murugan | Rs.2 lakhs |

- ✚ Value of Bank Guarantees and Letter of Credits outstanding as on 30.06.2010 are Rs. 2901 lakhs and Rs. 460 lakhs respectively.

■ **Cases filed by the company:**

- a) The Company was awarded a contract by Superintending Engineer, PWD, WRO for the work of "Second Madras Water Supply Project – New Veeranam Improvement of Vadavar Channel. The Company entered into an agreement dated September 22, 1997 with the Superintending Engineer in relation to the above mentioned Project. The Company completed the Project on August 5, 2004 and handed over the completed Project site to PWD. But, certain payments amounting to Rs.363.85 lakhs were not settled and hence the Company invoked arbitration on December, 7, 2007 claiming an aggregate amount of Rs.363.85 lakhs (Rs.3,63,84,546) out of which Rs.97.65 lakhs (Rs.97,64,152) is the amount of pending Project bills. The matter is pending for hearing before the appropriate authorities.
- b) The Company has issued a notice dated July 16, 2008 on Cavery Hi-Tech Weaving Park for non-payment of Rs.212.42 lakhs (Rs.2,12,42,142.94) towards completion of construction of infrastructure development. The Company has not yet received any reply to the above notice.

**xvi) Related Party Disclosures:**

As per annexure enclosed.

**xvii) Adjustments on account of material restatements / regrouping:**

Summary of results of adjustments made to the audited financial statements of the Company for the respective periods/years and their impact on the profits/ (losses) of the Company are as given below:

| <b>(Rs. In lakhs)</b>                                     |                      |                       |                       |                       |                       |                       |
|-----------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Particulars</b>                                        | <b>June 30, 2010</b> | <b>March 31, 2010</b> | <b>March 31, 2009</b> | <b>March 31, 2008</b> | <b>March 31, 2007</b> | <b>March 31, 2006</b> |
| <b>Adjustments made in Restated Profit &amp; Loss A/c</b> |                      |                       |                       |                       |                       |                       |
| Adjustments for:                                          |                      |                       |                       |                       |                       |                       |
| Revenue Adjustment                                        | -                    | -                     | (146.31)              | 300.88                | (6.62)                | (69.72)               |
| Prepaid Expenses                                          | -                    | -                     | 1.77                  | (0.69)                | 2.34                  | -                     |
| <b>Total Adjustments</b>                                  | <b>-</b>             | <b>-</b>              | <b>(144.54)</b>       | <b>300.19</b>         | <b>(4.28)</b>         | <b>(69.72)</b>        |
| Tax impact on Adjustments                                 | -                    | -                     | (49.13)               | 102.04                | (1.44)                | (23.47)               |
| <b>Adjustments (Net of tax impact)</b>                    | <b>-</b>             | <b>-</b>              | <b>(95.41)</b>        | <b>198.16</b>         | <b>(2.84)</b>         | <b>(46.25)</b>        |

- The Company has changed its accounting policy for revenue recognition by following percentage of completion method in accordance with AS-7 “Accounting for construction contracts” issued by The Institute of Chartered Accountants of India.

- Expenses which relate to succeeding years have been taken to prepaid expenses.
- Expenses of earlier years disclosed as prior period expenses in the audited financial statements have restated and disclosed accordingly in the year to which it relates, in the restated financial statements.
- The restated accounts have been prepared from the year ending 31.03.2005 with 2004 as the base year.

The effects of these changes have been appropriately adjusted to the results of the respective years to which these items pertain with a corresponding restatement of the respective assets and liabilities.

## **2. NOTES ON ACCOUNTS:**

- Equity shares of Rs.100 each have been subdivided into ten equity shares of Rs.10 each pursuant to the resolution passed by the shareholders in the Annual General Meeting held on 25<sup>th</sup> September,2009.
- The Company has allotted 1,37,50,000 equity shares as fully paid up bonus shares by capitalization of profits transferred from General Reserve, pursuant to a resolution passed by shareholders at the Extra Ordinary General Meeting held on 14<sup>th</sup> December,2009.
- The Authorised share capital was increased to Rs.1,60,00,000 and Rs. 2,50,00,000 equity shares of Rs.10 each pursuant to a resolution passed by shareholders at the Extra Ordinary General Meeting held on 20<sup>th</sup> July, 2009 and 10<sup>th</sup> December, 2009 respectively.
- The name of the Company has been changed from “ RPP CONSTRUCTIONS PRIVATE LTD” to “RPP INFRA PROJECTS PRIVATE LTD” vide a special resolution passed by shareholders at the Extra Ordinary General Meeting held on 16<sup>th</sup> October, 2009 .
- The constitution of the Company has been changed from private to public limited company pursuant to a special resolution passed by shareholders at the Extra Ordinary General Meeting held on 21<sup>st</sup> January, 2010.
- Balances in the accounts of sundry creditors and debtors and loans and advances are subject to confirmation.
- Where external vouchers are not obtainable (e.g. sand, stone, bricks, etc.) internal vouchers have been relied upon.
- Confirmations given by the management have been relied upon for deposits and withheld amounts from department for which external confirmations are not available.
- Last year's figures have been regrouped wherever necessary to conform to this year's classification.

## **STATEMENTS OF DIVIDENDS, AS RESTATED**

Annexure -5  
(Rs. In lakhs)

| <b>Particulars</b>                          | <b>June 30,<br/>2010</b> | <b>March<br/>31, 2010</b> | <b>March<br/>31, 2009</b> | <b>March<br/>31, 2008</b> | <b>March<br/>31, 2007</b> | <b>March<br/>31, 2006</b> |
|---------------------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Face value of Equity Shares (Rs. per share) | 10                       | 10                        | 100                       | 100                       | 100                       | 100                       |
| Dividend                                    | Nil                      | 89.76                     | 10.14                     | 5.07                      | Nil                       | 65.93                     |
| Dividend tax                                | N.A                      | 14.90                     | 1.72                      | 0.86                      | N.A                       | 9.25                      |
| Dividend per Equity Share (Rs.) final       | Nil                      | 0.05                      | 10                        | 5                         | Nil                       | 65                        |

| SUMMARY OF ACCOUNTING RATIOS, AS RESTATED (Rs. Lakhs)                                                                           |                     |                      |                      |                      |                      |                      |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Particulars                                                                                                                     | As at 30 June, 2010 | As at 31st Mar, 2010 | As at 31st Mar, 2009 | As at 31st Mar, 2008 | As at 31st Mar, 2007 | As at 31st Mar, 2006 |
| <b>a)Earning Per Share</b>                                                                                                      |                     |                      |                      |                      |                      |                      |
| Basic Earning Per Share (Rs.)                                                                                                   | 1.32                | 5.24                 | 5.48                 | 6.46                 | 2.91                 | 2.00                 |
| Diluted Earning Per Share (Rs.)                                                                                                 | 1.32                | 5.24                 | 2.04                 | 2.41                 | 2.91                 | 2.00                 |
| Adjusted Profit after tax but before extraordinary items                                                                        | 218.10              | 826.36               | 333.19               | 393.28               | 177.01               | 121.49               |
| Weighted Average number of Equity shares outstanding during the period used for computing Basic Earnings per share (in lakhs)   | 165.00              | 157.77               | 60.86                | 60.86                | 60.86                | 60.86                |
| Weighted Average number of Equity shares outstanding during the period used for computing Diluted Earnings per share (in lakhs) | 165.00              | 157.77               | 163.07               | 163.07               | 60.86                | 60.86                |
| <b>b) Net Asset Value Per Share</b>                                                                                             | <b>16.02</b>        | <b>15.56</b>         | <b>28.70</b>         | <b>23.42</b>         | <b>14.26</b>         | <b>11.35</b>         |
| <b>C) Return of Net Worth (%)</b>                                                                                               | <b>8.25%</b>        | <b>33.66%</b>        | <b>19.08%</b>        | <b>27.59%</b>        | <b>20.40%</b>        | <b>17.59%</b>        |
| <b>Net Worth</b>                                                                                                                | <b>2,643.50</b>     | <b>2454.76</b>       | <b>1746.73</b>       | <b>1425.40</b>       | <b>867.70</b>        | <b>690.69</b>        |

#### SUMMARY OF ACCOUNTING RATIOS

##### Formula:

Earning Per Share =  $\frac{\text{Adjusted profit tax but before extraordinary items}}{\text{Weighted average Number of Equity Share outstanding During the Year}}$

Net Asset Value Per Share =  $\frac{\text{Net Worth excluding Revaluation Reserve}}{\text{Weighted average Number of Equity Share outstanding During the Year}}$

Return on Net Worth (%) =  $\frac{\text{Adjusted profit after tax but before extraordinary items}}{\text{Net Worth excluding Revaluation Reserve}}$

**Note :** Net worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve) - Miscellaneous Exp. Not written off

Notes:

- 1) Earning per Share is calculated in accordance with Accounting Standard 20 "Earnings Per Share" issued by the institute of Chartered Accountants of India. In terms of para 24 of As-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.
- 2) The company has issued 1,37,50,000 bonus shares as fully paid up in the ratio of five shares for every one share held by capitalization of profits transferred from General reserve, pursuant to a resolution passed by the shareholders at the Extra-Ordinary General meeting held on 14th December, 2009 by them.
- 3) For computing the weighted average number of Equity shares for the purpose of both the basic and diluted earnings per share, the impact of bonus issue have been considered proportionately in all the respective years presented above.
- 4) The impact of Share split from Rs.100/- to Rs.10/-has also been considered for all the years under reporting.
- 5) Share Application money pending allotment, which is not statutorily required to be kept separately and is being utilized in the business of the enterprise, is treated as diluted potential equity shares, for the purpose of calculation of diluted earnings per share. In the instant case, since there are no dilutive potential equity shares in some of the years, diluted EPS is the same as that of Basic EPS.
- 6) The above ratios have been calculated based on restated financial statements.

Annexure - 7

**CAPITALISATION STATEMENT, AS RESTATED**

**Particulars**

**(Rs. Lakhs)**

**Pre issue as on 30.06.2010      Post Issue**

**Loans - Secured and Unsecured**

Short Term Debt

-

Long Term Debt

1,058.05

**Total Debt**

**1,058.05**

**Share Holders Funds**

Share Capital

1650.00

Reserves and Surplus

1039.74

**Total Share Holder's Fund**

**2689.74**

**Long Term Debt/Equity**

**0.39**

Note :

- a) The above has been computed on the basis of restated statements of accounts
- b) Short term debts are debts maturing within next one year
- c) The corresponding post issue data are not determinable at this stage pending the completion of book building process

## Annexure -8

## STATEMENT OF TAX SHELTERS

(Rs. In lakhs)

| Particulars                                                                              | June 30,<br>2010 | March 31,<br>2010 | March<br>31, 2009 | March 31,<br>2008 | March<br>31, 2007 | March 31,<br>2006 |
|------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Profit before tax (A)                                                                    | 311.31           | 1153.17           | 601.68            | 327.20            | 286.76            | 259.92            |
| Tax Rate- Normal (B)                                                                     | 33.99%           | 33.99%            | 33.99%            | 33.99%            | 33.66%            | 33.66%            |
| Tax Expense at applicable tax rates on restated profits (C=A*B)                          | 105.81           | 391.96            | 204.51            | 111.22            | 96.53             | 87.49             |
| <b>Adjustments:</b>                                                                      |                  |                   |                   |                   |                   |                   |
| <b>Permanent differences</b>                                                             |                  |                   |                   |                   |                   |                   |
| Deduction u/s 80IAB                                                                      | -                | (27.35)           | (112.83)          | 0.00              | 0.00              | 0.00              |
| Preliminary Expenses written off                                                         | -                | -                 | 0.00              | 0.00              | 0.00              | 0.00              |
| Expenses disallowed                                                                      | -                | 35.45             | 46.99             | 30.50             | 16.36             | 9.30              |
| <b>Total (D)</b>                                                                         | -                | <b>8.10</b>       | <b>(65.84)</b>    | <b>30.50</b>      | <b>16.36</b>      | <b>9.30</b>       |
| <b>Timing differences</b>                                                                |                  |                   |                   |                   |                   |                   |
| Difference between tax depreciation and book depreciation                                | 12.67            | (13.54)           | 9.34              | (5.14)            | (6.61)            | (3.82)            |
| Other Adjustments                                                                        | 0.00             | (19.25)           | 5.42              | 36.04             | (4.41)            | 0.00              |
| <b>Total (E)</b>                                                                         | <b>12.67</b>     | <b>(32.79)</b>    | <b>14.76</b>      | <b>30.90</b>      | <b>(11.02)</b>    | <b>(3.82)</b>     |
| <b>Net Adjustments F= (D+E)</b>                                                          | <b>12.67</b>     | <b>(24.70)</b>    | <b>(51.08)</b>    | <b>61.39</b>      | <b>5.35</b>       | <b>5.48</b>       |
| <b>Tax expenses / (savings) thereon</b>                                                  |                  |                   |                   |                   |                   |                   |
| <b>G = (F x B)</b>                                                                       | <b>4.31</b>      | <b>(8.39)</b>     | <b>(17.36)</b>    | <b>20.87</b>      | <b>1.80</b>       | <b>1.84</b>       |
| <b>Net Impact H = (C+G)</b>                                                              | <b>110.12</b>    | <b>383.57</b>     | <b>187.15</b>     | <b>132.08</b>     | <b>98.32</b>      | <b>89.33</b>      |
| <b>Notes:-</b> The effects of assesment/appellate orders have not been considered above. |                  |                   |                   |                   |                   |                   |

**STATEMENT OF SECURED LOANS, AS RESTATED**

| Particulars                                   | June 30,<br>2010 | March<br>31, 2010 | March<br>31, 2009 | March<br>31, 2008 | March<br>31, 2007 | Rs. In Lakhs<br>March 31,<br>2006 |
|-----------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------------|
| <b><u>a) Vehicle and Equipment loans</u></b>  |                  |                   |                   |                   |                   |                                   |
| <b><u>I. From bank</u></b>                    |                  |                   |                   |                   |                   |                                   |
| BANK OF BARODA,<br>ERODE                      | -                | -                 | -                 | -                 | -                 | 475.74                            |
| AXIS BANK, CHENNAI                            | 713.33           | 864.14            | -                 | -                 | -                 | -                                 |
| CENTURION BANK OF<br>PUNJAB                   | 20.61            | 29.57             | 88.88             | 146.94            | 141.53            | 19.67                             |
| HDFC BANK                                     | 429.55           | 436.85            | 132.20            | 194.40            | 159.51            | 38.04                             |
| INDIAN OVERSEAS<br>BANK                       | 1523.46          | 1227.21           | 1227.91           | 1401.99           | 894.76            | -                                 |
| ICICI BANK                                    | 55.27            | 62.79             | 18.30             | 34.35             | 66.41             | 65.65                             |
| INDUSIND BANK                                 | -                | 0.47              | 31.93             | 71.99             | 77.33             | -                                 |
| <b><u>II. From Financial Institutions</u></b> |                  |                   |                   |                   |                   |                                   |
| L & T<br>FINANCE                              | -                | 1.03              | 7.20              | 13.37             | 1.27              | 2.56                              |
| TLG (Term Loan)                               | -                | -                 | -                 | -                 | -                 | 2.59                              |
| SUNDARAM FINANCE                              | 5.2              | 6.40              | 11.21             | 27.22             | 37.04             | -                                 |
| GMAC TCFC FINANCE<br>LTD                      | -                | -                 | -                 | -                 | -                 | -                                 |
| CITY BANK                                     | 7.46             | 8.95              | 14.49             | 19.46             | -                 | 1.99                              |
| RELIANCE CAPITAL<br>LTD                       | 4.14             | 5.47              | 10.97             | -                 | -                 | -                                 |
| TATA FINANCE LTD                              | 476.45           | 139.15            | -                 | -                 | -                 | -                                 |
| KOTAK MAHINDRA<br>LTD                         | 11.36            | 12.99             | -                 | -                 | -                 | -                                 |
| SERI EQUIPMENT<br>FINANCE (P) LTD             | 20.16            | -                 | -                 | -                 | -                 | -                                 |

|                                                           |                |                |                |                |                |               |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|
| TAMILNADU<br>INDUSTRIAL<br>INVESTMENT<br>CORPORATEION LTD | 129.66         | -              | -              | -              | -              | -             |
| <b>III. From Others</b>                                   |                |                |                |                |                |               |
| CPWD, TRICHY                                              | -              | -              | -              | -              | -              | -             |
| TWAD,<br>ALAWTHIRUNAGARI                                  | -              | -              | -              | -              | -              | -             |
| <b>Total</b>                                              | <b>3396.65</b> | <b>2795.02</b> | <b>1543.09</b> | <b>1909.72</b> | <b>1377.85</b> | <b>606.24</b> |

| <b>STATEMENT OF UNSECURED LOANS, AS RESTATED</b> |                          |                           |                           |                           | <b>Rs. In Lakhs</b>       |                           |
|--------------------------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Particulars</b>                               | <b>June 30,<br/>2010</b> | <b>March 31,<br/>2010</b> | <b>March 31,<br/>2009</b> | <b>March<br/>31, 2008</b> | <b>March<br/>31, 2007</b> | <b>March<br/>31, 2006</b> |
| <b>A. <u>From Financial Institutions</u></b>     |                          |                           |                           |                           |                           |                           |
| INDIA BULLS FINANCIAL SERVICE                    | 10.01                    | 13.23                     | 25.35                     | 35.00                     | -                         | -                         |
| KOTAK MAHINDRA BANK                              | 8.38                     | 10.65                     | 18.74                     | -                         | -                         | -                         |
| RELIANCE CAPITAL LTD                             | 9.46                     | 12.17                     | 22.43                     | 30.00                     | -                         | -                         |
| <b>Total (a)</b>                                 | <b>27.85</b>             | <b>36.05</b>              | <b>66.52</b>              | <b>65.00</b>              | <b>-</b>                  | <b>-</b>                  |
| <b>B. <u>From Others</u></b>                     |                          |                           |                           |                           |                           |                           |
| DEXRITY BUSINESS ANALYST                         | -                        | -                         | -                         | -                         | 2.00                      | 2.00                      |
| SRI.P.ARULSUNDARAM                               | -                        | -                         | -                         | -                         | -                         | 39.09                     |
| A.NITHYA ARULSUNDARAM                            | -                        | -                         | -                         | -                         | -                         | 0.50                      |
| <b>Total (b)</b>                                 | <b>-</b>                 | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>2.00</b>               | <b>41.59</b>              |
| <b>Total (a+b)</b>                               | <b>27.85</b>             | <b>36.05</b>              | <b>66.52</b>              | <b>65.00</b>              | <b>2.00</b>               | <b>41.59</b>              |

## Annexure-10

## STATEMENT OF LOANS AND ADVANCES, AS RESTATED

| Particulars                                                         | Rs. In Lakhs     |                      |                   |                   |                   |                   |
|---------------------------------------------------------------------|------------------|----------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                     | June 30,<br>2010 | March<br>31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March 31,<br>2006 |
| <b>Loans And Advances</b>                                           |                  |                      |                   |                   |                   |                   |
| (Unsecured, Considered Good)                                        |                  |                      |                   |                   |                   |                   |
| Advances recoverable in cash or in Kind or for value to be received | 79.20            | 240.16               | 102.00            | 293.06            | 93.88             | 2.08              |
| Deposits                                                            | 56.31            | 28.69                | 22.02             | 7.94              | 6.91              | 2.09              |
| <b>Total</b>                                                        | <b>135.51</b>    | <b>268.85</b>        | <b>124.02</b>     | <b>301.00</b>     | <b>100.79</b>     | <b>4.17</b>       |

## Annexure-11

## STATEMENT OF INVESTMENTS, AS RESTATED

(Rs. In Lakhs)

| For the year ended    | June 30,<br>2010 | March 31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March<br>31, 2006 |
|-----------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Investment in:</b> |                  |                   |                   |                   |                   |                   |
| -Un Quoted Shares     | -                | -                 | -                 | 37.50             | 37.50             | 37.50             |
| -Quoted Shares        | 7.84             | 7.84              | 15.20             | -                 | -                 | 4.72              |
| <b>Total</b>          | <b>7.84</b>      | <b>7.84</b>       | <b>15.20</b>      | <b>37.50</b>      | <b>37.50</b>      | <b>42.22</b>      |

## STATEMENT OF SUNDRY DEBTORS AS RESTATED

## Annexure-12

(Rs. In. Lakhs)

| Particulars                             | June 30,<br>2010 | March 31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March 31,<br>2006 |
|-----------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Outstanding for a period for six months | 13.43            | 26.37             | 0.00              | 0.00              | 0.00              | 0.00              |
| Others                                  | 2397.13          | 814.39            | 516.08            | 803.41            | 455.01            | 144.78            |
| <b>Total</b>                            | <b>2410.56</b>   | <b>840.76</b>     | <b>516.08</b>     | <b>803.41</b>     | <b>455.01</b>     | <b>144.78</b>     |

## Annexure-13

## STATEMENT OF INVENTORIES, AS RESTATED

(Rs. In. Lakhs)

| Particulars                                       | June 30,<br>2010 | March 31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March 31,<br>2006 |
|---------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| (As valued and<br>Certified by the<br>management) |                  |                   |                   |                   |                   |                   |
| Stock of Materials                                | 52.55            | 113.92            | 98.94             | 76.83             | 76.01             | 50.97             |
| <b>TOTAL</b>                                      | <b>52.55</b>     | <b>113.92</b>     | <b>98.94</b>      | <b>76.83</b>      | <b>76.01</b>      | <b>50.97</b>      |

## Annexure-14

## STATEMENT OF CURRENT LIABILITIES, AS RESTATED

(Rs. In. Lakhs)

| Particulars       | June 30,<br>2010 | March 31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March 31,<br>2006 |
|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sundry Creditors  | 1993.49          | 2457.88           | 1219.68           | 483.51            | 526.13            | 414.53            |
| Other Liabilities | 92.15            | 28.20             | 367.51            | 698.48            | 604.05            | 441.30            |
| <b>Total</b>      | <b>2085.64</b>   | <b>2486.08</b>    | <b>1587.20</b>    | <b>1181.99</b>    | <b>1130.18</b>    | <b>855.83</b>     |

## List of Related Parties in Current Liabilities

(Rs. In. Lakhs)

| Name of the Related<br>Party                     | As at 30th<br>Jun, 2010 | As at 31st<br>Mar, 2010 | As at 31st<br>Mar, 2009 | As at 31st<br>Mar, 2008 | As at 31st<br>Mar, 2007 | As at 31st<br>Mar, 2006 |
|--------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Dexrity Business<br>Analysts (P) Ltd,<br>Chennai | -                       | -                       | -                       | -                       | 2.00                    | -                       |
| RPP Blue Metals                                  | 12.48                   | 3.84                    | -                       | -                       | -                       | -                       |
| RPG Constructions                                | -                       | -                       | -                       | -                       | 69.00                   | -                       |
| RPP Selvam<br>Infrastructure (P) Ltd.,           | (0.50)                  | -                       | -                       | 13.36                   | 13.36                   | -                       |
| RPP Engineering<br>Works                         | -                       | -                       | -                       | -                       | -                       | 9.68                    |
| P&C Constructions<br>(P) Ltd                     | 0.06                    | (53.05)                 | 0.35                    | -                       | -                       | -                       |
| P&C Pipes (P) Ltd.,                              | -                       | -                       | -                       | -                       | 10.65                   | 34.91                   |
| CMK Builders                                     | -                       | -                       | -                       | -                       | -                       | -                       |
| P&C Motors                                       | -                       | -                       | -                       | -                       | -                       | 0.04                    |
| S.P.P & Co.,                                     | -                       | -                       | -                       | 5.00                    | 5.00                    | 5.00                    |
| Smt.A.Nithya                                     | 0.37                    | 0.77                    | -                       | -                       | 11.61                   | 12.52                   |
| Sri.P.Arulsundaram                               | 6.10                    | -                       | -                       | -                       | -                       | 12.21                   |
| Sri.P.Sivakumar                                  | -                       | -                       | 0.34                    | -                       | -                       | -                       |
| Sanjeevi<br>Constructions                        | 15.31                   | 50.17                   |                         |                         |                         |                         |
| Sakthi Construction                              | (32.54)                 | (1.13)                  |                         |                         |                         |                         |
| <b>TOTAL</b>                                     | <b>1.28</b>             | <b>0.60</b>             | <b>0.69</b>             | <b>18.36</b>            | <b>111.62</b>           | <b>74.36</b>            |

## Related Party Transactions

### (I) List of Related Parties

#### Key Managerial Personnel

Mr. P.Arulsundaram  
Mrs. A.Nithya  
Mr.P.Sivakumar

#### Related of Key Managerial Personnel

|                       |                                                     |
|-----------------------|-----------------------------------------------------|
| Mr.Periyasamy         | Father of one of the Directors, Mrs. A.Nithya       |
| Mr. R.P.Selvasundaram | Brother of the Managing Director                    |
| Mrs. Poongodi         | Sister of the Managing Director                     |
| Mr. Kulandaisamy      | Father of Mrs. Padminisundaram, the former Director |

#### Name of the Related Party

#### Relationship

Dextrity Business Analysts (P) Ltd, Chennai

Mrs. Nithya, the Whole time Director, was one of the directors of this company.

Spac Tapioca Products (India) Limited

The Managing Director is one of the Executive Directors of this company.

RPP Blue Metals

The Managing Director was one of the partners of these concerns

RPP Transport

RPG Constructions

Brother of the Managing Director is one of the Partners of this concern..

R.P.P.Selavam Infrastructure (P) Ltd

Brother of the Managing Director is one of the directors of this company.

R.P.P Sago Factory

Mr. .Arulsundaram & Mrs. A.Nithya are partners of these concerns

R.P.P. Engineering Works

P&C Constructions (P) Ltd

Mr.Periyasamy, Father of Mrs.Nithya, the Whole time Director is the Chairman of this company

P& C Pipes (P) Ltd – a unit of P&C

Constructions P Ltd

CMK Builders

Mr. Kulandaisamy, Father of Mrs. Padminisundaram, the former Director, is one of the partners of this concern

P&C Motors

Mr.Periyasamy, Father of Mrs.Nithya, the whole time Director is one of the partners in these concerns

Sakthi Constructions

Mr. Thirunavukarasu, the director is one of the partners in this firm.

Sanjeevi Constructions

Mr. Muralithasan, the director is one of the partners in this firm.

(Rs. In Lacs)

| Name of the Related Parties                            | June 30,<br>2010 | March<br>31, 2010 | March<br>31, 2009 | March<br>31, 2008 | March<br>31, 2007 | March<br>31, 2006 |
|--------------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Sale Of Assets</b>                                  |                  |                   |                   |                   |                   |                   |
| - RPP Selvam Infrastructure (P) Ltd                    | -                | -                 | 38.50             | -                 | -                 | -                 |
| <b>Hire Charges</b>                                    |                  |                   |                   |                   |                   |                   |
| - RPG Constructions                                    | -                | -                 | -                 | -                 | 69.00             | 193.68            |
| - RPP Transport                                        | -                | -                 | -                 | -                 |                   | 5.33              |
| - Smt. A.Nithya                                        | -                | -                 | -                 | 5.12              | 9.60              | 11.84             |
| - Smt. Padminisundaram                                 | -                | -                 | -                 | -                 |                   | 8.60              |
| - Sri. P. Arulsundaram                                 | -                | -                 | -                 | 5.94              | 18.00             | 17.22             |
| - Sri. P. Selvasundaram                                | -                | -                 | -                 | -                 | -                 | 6.60              |
| - R.P.P. Selvam Infrastructure (P) Ltd                 | -                | 7.79              | -                 | -                 | -                 | -                 |
| <b>Interest Payments</b>                               |                  |                   |                   |                   |                   |                   |
| - Smt. A.Nithya                                        | -                | -                 | -                 | -                 | 0.27              | 0.84              |
| - Sri. P. Arulsundaram                                 | -                | -                 | -                 | -                 | 3.46              | 2.32              |
| - R. P. P. Sago Factory                                | -                | -                 | 27.35             | -                 | -                 | -                 |
| - R.P.P. Selvam Infrastructure (P) Ltd                 | -                | -                 | 97.00             | -                 | -                 | -                 |
| - Smt. D. Poongodi                                     | -                | -                 | -                 | -                 | -                 | -                 |
| <b>Purchase of Materials</b>                           |                  |                   |                   |                   |                   |                   |
| - R.P.P. Selvam Infrastructure (P) Ltd                 | -                | -                 | 13.42             | -                 | -                 | -                 |
| - RPP Blue Metals                                      | 8.65             | 11.12             | 75.21             | 5.19              | -                 | 51.33             |
| - P & C Constructions Pvt. Ltd.                        | 1.15             | -                 | -                 | -                 | -                 | -                 |
| <b>Directors' Remuneration</b>                         |                  |                   |                   |                   |                   |                   |
| - Smt. A.Nithya                                        | 4.50             | 12.00             | 12.00             | 9.00              | 9.00              | 6.00              |
| - Sri. P. Arulsundaram                                 | 10.50            | 24.00             | 24.00             | 24.00             | 18.00             | 15.00             |
| - Mr. P. Sivakumar                                     | -                | 5.03              | 4.80              | 4.80              | -                 | -                 |
| <b>Share Application Money</b>                         |                  |                   |                   |                   |                   |                   |
| - Smt. A.Nithya                                        | -                | 9.50              | -                 | 46.85             | -                 | -                 |
| - Sri. P. Arulsundaram                                 | -                | 55.23             | -                 | 53.50             | -                 | -                 |
| <b>Purchase of Shares</b>                              |                  |                   |                   |                   |                   |                   |
| - RPP Engineering Works                                | -                | -                 | -                 | 83.18             | -                 | -                 |
| <b>Works Contract</b>                                  |                  |                   |                   |                   |                   |                   |
| - CMK Builders                                         | -                | -                 | -                 | -                 | -                 | 0.86              |
| - P & C Constructions (P) Ltd.                         | -                | -                 | 802.87            | -                 | -                 | -                 |
| - P&C Pipes (P)Ltd-a unit of P&C Constructions (P) Ltd | -                | -                 | -                 | 418.82            | 10.65             | 173.67            |
| - R.P.P. Selvam Infrastructure (P) Ltd                 | -                | -                 | 10.94             | -                 | -                 | -                 |
| - Sakthi Constructions                                 | 97.09            | 613.02            | -                 | -                 | -                 | -                 |
| - Sanjeevi Constructions                               | 24.08            | 545.64            | -                 | -                 | -                 | -                 |
| <b>Asset Purchase</b>                                  |                  |                   |                   |                   |                   |                   |
| - P & C Motors                                         | -                | -                 | -                 | -                 | -                 | 1.70              |
| <b>Loans/ Advances Taken From/ (Re-paid)</b>           |                  |                   |                   |                   |                   |                   |

| <b>Name of the Related Parties</b>   | <b>June 30,<br/>2010</b> | <b>March<br/>31, 2010</b> | <b>March<br/>31, 2009</b> | <b>March<br/>31, 2008</b> | <b>March<br/>31, 2007</b> | <b>March<br/>31, 2006</b> |
|--------------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| - Dextrity Business Analysts (P) Ltd | -                        | -                         | -                         | -                         | -                         | -                         |
| - Sri. P. Arulsundaram               | -                        | -                         | -                         | -                         | (39.09)                   | 24.30                     |
| - Smt. A.Nithya                      | -                        | -                         | -                         | -                         | 0.50                      | (13.50)                   |
| - Smt. D. Poongodi                   | -                        | -                         | -                         | -                         | -                         | -                         |
| - S. P. P. & Co.                     | -                        | -                         | 5.00                      | -                         | -                         | -                         |
| <b>Investment Made</b>               |                          |                           |                           |                           |                           |                           |
| - SPAC Tapioca Products (India) Ltd. | -                        | -                         | -                         | 37.50                     | 37.50                     | 37.50                     |
| <b>TOTAL</b>                         | <b>145.97</b>            | <b>1283.33</b>            | <b>1,111.09</b>           | <b>693.90</b>             | <b>136.89</b>             | <b>543.29</b>             |

**Annexure-15**

**STATEMENT OF OTHER INCOME, AS RESTATED**

**(Rs. In. Lakhs)**

| <b>Particulars</b>            | <b>30/06/2010</b> | <b>31/03/2010</b> | <b>31/03/2009</b> | <b>31/03/2008</b> | <b>31/03/2007</b> | <b>31/03/2006</b> |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Interest on Fixed Deposit     | 2.80              | 16.36             | 14.62             | 9.89              | 9.89              | 5.85              |
| Miscellaneous Receipt         | 7.07              | 71.06             | 92.86             | 31.52             | 46.48             | 17.93             |
| Equipment Hire Charges        | 2.17              | 92.72             | 5.22              | 59.19             | 9.01              | -                 |
| Dividend on Shares            | 0.04              | 0.60              | 0.03              | 0.65              | 0.63              | 0.21              |
| Profit on sale of Assets      | 1.11              | 16.88             | -                 | 4.68              | 6.62              | -                 |
| Profit on sale of Investments | -                 | 17.71             | -                 | -                 | -                 | -                 |
| Royalty Income                | -                 | 11.42             | -                 | 31.93             | 1.13              | -                 |
| Forex Gain                    | 8.53              | 7.65              | -                 | -                 | -                 | -                 |
| <b>Total</b>                  | <b>21.72</b>      | <b>234.20</b>     | <b>112.73</b>     | <b>137.86</b>     | <b>73.76</b>      | <b>23.99</b>      |

## OUR GROUP ENTITIES

### I. Companies forming part of our Group Company:

#### a) Dexterity Business Analysts Private Limited ("**DBAPL**")

DBAPL was incorporated on July 19, 1999 bearing Registration No. 042866 of 1999 and CIN No. U30007TN1999PTC042866. DBAPL was incorporated with the objective to carry out IT and related works. The registered office of DBAPL is situated at SP 75 Sidco Industrial Estate, Ambattur, Chennai, Tamil Nadu 600 058 India.

#### Board of Directors

| Name of the Director    | Designation       |
|-------------------------|-------------------|
| Mr. P .Selvasundaram    | Chairman          |
| Mr. Palanivel Kuppusamy | Managing Director |
| Ms. A. Nithya           | Director          |
| Mr. Anitha Manoharan    | Director          |
| Ms. Seshadri Bala       | Director          |

#### Shareholding Pattern

| Particulars            | No. of shares held | Shareholding (%) |
|------------------------|--------------------|------------------|
| Mr. Palanivel.K        | 16,62,672          | 56.79            |
| Mr. R.P.Selvasundaram  | 4,32,000           | 14.75            |
| Mr. P.Arul Sundaram    | 4,32,000           | 14.75            |
| Mr. Pravin Shekar      | 3,77,328           | 12.89            |
| Mr. Satish Divakaran   | 16,000             | 0.55             |
| Mr. Rajesh Chinthamani | 8,000              | 0.27             |
| <b>Total</b>           | <b>29,28,000</b>   | <b>100.00</b>    |

#### Financial Performance

The audited financial performance for three (3) years is given below:

| For the financial year ended                                    | (Rs. in Lakhs) |                |                |
|-----------------------------------------------------------------|----------------|----------------|----------------|
|                                                                 | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Equity Capital                                                  | 292.80         | 292.80         | 292.80         |
| Reserves and Surplus (excluding revaluation reserves)           | 413.64         | 502.46         | 217.80         |
| Income/Sales                                                    | 995.12         | 1245.46        | 1009.74        |
| Profit (Loss) after Tax                                         | (46.00)        | 284.66         | 284.66         |
| Earnings per Share (in Rs.) (Face value Rs. 10/-)               | (1.57)         | 9.72           | 9.72           |
| Net Asset Value per equity share (in Rs.) (Face value Rs. 10/-) | 24.13          | 27.16          | 17.44          |

DBAPL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

b) **SPAC Tapioca Products (India) Limited ("STPIL")**

STPIL was incorporated on May 31, 1996 Bearing Registration No. 007238 of 1996 and CIN No. U15325TZ1996PLC007238 with the objective to manufacture tapioca products. The registered office of STPIL is situated at 102, Shiek Dawood Street, Erode 638 001.

**Board of Directors**

| <b>Name of the Director</b> | <b>Designation</b> |
|-----------------------------|--------------------|
| Mr. S. P. Periasamy         | Chairman           |
| Mr. R. P. Selvasundaram     | Managing Director  |
| Mr. S. P. Chinnasamy        | Director           |
| Mr. P. Arul Sundaram        | Director           |
| Mr. S. S. Natarajan         | Director           |
| Mr. N. Ramalingam           | Director           |
| Mr. S. P. Sundarasamy       | Director           |
| Mr. S. Sekar                | Director           |
| Mr. Ramaraj. U. A           | Director           |
| Mr. S. P. Ravi Shankar      | Director           |

**Shareholding Pattern**

| <b>Particulars</b>             | <b>Number of shares held</b> | <b>Shareholding (%)</b> |
|--------------------------------|------------------------------|-------------------------|
| Mr. S.P.Periasamy              | 6,74,251                     | 9.69                    |
| Mr. S.P.Chinnasamy             | 6,74,251                     | 9.69                    |
| Mr. R.P.Selvasundaram          | 5,58,001                     | 8.02                    |
| Mr. P. Arul Sundaram           | 5,28,727                     | 7.60                    |
| Supreme Poultry (P) Limited    | 4,91,338                     | 7.06                    |
| P & C Contructions (P) Limited | 4,50,000                     | 6.46                    |
| Ms. S.Padmini Sundaram         | 2,30,000                     | 3.30                    |
| N.Ramalingam (HUF)             | 2,05,600                     | 2.95                    |
| Ms. A.Nithya                   | 2,04,274                     | 2.93                    |
| Mr. S.S.Kannammal              | 1,85,000                     | 2.66                    |
| Ms. R.P.Gowriammal             | 1,80,000                     | 2.59                    |
| Mr. S.P.Sundarasamy            | 1,58,938                     | 2.28                    |
| Mr. S.P.Parvatham              | 1,50,000                     | 2.15                    |
| Mr. S.C.Parameswari            | 1,50,000                     | 2.15                    |
| Others                         | 1,35,000                     | 1.94                    |
| S.P.Sundarasamy (HUF)          | 1,10,000                     | 1.58                    |
| Mr. S.Boopathi                 | 1,08,779                     | 1.56                    |
| Mr. S.C.Keerthi Shankar        | 1,03,125                     | 1.48                    |
| Mr. S.C.Sivakumar              | 1,03,125                     | 1.48                    |
| Mr. S.P.Rajesh                 | 1,03,125                     | 1.48                    |
| Mr. S.P.Ravishankar            | 1,03,125                     | 1.48                    |
| Mr. N.Samiyathal               | 1,00,000                     | 1.44                    |
| Mr. S.Tamilselvi               | 1,00,000                     | 1.44                    |
| Mr. N.Ramalingam               | 95,738                       | 1.38                    |
| Mr. S.Srinivasamoorthi         | 93,779                       | 1.35                    |
| Ramaraj.U.A                    | 81,887                       | 1.18                    |
| Mr. S.Sekar                    | 78,779                       | 1.13                    |

| Particulars             | Number of shares held | Shareholding (%) |
|-------------------------|-----------------------|------------------|
| Mr. S.C.Suvetha         | 75,000                | 1.08             |
| Mr. S.S.Natarajan       | 66,338                | 0.95             |
| Mr. Nachimuthu          | 60,000                | 0.86             |
| Mr. B.Mylambigai        | 55,000                | 0.79             |
| Mr. Mylsamy             | 50,000                | 0.72             |
| Nallasivam & Premalatha | 50,000                | 0.72             |
| Mr. Papayammal          | 50,000                | 0.72             |
| Ms. S.S.Shanthi         | 45,000                | 0.65             |
| Ms. S.Vimala            | 40,000                | 0.57             |
| Mr. N.Navaneethan       | 40,000                | 0.57             |
| Mr. P.R.Subramani       | 40,000                | 0.57             |
| Mr. S.Jagadeesan        | 40,000                | 0.57             |
| Mr. S.Karthi            | 37,400                | 0.54             |
| S.S.Natarajan (HUF)     | 35,000                | 0.50             |
| Mr. M.C.Ramasamy        | 30,000                | 0.43             |
| Mr. Nallasivam          | 30,000                | 0.43             |
| Mr. Vadivel             | 30,000                | 0.43             |
| Mr. S.Marayammal        | 30,000                | 0.43             |
| <b>Total</b>            | <b>69,60,580</b>      | <b>100.00</b>    |

### Financial Performance

The audited financial performance for three (3) years is given below:

| For the financial year ended                                    | Rs. in Lakhs   |                |                |
|-----------------------------------------------------------------|----------------|----------------|----------------|
|                                                                 | March 31, 2010 | March 31, 2009 | March 31, 2008 |
| Equity Capital                                                  | 696.06         | 696.06         | 696.06         |
| Reserves and Surplus (excluding revaluation reserves)           | 559.06         | 375.89         | 176.55         |
| Income/Sales                                                    | 3161.51        | 3146.29        | 3475.81        |
| Profit (Loss) after Tax                                         | 139.58         | 199.34         | 235.72         |
| Earnings per Share (in Rs.) (Face value Rs. 10/-)               | 2.01           | 2.86           | 3.39           |
| Net Asset Value per equity share (in Rs.) (Face value Rs. 10/-) | 18.03          | 15.40          | 12.54          |

SPAC Tapioca Products (India) Limited is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

## II. Partnership firms forming part of our Group:

### a) M/s. RPP Sago Factory ("*RPP Sago*")

RPP Sago is a registered Partnership Firm and was formed on August 1, 2005 with the objective to manufacture sago. The registered office of RPP Sago is situated at 11, Ragupathy Naickkan Palayam, Poondurai Main Road, Erode 638 002.

### Partners

| Name of the Partners | Profit/Loss sharing ratio (%) |
|----------------------|-------------------------------|
| Mr. P. Arul Sundaram | 50                            |
| Ms. A. Nithya        | 50                            |

### Financial Performance

The audited financial performance of the firm for the last three (3) years is given below:

| Rs. in Lakhs                 |                |                |                |
|------------------------------|----------------|----------------|----------------|
| For the financial year ended | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Partner's Capital Account    | 59.76          | 54.61          | 84.86          |
| Income/Sales                 | 249.05         | 200.24         | 180.85         |
| Profit (Loss) after Tax      | 10.70          | 10.53          | 7.86           |

### Defunct Group Companies

None of our Group Companies are defunct companies.

### Disassociation

Our Promoters have not disassociated themselves from any of the companies or firms during the three years preceding the date of filing the red hearing prospectus.

### Related Party Transactions

There have been no sales or purchases between entities in our Promoter Group of our Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

For more details, please refer to the section titled "Financial Statements" beginning on page 143 of this Red Herring Prospectus.

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

*You should read the following discussion of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also read the section entitled "Risk Factors" beginning on page 12 of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company and unless otherwise stated, is based on our restated financial statement, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year, so all references to a particular "FY" are to the twelve-month period ended March 31 of that year.*

### Business Overview of our Company

We are a construction company engaged primarily in execution of transport engineering projects like Highway, Roads and Bridges. The geographical reach of our business extend primarily in South India over the states of Karnataka, Andhra Pradesh, Tamil Nadu and the Union Territory of Pondicherry, Andaman Nicobar Island. As of June 30, 2010, the total value of our Order Book is Rs. 61290.11 Lakhs.

Our business encompasses the following sectors in the civil engineering and construction space.

- Execution of civil construction projects and providing allied services across the value chain in services such as mechanical and electrical, plumbing, fire-fighting, ventilation and air conditioning, interior fit-out services, landscape architecture and glazing solutions. We provide these allied services either directly through our rated and approved vendors (the "**Construction**" sector);
- Irrigation projects such as cross drainage works, lift irrigation projects and barrages (the "**Irrigation**" sector);
- Industrial construction projects such as development of Special Economic Zones and related works (the "**SEZ**" sector);
- Water and waste water projects such as water treatment plants, water transmission and distribution systems, elevated reservoirs and ground level service reservoirs, sewage treatment plants, common effluent treatment plants, and underground drainages (the "**Water Management**" sector);
- Transportation projects such as construction of roads, highways, culverts and bridges (the "**Transportation**" sector);
- Construction of civil structural for thermal / hydel power projects (the "**Power**" sector).

Some of the high value projects we have executed in the recent past include:

| No. | Project Description                                                                                                                                                                               | Contract Value<br>(Rs. In Lakhs) |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1.  | General Civil Works for Power House Super Structure, ESP Control Room, BCW Pump House, Cable and Pipe trenches works of 2x210 MW at RTPP Stage II, V.V.Reddy Nagar, Kadappa Dist, Andhra Pradesh. | 2,372.56                         |
| 2.  | Creation of Common infrastructure work such as Road, Culverts, Drainage, Compound wall, Ornamental Gates and Gate Pillars for Coimbatore IT SEZ. Tamil Nadu.                                      | 1,897.45                         |
| 3.  | Civil, Structural and Architectural works for Cauvery Hi-Tech Weaving Park at Komarapalayam, Namakkal Dist. Tamil Nadu.                                                                           | 1,878.39                         |
| 4.  | Construction of Paddy Market complex at Mattuthavani in Madurai District. Tamil Nadu.                                                                                                             | 1,025.65                         |
| 5.  | Pushep (3x 50MW) - Construction of substructure and superstructure for the underground powerhouse at Singara. Tamil Nadu.                                                                         | 940.00                           |
| 6.  | TNRSP-03 Road Project Stone III Road / CD works from Thondi to Mimisal. Tamil Nadu.                                                                                                               | 890.00                           |

| No. | Project Description                                                                                                                                                                                                                                                                                                                                         | Contract Value<br>(Rs. In Lakhs) |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 7.  | Design, Construction and Commissioning Common Effluent Treatment Plant of 12MLD Capacity including Civil works for Veerapandi Common Effluent Treatment Plant Ltd at Tirupur. Tamil Nadu.                                                                                                                                                                   | 858.39                           |
| 8.  | Salem-Kumarapalaaym Road Project, Km 36.000 to Km 53.00 on NH 47, Package TN-6. Tamil Nadu.                                                                                                                                                                                                                                                                 | 828.20                           |
| 9.  | Multiplex Complex with Seven Theatres for AMPA Centre one at Nelson Manikam Road, Chennai, Tamil Nadu.                                                                                                                                                                                                                                                      | 785.24                           |
| 10. | Sea water Intake Pump House for Udupi Thermal Power Plant at Udupi District, Karnataka.                                                                                                                                                                                                                                                                     | 650.00                           |
| 11. | Construction of Administrative Block, Hostel, Guest House, Servant Quarters, Dispensary, Garages, Building for Indoor games including water supply, sanitary, Road Works, Sumps, Internal and External Electrifications, Fire fighting works and Mechanical works in Master Plan complex for Anna Institute of Management at RA Puram, Chennai, Tamil Nadu. | 643.00                           |
| 12. | Water Treatment and Effluent Treatment Plant for M/s. Neyveli Lignite Corporation, Thermal II Expansion (2x250MW) at Neyveli, Tamil Nadu.                                                                                                                                                                                                                   | 425.22                           |

#### **Significant developments after March 31, 2010 that affect our future results of operations**

Since the date of the balance sheet, there have been no other material developments affecting our Company.

#### **Factors affecting our results of operations**

Due to the nature of projects undertaken by us, their completion schedules, the nature of the expenditure involved in a particular project, the specific terms of the contract, including payment terms, and the other factors that effect our income and expenditures on specific projects, our results of operations, and revenues from particular clients, may vary from period to period. Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

#### **A significant part of our business transactions are with government or government-funded /controlled entities or agencies**

Our business is dependent on infrastructure projects undertaken by governmental authorities and other entities funded by governments or international and multilateral development finance institutions. As of March 31, 2010 most of our contracts were awarded by the state and local governmental authorities and organizations/ corporations controlled by them. The government's focus on and sustained increase in budgetary allocation for infrastructure and the development of a structured and comprehensive infrastructure policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions in infrastructure projects in India have resulted in, and are expected to result in several further, large infrastructure projects in India. If there is any change in the government or in governmental policies, practices or focus that results in a slowdown in infrastructure projects, our business and results of operations may be adversely affected.

#### **General economic and business conditions**

We may be affected by the general economic conditions prevalent in the country and the factors affecting the infrastructure industry in general and the nature of projects we develop in particular. The Indian economy has grown steadily over the past several years. Average GDP growth for the period 2003 – 2008 has been 8.39 % (Source: IMF Calendar year date). This improved performance was propelled by the growth in industrial activity and robust services sector, which in turn leads to growth in demand of quality

infrastructure. The improvements in infrastructure facilities in turn have a strong impact upon GDP growth. The growth prospects of our business and our ability to implement our strategies will be influenced by macroeconomic growth.

**Availability of or increases in the cost of equipments, raw materials, labour and other inputs.**

The cost of equipments, raw materials, sub contract and labour expenses, and other inputs constitutes a significant part of our operating expenses. Our construction operations require various bulk construction equipment, including, excavators, cranes, graders, chain dozer, transmit mixers, vibromax etc. We rely on third parties to provide us inputs. Our actual expenses in executing an item rate contract may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated increases in the cost of equipments, raw materials, fuel, labor and other inputs, unforeseen construction conditions, including inability of the client to obtain requisite government, environment and other approvals, delays caused by local weather conditions and suppliers or subcontractors' failures to perform. Increases in costs not anticipated by us in our bid may adversely affect our results of operations.

**Ability to attract, recruit and retain skilled personnel.**

A significant number of our employees are skilled engineers and we face strong competition to attract, recruit and retain these and other skilled and professionally qualified staff. The loss of any of the members of our senior management or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

**Availability of funds and interest rate risks**

We have high working capital requirements and require debt to partly finance our construction projects. If we experience insufficient cash flows or are unable to obtain the necessary funds for our working capital requirements, there may be an adverse effect on our results of operations.

We are subject to market risks due to fluctuations in interest rates and refinancing of debt. An increase in interest rate may adversely affect our ability to service long-term debt and to finance development of new projects, which in turn may adversely affect our results of operations. In addition, fluctuations in market interest rates may affect the cost of our borrowings, as some of our loans are at variable interest rates.

**Our bidding and execution capability**

Contracts in the infrastructure sector are awarded on the basis of pre-qualification criteria and competitive bidding processes. We are currently qualified to bid for projects up to certain contract values depending on the project sponsor. To bid for some higher value contracts and for execution of certain contracts, we sometimes seek to form strategic alliances or joint ventures with other experienced and qualified companies. If we do not pre-qualify for any of the projects or are unable to form a joint venture with other qualified company or are unable to execute in a timely manner, our revenues will be affected adversely.

**Competition**

We compete against various construction companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria, including experience, technical ability, past performance, reputation for quality, safety record, financial strength and the size of previous contracts executed in similar projects with them or otherwise.

## **Weather conditions**

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

### **Significant Accounting Policies:**

#### ***i) Method of Accounting:***

The financial statements are prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

#### ***ii) Use of Estimates:***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from such estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

#### ***iii) Valuation of Inventories :***

*Raw Materials, Stores & Spares and Finished Goods:*

Raw Materials, construction materials and Finished Goods are valued at the lower of cost and net realizable value.

#### ***iv) Cash Flow Statement:***

Cash Flow Statement is prepared in accordance with “Indirect method” as explained in the Accounting standard 3 issued by the Institute of Chartered Accountants of India.

#### ***v) Depreciation Accounting:***

Depreciation is being charged on Written Down Value method in accordance with rates specified under schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion to assets during the period has been provided on pro-rata basis with reference to the date of addition / deletion. Depreciation on assets, whose actual cost does not exceed five thousand rupees, has been provided at the rate of 100%.

#### ***vi) Accounting for fixed assets:***

Fixed assets are stated at cost of acquisition or construction (net of Cenvat credit if any availed). All costs relating to the acquisition and installation of fixed assets are

capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets up to the date the asset is put to use.

**vii) Construction Contracts:**

Revenue is recognized in accordance with Accounting Standard-7, “Accounting for Construction contracts” issued by the Institute of Chartered Accountants of India by use of percentage completion method. The stage of completion of project is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. When estimated contract costs exceed contract revenue, the expected loss is recognized immediately.

**viii) Revenue recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Income from contractual activities:*

Revenue from fixed price construction contracts is recognized by reference to the stage of completion of the project at the balance sheet date.

**ix) Accounting for Effects of changes in Foreign Exchange Rates:**

Transactions in foreign currencies are recorded at the rate prevailing on date of transaction. Monetary items of assets & liabilities are translated on the reporting date at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the profit or loss A/c for the period in which they arise.

**x) Accounting for Investments:**

Long Term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are stated at lower of cost and fair value, computed category-wise.

**xi) Employee Benefits:**

- Employer’s contribution to the recognized provident fund, which is a defined contribution scheme and ESI Contribution as per law are charged to the profit and loss account.
- Provision for Gratuity is not attracted for the three months period under reporting.

**xii) Borrowing Cost**

Borrowing cost directly attributed to acquisition or construction of those fixed assets which are necessarily take a substantial period of time to get ready for their intended use are capitalized as required by Accounting Standard - 16

**xiii) Earning per Share:**

Basic Earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue.

xiv) **Accounting for taxes on income:**

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xv) **Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

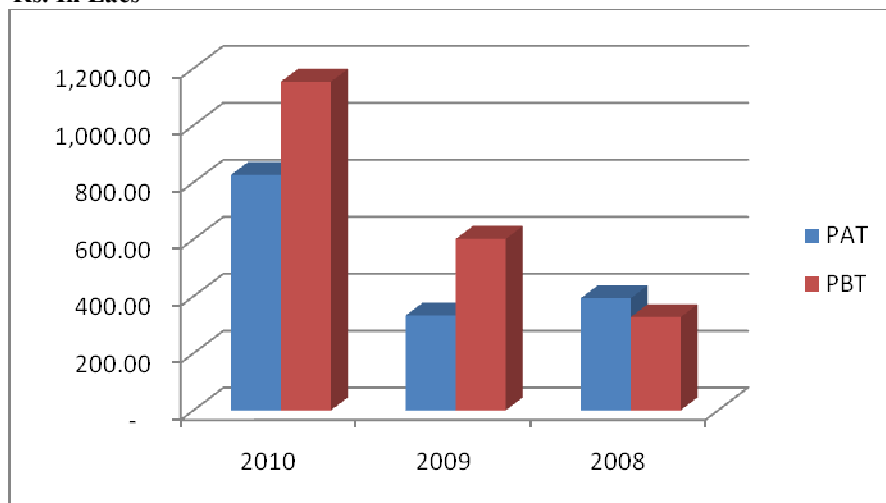
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Results of Operations of our Company

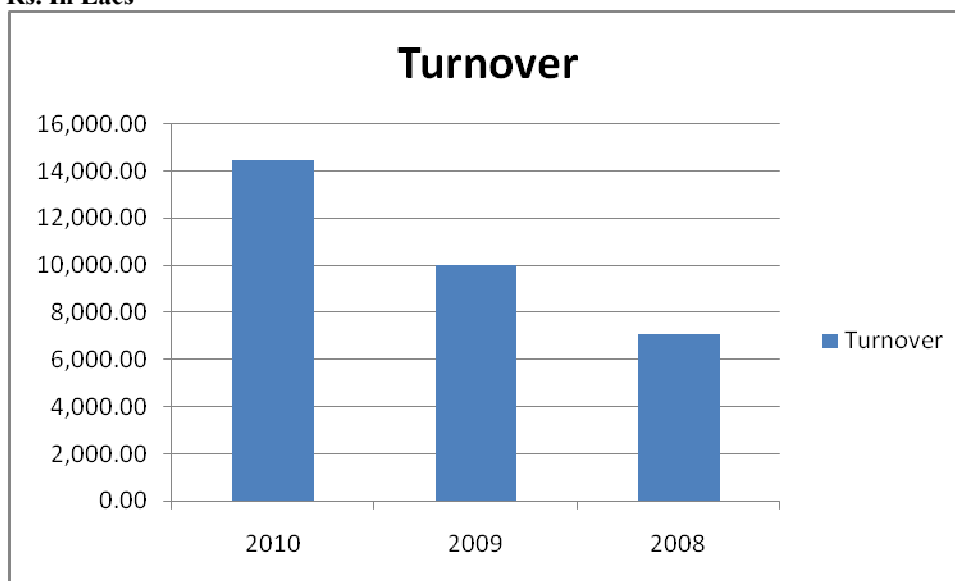
The table below provides a breakdown of total income and expenditure in fiscal 2008, 2009 and 2010 of the Company, derived from the restated financial statements, and the percentage of total income during such periods.

| Particulars                                              | 3 Months ended June 30, 2010 |                   | Year Ended on March 31, |                   |                  |                   |                 |                   |
|----------------------------------------------------------|------------------------------|-------------------|-------------------------|-------------------|------------------|-------------------|-----------------|-------------------|
|                                                          | June 30, 2010                |                   | 2010                    |                   | 2009             |                   | 2008            |                   |
| INCOME                                                   | Rs. In Lakhs                 | % of Total Income | Rs. In Lakhs            | % of Total Income | Rs. In Lakhs     | % of Total Income | Rs. In Lakhs    | % of Total Income |
| Contract                                                 | 3664.28                      | 99.41%            | 14,454.47               | 98.41%            | 10,009.81        | 98.89%            | 7,075.73        | 98.09%            |
| Revenue Other                                            | 21.72                        | 0.59%             | 234.2                   | 1.59%             | 112.73           | 1.11%             | 137.86          | 1.91%             |
| <b>Total</b>                                             | <b>3686.00</b>               | <b>100.00%</b>    | <b>14688.67</b>         | <b>100%</b>       | <b>10,122.54</b> | <b>100%</b>       | <b>7,213.59</b> | <b>100%</b>       |
| <b>EXPENDITURE</b>                                       |                              |                   |                         |                   |                  |                   |                 |                   |
| Raw Materials and Components consumed                    | 2816.00                      | 76.40%            | 11,777.10               | 80.18%            | 8,063.89         | 79.66%            | 5,425.07        | 75.21%            |
| Operating and administrative Expenses                    | 355.02                       | 9.63%             | 1201.76                 | 8.18%             | 890.47           | 8.80%             | 1,205.98        | 16.72%            |
| Interest                                                 | 115.27                       | 3.13%             | 315.72                  | 2.15%             | 343.7            | 3.40%             | 47.47           | 0.66%             |
| Depreciation                                             | 88.40                        | 2.40%             | 240.92                  | 1.64%             | 222.8            | 2.20%             | 207.87          | 2.88%             |
| <b>Total</b>                                             | <b>3374.69</b>               | <b>91.55%</b>     | <b>13,535.50</b>        | <b>92.15%</b>     | <b>9,520.86</b>  | <b>94.06%</b>     | <b>6,886.39</b> | <b>95.46%</b>     |
| <b>Profit / (Loss) before tax and prior period items</b> | <b>311.31</b>                | <b>8.45%</b>      | <b>1,153.17</b>         | <b>7.85%</b>      | <b>601.68</b>    | <b>5.94%</b>      | <b>327.2</b>    | <b>4.54%</b>      |
| <b>Provision for Tax</b>                                 |                              |                   |                         | --                |                  | --                |                 | --                |
| Current tax                                              | 105.88                       | --                | 313.27                  |                   | 187.14           |                   | 132.08          |                   |
| Deferred tax                                             | (12.67)                      | --                | 13.54                   |                   | (3.99)           |                   | (10.31)         |                   |
| Fringe Benefit tax                                       | -                            |                   | -                       |                   | 6.31             |                   | -               |                   |
| <b>TOTAL TAX EXPENSES</b>                                | <b>93.21</b>                 | <b>2.53%</b>      | <b>326.81</b>           | <b>2.22%</b>      | <b>189.46</b>    | <b>1.87%</b>      | <b>121.77</b>   | <b>1.69%</b>      |
| <b>Net Profit / (Loss) after tax &amp; before</b>        | <b>218.10</b>                | <b>5.92%</b>      | <b>826.36</b>           | <b>5.62%</b>      | <b>412.22</b>    | <b>4.07%</b>      | <b>205.43</b>   | <b>2.85%</b>      |
| Prior period items (Net of taxes)                        | --                           |                   | --                      | --                | 16.38            | --                | -10.31          | --                |
| <b>Net profit / (Loss) for the period / year</b>         | <b>218.10</b>                | <b>5.92%</b>      | <b>826.36</b>           | <b>5.62%</b>      | <b>428.6</b>     | <b>4.23%</b>      | <b>195.12</b>   | <b>2.70%</b>      |
| Adjustments (Net of tax)                                 | --                           |                   | --                      | --                | (95.41)          | --                | 198.16          | --                |
| <b>NET PROFIT AS RESTATED</b>                            | <b>218.10</b>                | <b>5.92%</b>      | <b>826.36</b>           | <b>5.62%</b>      | <b>333.19</b>    | <b>3.29%</b>      | <b>393.28</b>   | <b>5.45%</b>      |

**Rs. In Lacs**



**Rs. In Lacs**



### **Discussion on Results of Operations**

#### **Income from Operations**

Our income from operations primarily is from construction and project related activities. Construction and project related activities include construction, maintenance and operations of roads and highways, industrial infrastructure development and civil construction activities. During fiscal 2010, out of our total income from operation, 98.41% constituted income from construction and project related activities. During fiscal 2008-2010, our Company's income from construction and project related activities grew at CAGR of 26.89% from Rs.7075.73 lakhs in fiscal 2008 to Rs. 14454.47 lakhs in fiscal 2010.

### **Discussion on three months period ended June 30, 2010**

*Total Income:* The Company's total income was Rs. 3686 lakhs. The Company's income from operations was Rs 3664.28 lakhs and other income was Rs. 21.723 lakhs for the three months ended June 30, 2010.

*Total expenditure:* The Company's total expenditure was Rs. **3374.69** lakhs for the three months ended June 30, 2010 which constitute 91.55% of the total income for the three months ended June 30, 2010. The raw material and components consumed were Rs. 2816.00 lakhs or 76.40% of the total income. Operating and administrative expenses were Rs. 355.02 lakhs or 9.63% of the total income. Interest expenditure amounted to Rs 115.27 lakhs or 3.13% of the total income and Depreciation amounted to Rs. 88.40 lakhs or 2.40% of the total income.

*Net profit / (loss), as restated.* The Company's net profit, as restated was Rs. 218.10 lakhs or 5.92% of the total income for the three months ended June 30, 2010.

### **Fiscal 2010 compared with Fiscal 2009.**

**Total Income** increased by Rs. 4566.13 lakhs or 45.11% from Rs. 10,122.54 lakhs in fiscal 2009 to Rs. 14,688.67 lakhs in fiscal 2010. This was primarily due to increase in contract revenue as described below.

**Contract revenue** contract revenue increased by Rs.4444.66 lakhs or 44.40%, from Rs. 10,009.81 lakhs in fiscal 2009 to Rs. 14,454.47 lakhs in fiscal 2010, as a result of the execution of advanced phases of the ongoing projects of the Company as well as new projects being undertaken by the Company.

**Revenue Others** increased by Rs.121.47 lakhs or 107.75% from Rs.112.73 lakhs in fiscal 2009 to Rs.234.20 lakhs in fiscal 2010 primarily because of increase in Equipment Hire Charges from Rs. 5.22 lakhs in the year 2009 to Rs. 92.72 lakhs in the 2010.

**Expenditure** Total expenditure increased by Rs. 4014.64 lakhs or 42.17% from Rs. 9520.86 lakhs in fiscal 2009 to Rs. 13,535.50 lakhs in fiscal 2010.

**Raw materials and Components consumed** increased by Rs. 3713.21 lakhs or 46.05% from Rs. 8063.89 lakhs in fiscal 2009 to Rs, 11,777.10 lakhs in fiscal 2010. This was inline with the growth in contract revenue.

**Operating & Administrative expenses** increased by Rs. 311.29 lakhs or 34.96%, from Rs. 890.47 lacs in fiscal 2009 to Rs. 1201.76 lacs in fiscal 2010. Operating expenses increased due to increase in cost of insurance from Rs. 32.57 lakhs in the year 2009 to Rs. 350.26 lakhs in the year 2010.

**Interest expenses** decreased by Rs. 27.98 lakhs or 8.14% from Rs. 343.70 lakhs in the fiscal 2009 to Rs. 315.72 lakhs on the fiscal 2010 due to decrease in Unsecured borrowing of the Company.

**Depreciation** increased by Rs. 18.12 lakhs or 8.13% from Rs. 222.80 lakhs in the fiscal 2009 to Rs. 240.92 lakhs in the fiscal 2010 due to purchase of equipment by the Company.

**Profit before tax** For the reasons discussed above profit before tax increased by Rs.551.49 lakhs or 91.66% from Rs. 601.68 lakhs in fiscal 2009 to Rs. 1,153.17 lacs in fiscal 2010.

**Provision for taxes** includes current tax liabilities, deferred tax, fringe benefit tax which increased by Rs.126.13 lakhs or 67.40% from Rs.187.14 lakhs in fiscal 2009 to Rs.313.27 lakhs in fiscal 2010.

**The Restated Profit after tax** increased by Rs. 493.17 lakhs or 148.01% from Rs.333.19 lacs in fiscal 2009 to Rs. 826.36 lakhs in fiscal 2010.

### **Fiscal 2009 compared with Fiscal 2008.**

**Total Income** increased by Rs. 2908.95 lakhs or 40.33%, from Rs.7,213.59 lakhs in fiscal 2008 to Rs.10,122.54 lakhs in fiscal 2009. This was primarily due to increase in contract revenue as described below.

**Contract revenue** contract revenue increased by Rs.2,934.08 lakhs , or 41.47%, from Rs.7,075.73 lakhs in fiscal 2008 to Rs.10,009.81 lakhs in fiscal 2009, as a result of the execution of advanced phases of the ongoing projects of the Company as well as new projects being undertaken by the Company.

**Revenue Others** decreased by Rs.25.13 lakhs, or 18.23%, from Rs.137.86 lakhs in fiscal 2008 to Rs.112.73 lakhs in fiscal 2009 primarily because of decrease in income from royalty from Rs. 31.93 lakhs in the year 2008 to nil in the 2009.

**Expenditure** Total expenditure increased by Rs.2,634.47 lakhs or 38.26% from Rs.6886.39 lakhs in fiscal 2008 to Rs.9520.86 lakhs in fiscal 2009.

**Raw materials and Components consumed** increased by Rs. 2638.82 lakhs or 48.64% from Rs. 5425.07 lakhs in fiscal 2008 to Rs, 8063.89 lakhs in fiscal 2009. This was inline with the growth in contract revenue.

**Operating & Administrative expenses** decreased by Rs. 315.51 lakhs or 26.16%, from Rs.1205.98 lacs in fiscal 2008 to Rs. 890.47 lacs in fiscal 2009. Operating expenses decreased due implementation of cost cutting measure adopted by the Company.

**Interest expenses** increased by Rs. 296.23 lakhs or 624.04% from Rs. 47.47 lakhs in the fiscal 2008 to Rs. 343.70 lakhs on the fiscal 2009 due to increase in borrowing of the Company.

**Depreciation** increased by Rs. 14.93 lakhs or 7.18% from Rs. 207.87 lakhs in the fiscal 2008 to Rs. 222.80 lakhs in the fiscal 2009 due to purchase of equipment by the Company.

**Profit before tax** For the reasons discussed above profit before tax increased by Rs.274.48 lakhs or 83.89% from Rs.327.20 lakhs in fiscal 2008 to Rs.601.68 lacs in fiscal 2009.

**Provision for taxes** includes current tax liabilities, deferred tax, fringe benefit tax which increased by Rs.67.69 lakhs or 55.58% from Rs.121.77 lakhs in fiscal 2008 to Rs.189.46 lakhs in fiscal 2009.

**The Restated Profit after tax** decreased by Rs. 60.09 lakhs or 15.28% from Rs.393.28 lakhs in fiscal 2008 to Rs. 333.19 lakhs in fiscal 2009 due to adjustment of expenditure net of tax of Rs. 95.41 lakhs in the year 2009 pursuant to restatement.

### **Financial Condition, Liquidity and Capital Resources**

#### **Liquidity**

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our primary liquidity requirements have been to finance our working capital requirements to finance the purchase of materials and the performance of engineering, construction and other work on projects before payment is received from clients. The Company funds these costs and equipment purchases primarily from its equity, funds generated from its operations, equity issuances, advances from clients, and external borrowings.

## Cash Flows

| Particulars                               | For the period ended June 30, 2010 | For the Year Ended March 31, 2010 | For the Year Ended March 31, 2009 | For the Year Ended March 31, 2008 |
|-------------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Net Cash from operating activities (A)    | (244.77)                           | 487.88                            | 1,021.95                          | (189.03)                          |
| Net Cash from investing activities (B)    | (194.42)                           | (1232.65)                         | (166.34)                          | (428.65)                          |
| Net cash used in financial activities (C) | 465.49                             | 922.51                            | (712.81)                          | 707.43                            |
| <b>Net Cash flow</b>                      | <b>26.30</b>                       | <b>177.74</b>                     | <b>142.80</b>                     | <b>89.75</b>                      |

### Unusual or Infrequent Events or Transactions

Except as disclosed in the section titled "History and Certain Corporate Matters" beginning on page 123 of this Red Hearing Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

### Known Trends or Uncertainties

Other than as described in this Red Hearing Prospectus, particularly in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 12 and 168 respectively, of this Red Hearing Prospectus, to our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

### Significant economic or regulatory changes

There has been no significant change in the law governing our industry. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the section titled "Risk Factors" on page 12 of this Red Hearing Prospectus.

### Future Relationship between Costs and Income

Other than as described in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 12 and 168 respectively, of this Red Hearing Prospectus, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

### The extent to which material increases in net sales or revenue are due to increased sale volumes, introduction of new products or services or increased sales prices

Increases in revenue are by and large linked to increase in volume of construction activity carried out by the Company.

### Business Segment

The Company operates in one segments i.e., Construction.

**Seasonality of Business**

Our operations may be adversely affected by difficult working conditions during the summer months and during monsoon season that restrict our ability to carry on construction activities and fully utilise our resources. During periods of curtailed activity due to adverse weather conditions our revenues from construction and projected related activities may be delayed or reduced.

**Significant Dependence on a Single or Few Customers**

For details, please refer to the sections "Risk Factors" and "Our Business" beginning on pages 12 and 99, respectively, of this Red Hearing Prospectus.

**Competitive Conditions**

We expect competition in the construction and infrastructure development industry from existing and potential competitors to intensify. For further details regarding our competitive conditions and our competitors, please refer to sections titled "Risk Factors" and "Our Business" beginning on pages 12 and 99 respectively, of this Red Hearing Prospectus.

## **FINANCIAL INDEBTEDNESS**

For further details on "Financial Indebtedness", please refer to section titled "Financial Information" beginning on page 143 of this Red Herring Prospectus.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Group Companies and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters, our Directors or Group Companies.*

*Further, as stated below, there are no show-cause notices / claims served on our Company, our Promoters, our Directors or Group Companies from any statutory authority / revenue authority that would have a material adverse affect on our business.*

#### **I) Cases filed against our Company**

##### *Labour Matters*

1. Balakrishnan & Others V/s RPP Constructions Private Limited and National Insurance Co. Limited

Our Company has received a notice (*Case No.W.C.211/2009*) dated August 10, 2009 from the Court of the Commissioner for Workmen's Compensation, Salem in relation to the accidental death of Mr. Prabhu during the course of his employment with our Company. Mr. Balakrishnan has subsequently filed an Application before the Deputy Commissioner of Labour, Salem claiming a compensation of Rs.5 lakhs (*Rs.5,00,000*). The claim has been filed against the insurance company. Our Company has been made a party to the proceedings.

2. Our Company has received a notice dated September 20, 2009 from the advocate of Mr. A.Alex in relation to the accident during the course of his employment with our Company and claiming a compensation of Rs.5 lakhs (*Rs.5,00,000*). Our Company is in the process of replying the abovementioned notice. No proceedings have been filed by Mr. Alex against our Company till date.
3. Ms. K.Selvi has filed a Petition (*M.C.O.P. No. 305 of 2009*) before the Motor Accidents Claims Tribunal or Erode District, Erode for suffering from injuries and permanent disability due to negligent and rash driving of lorry owned by our Company and thereby claiming a compensation of Rs.2 lakhs (*Rs.2,00,000*). The matter is pending before the Motor Accidents Claims Tribunal for hearing.
4. Mr. S. Vadivel Murugan has filed a Petition (*WC No.245/2005*) before the Deputy Commissioner of Labour, Dindugal for suffering from injuries and permanent disability due to accident at one of our Company's site at Sinkara and thereby claiming a compensation of Rs.2 lakhs (*Rs.2,00,000*). The matter shall come up for hearing in due course.

#### **II) Direct and Indirect tax proceedings against our Company**

##### *Income tax Proceedings*

Nil

### *Service tax Proceedings*

1. A Show Cause Notice ("**SCN**") dated October 20, 2009 has been issued by the Office of Commissioner of Customs and Central Excise, Salem ("**Commissioner**") against our Company for alleged failure to pay service tax on the taxable services rendered by our Company in respect of several projects and for failure to file periodic Service Tax Returns. The said SCN has been issued against our Company to show cause as to why:
  - i. Service tax amounting to Rs.620.49 lakhs (*Rs.6,20,49,021*) for services rendered for the period September 10, 2004 till March 31, 2009 should not be demanded from our Company;
  - ii. Service tax amounting to Rs.23.96 lakhs (*Rs.23,96,422*) already paid by our Company should not be adjusted against the above mentioned demand of Rs.620.49 lakhs;
  - iii. An appropriate rate of interest not be demanded from our Company on the service tax demand of Rs.620.49 lakhs; and
  - iv. Penalty should not be imposed under Section 76, 77 and 78 of the Finance Act, 1994 in relation to failure to pay service tax, failure to file prescribed returns and for suppressing the facts with intent to evade payment of service tax respectively.

The matter is pending before the Commissioner, Salem.

### **III) Cases filed by our Company**

#### *Arbitration Proceedings*

1. Our Company was awarded a contract by Superintending Engineer, PWD, WRO ("**PWD**") for the work of "Second Madras Water Supply Project – New Veeranam Improvement of Vadavar Channel from the reach 18.00 kilometres to 21.80 kilometres" (the "Project"). Our Company entered into an agreement dated September 22, 1997 with the PWD in relation to the above mentioned Project. Our Company completed the Project on August 5, 2004 and handed over the completed Project site to PWD. However, certain payments amounting to Rs. Rs.363.85 lakhs (*Rs.3,63,84,546*) were not settled and hence our Company invoked arbitration on December 7, 2007 claiming an aggregate amount of Rs.363.85 lakhs (*Rs.3,63,84,546*) out of which Rs.97.65 lakhs (*Rs. 97,64,152*) is the amount of pending Project bills. The matter is pending the final order.

### **IV) Compounding Applications filed by our Company**

Nil

### **V) SEBI proceedings**

Nil

### **VI) Cases filed by and against our Directors**

There are no cases filed by and against our Directors. Our Managing Directors, Mr. P. Arul Sundaram has attracted disqualification under section 274(1) (g) of the Companies Act, 1956 the details of which is as under :

Our Managing Director, Mr. P. Arul Sundaram is on the Board of SPAC Tapioca Products (India) Limited, a public limited company registered under the Companies Act 1956, whose Directors have attracted disqualification under section 274(1)(g) of the Companies Act read with Rule 5 of Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003, due to non-filing of its Annual Accounts and Annual Returns for a continuous period of three (3) financial years commencing from Fiscal Years 2004-05 to 2006-07.

Subsequently, in the month of November 2009, SPAC filed the Annual Accounts and Annual Returns for the year ended March 31, 2005 and March 31, 2006 on November 7, 2009 and for the year ended March 31, 2007 on November 10, 2009. Further, SPAC have also made a compounding application under section 621A of the Companies Act, 1956, with the ROC Coimbatore on June 25, 2010 for removal of the disqualification of the directors. The above application is pending before the Ministry of corporate affairs, New Delhi.

**VII) Cases filed by and against our Promoters**

Nil

**VIII) Cases filed by our Group Companies**

1. SPAC Tapioca Products (India) Limited ("*Spac Tapioca*") has filed a Complaint (C.C. No. 399/2008) under Section 138 read with Section 141 and Section 142 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate No. III, Erode against Arun Casuals India Limited ("*ACIL*") and its Directors for dishonour of five (5) cheques aggregating to Rs. 60.71 Lakhs (Rs.60,70,888.23) issued by ACIL towards advance money received from Spac Tapioca towards supply of fabrics. The matter shall come up for hearing on November 2, 2010.
2. SPAC Tapioca Products (India) Limited ("*Spac Tapioca*") has filed a Complaint (C.C. No. 40/2009) under Section 138 read with Section 141 and Section 142 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate No. III, Erode against Arun Casuals India Limited ("*ACIL*") and its Directors for dishonour of thirteen (13) cheques aggregating to Rs.113.67 Lakhs (Rs.1,13,67,044) issued by ACIL towards advance money received from Spac Tapioca towards supply of fabrics. The matter shall come up for hearing on November 2, 2010.
3. SPAC Tapioca Products (India) Limited ("*Spac Tapioca*") has filed a Complaint (C.C. No. 375/2008) under Section 138 read with Section 141 and Section 142 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate No. III, Erode against Mr. V.K.Mohanraj, Proprietor of Victory Packaging Industries for dishonour of two (2) cheques aggregating to Rs.1.22 Lakhs (Rs.1,22,031) issued by Mr. V.K. Mohanraj towards purchase of starch from Spac Tapioca. The matter shall come up for hearing in the due course.
4. SPAC Tapioca Products (India) Limited ("*Spac Tapioca*") has filed a Complaint (C.C. No. 557/2006) under Section 138 read with Section 142 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate No. III, Erode against Mr. R. Balasubramaniam for dishonour of a cheque for an amount of Rs.9.00 Lakhs (Rs.9,00,000) issued by Mr. R. Balasubramaniam towards the sum borrowed by him from Spac Tapioca. The matter shall come up for hearing in due course.
5. SPAC Tapioca Products (India) Limited ("*Spac Tapioca*") has filed a Complaint (C.C. No. 373/2008) under Section 138 read with Section 142 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate No. III, Erode against Mr. R. Balasubramaniam for dishonour of a cheque for an amount of Rs.9.00 Lakhs (Rs.9,00,000) issued by Mr. R. Balasubramaniam towards the sum borrowed by him from Spac Tapioca. The matter shall come up for hearing in due course.

**IX) Cases filed against Group Companies**

Nil

**Pending dues of Small Scale Undertakings**

Our Company does not have any dues exceeding Rs.1 Lakh outstanding for more than 30 days to any small-scale industrial undertaking(s).

### **Contingent Liabilities as on June, 2010**

Our contingent liabilities as on June 30, 2010 were as follows:

*(Rs. in Lakhs)*

| <b>Nature of Liability</b>                                    | <b>Amount</b>  |
|---------------------------------------------------------------|----------------|
| Value of Bank Gaurantees and Letters of Credits Outstanding   | 3361.01        |
| Claims not acknowledged as debts in respect of service tax    | 620.49         |
| Claims not acknowledged as debts in respect of labour matters | 12.00          |
| <b>Total</b>                                                  | <b>3993.50</b> |

### **Material Developments**

Since the date of the balance sheet, there have been no material developments.

## GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, our Company can undertake this Issue and its current business activities and no further major approvals from any Government or regulatory authority are required to undertake the Issue or continue these business activities. Unless otherwise stated, these approvals are valid as of the date of this Red Herring Prospectus.

### I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors has, pursuant to a resolution adopted at its meeting held March 9, 2010, authorized the Issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant to a resolution under Section 81(1A) of the Companies Act, adopted at a general meeting held on March 13, 2010, authorized the further issue of Equity Shares.
3. Our Company has obtained in-principle listing approvals dated June 25, 2010 and August 24, 2010 from the BSE and the NSE, respectively.
4. NSDL/CDSL: ISIN No.: INE324LO1013.

### II. Approvals obtained by our Company

| No.                                | Issuing Authority                                  | Nature of License / Approval                                                                                                                       | Registration/ License No. | Date of granting License/ Approval | Validity              |
|------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|-----------------------|
| <b>General Corporate approvals</b> |                                                    |                                                                                                                                                    |                           |                                    |                       |
| 1.                                 | The Registrar of Companies, Tamil Nadu, Coimbatore | Certificate of Incorporation in the name of R.P.P. Constructions Private Limited                                                                   | 181-6113 of 1995          | May 4, 1995                        | --                    |
| 2.                                 | The Registrar of Companies, Tamil Nadu, Coimbatore | Fresh Certificate of Incorporation consequent to change of name from R.P.P. Constructions Private Limited to R.P.P. Infra Projects Private Limited | U45201TZ1995PTC0 06113    | November 27, 2009                  | --                    |
| 3.                                 | The Registrar of Companies, Tamil Nadu, Coimbatore | Fresh Certificate of Incorporation consequent upon change of name on conversion to Public Limited Company                                          | U45201TZ1995PLC0 06113    | March 8, 2010                      | --                    |
| 4.                                 | Income Tax Department                              | Permanent Account Number                                                                                                                           | AAACR9307E                | May 4, 1995                        | One Time Registration |
| 5.                                 | Income Tax Department                              | Tax Deduction Account Number (TAN)                                                                                                                 | CMBR03758G                | October 1, 2004                    | One Time Registration |
| 6.                                 | Assistant                                          | Our Company has been                                                                                                                               | TN/SL/28520               | November                           | One Time              |

| No. | Issuing Authority                                               | Nature of License / Approval                                                                                                                                                                                                                                                                                  | Registration/ License No. | Date of granting License/ Approval | Validity                       |
|-----|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|--------------------------------|
|     | Provident Fund Commissioner , Coimbatore                        | registered for payment of employees' provident fund under the Employee Provident Fund & Miscellaneous Provisions Act, 1952.                                                                                                                                                                                   |                           | 9, 1994                            | Registration                   |
| 7.  | Superintendent of Central Excise, Service Tax, Erode-I Division | Allotment of Service Tax Code under the provisions of the Central Excise and Customs Act for payment of service tax on construction services in respect of commercial or industrial building & civil structures, construction of residential complex, works contract services and transport of goods by road. | AAACR9307EST001           | July 29, 2008                      | One Time Registration          |
| 8.  | Commercial Tax Officer, Erode                                   | Certificate of Registration to certify that our Company is registered as a dealer under the Tamil Nadu Value Added Tax Act, 2006                                                                                                                                                                              | 33863000750 (TIN)         | January 1, 2007                    | One Time Registration          |
| 9.  | Commercial Tax Officer                                          | Value Added Tax Registration Certificate to certify that the Company has been registered as a dealer under Section 22 of the Karnataka Value Added Tax Act, 2003, (Bangalore office)                                                                                                                          | 29350203859 (TIN)         | February 13, 2008                  | One Time Registration          |
| 10. | VAT Registering Authority, Kadapa Division                      | Value Added Tax Registration Certificate, (Kadapa office)                                                                                                                                                                                                                                                     | 28150113550 (TIN)         | May 16, 2005                       | One Time Registration          |
| 11. | License Officer                                                 | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 to employ 200 workmen as contract labour per day (Trichy site).                                                                                                                                                       | 2/07                      | June 27, 2007                      | Renewed till December 31, 2010 |

| No. | Issuing Authority                                  | Nature of License / Approval                                                                                                                                                                                      | Registration/ License No. | Date of granting License/ Approval | Validity          |
|-----|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|-------------------|
| 12. | Licensing Officer, Chennai                         | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 to employ 50 workmen as contract labour per day (Neyveli).                                                                | L/188/2005                | December 12, 2005                  | December 22, 2010 |
| 13. | Licensing Officer                                  | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 (Madurai).                                                                                                                | L.40/2010-A/M             | February 5, 2010                   | February 4, 2011  |
| 14. | Assistant Labour Duty Officer (Central), Bangalore | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 (Bangalore).                                                                                                              | 87/2010-B3                | April 20, 2010                     | April 19, 2011    |
| 15. | Licensing Officer                                  | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 (Bangalore).                                                                                                              | 87/2010 – B3              | April 20, 2010                     | April 19, 2011    |
| 16. | Licensing Officer                                  | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 (Kadapa).                                                                                                                 | 0577/JCLKNL/2009          | April 8, 2010                      | April 7, 2011     |
| 17. | Registering Officer                                | Certificate of Registration granted under the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 to employ 75 workmen per day (Trichy site).                 | L. No. 2/07               | December 31, 2009                  | December 30, 2010 |
| 18. | Registering Officer                                | Certificate of Registration granted under the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 to employ 500 workmen per day (BHEL, Tiruchirappalli site). | TRY/Constn. 02/2010       | August 18, 2010                    | October 21, 2011  |
| 19. | Licensing Officer                                  | License under section 12(1) of the Contract Labour (Regulation and                                                                                                                                                | 87/2010-B3                | April 20, 2010                     | April 19, 2011    |

| No. | Issuing Authority                     | Nature of License / Approval                                                                      | Registration/ License No. | Date of granting License/ Approval | Validity      |
|-----|---------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|---------------|
|     |                                       | Abolition) Act, 1970 (Bangalore).                                                                 |                           |                                    |               |
| 20. | Joint Commissioner of Labour, Kurnool | License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 (Kadapa). | F.No – 0577/JCL-KNL/2009  | April 13, 2010                     | April 8, 2011 |

**III. Approvals, if any, to be obtained by our Company for the proposed expansion**

Our Objects does not require us to obtain any approvals from any regulatory authority.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on March 9, 2010 authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

Our shareholders have authorised this Issue by a special resolution adopted under to Section 81(1A) of the Companies Act, passed at the Extra Ordinary General Meeting held on March 13, 2010.

### From the Selling Shareholders

The Selling Shareholders i.e. Mr. P. Arul Sundaram and Ms. A. Nithya by a undertakings dated May 17, 2010 have undertaken to Offer for Sale of 2,43,205 and 1,56,795 Equity Shares respectively in the proposed Initial Public Offer of our Company.

### Prohibition by SEBI, RBI or governmental authorities

Our Company, Promoters, Promoter Group, Directors, Group Companies have not been prohibited from accessing the capital market for any reason by the SEBI or any other authorities.

None of our Directors are associated with the securities market.

None of our Company, Directors, Promoters, Group Companies, relatives (as per Companies Act, 1956) of Promoters, Group Companies have been identified as a willful defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations as we comply with the said regulation:

- Our Company has net tangible assets of atleast Rs. 300.00 lakhs in each of the three (3) preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- Our Company has a track record of distributable profits as per Section 205 of the Companies Act, 1956, for atleast three (3) out of the immediately preceding five (5) years.  
(Extraordinary items are not considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956)
- Our Company has a pre-issue net worth of not less than Rs. 100.00 lakhs in each of the three (3) preceding full years (of 12 months each).
- The proposed Issue size, including all previous public issues in the same financial year, would not exceed five (5) times the pre-issue net worth of our Company as per the audited accounts for the year ended March 31, 2010.
- At least fifty per cent of the revenue for the preceding one full year has been earned by our Company from the activity indicated by the new name.

The net profit, net worth, net tangible assets and monetary assets derived from the restated financial statements prepared in accordance with SEBI (ICDR) Regulations, for the last five (5) financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 is set forth below:

(Rs. in Lakhs)

| Particulars    | March 31,<br>2010 | March 31,<br>2009 | March 31,<br>2008 | March 31,<br>2007 | March 31,<br>2006 |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net Profit (a) | 826.36            | 333.19            | 393.28            | 177.01            | 121.49            |

|                                                            |          |          |          |         |        |
|------------------------------------------------------------|----------|----------|----------|---------|--------|
| Net Worth                                                  | 2,454.76 | 1,746.73 | 1,425.39 | 867.70  | 690.69 |
| Net Tangible Assets (b)                                    | 3220.44  | 2140.84  | 2014.53  | 1379.52 | 887.29 |
| Monetary Assets (c)                                        | 203.01   | 366.27   | 283.50   | 79.46   | 47.97  |
| Monetary Assets as a percentage of net tangible assets (%) | 6.30%    | 17.11%   | 14.07%   | 5.76%   | 5.41%  |

- a) The distributable profits have been calculated as per section 205 of the Companies Act.
- b) Net Tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserve), investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities), net of provision for diminution in value.
- c) Monetary assets include cash on hand and bank and quoted investments and fixed deposits. These does not include
  - Earnest money deposits and fixed deposits which are under lien with banks to secure working capital obtained from them.
  - Receivables, advances and withheld amounts due from customers.
  - Net worth has been defined as the aggregate of equity share capital and reserves, excluding misc. expenditure not written off, if any.
  - The monetary asset in each of the three (3) years does not exceed 50% of the Net Tangible asset amount.
  - At least fifty per cent of the revenue for the preceding one full year has been earned by the Company from the activity indicated by the new name.

In addition, we shall ensure that number of allottees getting Equity Shares is not less than one thousand (1,000) in number.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

#### **Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations**

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI (ICDR) Regulations. No exemption from eligibility norms has been sought under Regulation 109 of the SEBI (ICDR) Regulations, with respect to the Offer.

#### **Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD**

**MANAGER, VC CORPORATE ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, VC CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 31, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- (I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY,**

**WE CONFIRM THAT:**

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (III) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- (IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

- (V) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
- (VI) WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
- (VII) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE
- (VIII) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (IX) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.
- (X) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE - NOT APPLICABLE.
- (XI) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN

**ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

**(XII) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

**(a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF OUR COMPANY; AND**

**(b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.”**

**(XIII) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

**(XIV) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

**(XV) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.”**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the ROC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the ROC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

**Disclaimer from our Company, the Selling Shareholders and the BRLM**

Our Company, the Selling Shareholders, the Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at our Company’s instance and that anyone placing reliance on any other source of information, including our Company’s website [www.rppi.pl.com](http://www.rppi.pl.com), or the website of any Promoter, Group Companies, or of any affiliate or associate of our Company, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Agreement entered into among the BRLM, the Selling Shareholders and our Company on May 17, 2010, and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders 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 centres or elsewhere.

Neither our Company, the Selling Shareholders nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

#### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs.25 crore and pension funds with a minimum corpus of Rs.25 crore, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India 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 the competent court(s) in Chennai, India.

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 filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby 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 from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (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 of the Securities Act and the applicable laws of the jurisdiction where those offers and**

**sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **Disclaimer clause of the BSE**

The Bombay Stock Exchange Limited (the "BSE") has given by its letter ref no. DCS/IPO/SR/IPO-IP/487/2010-11 dated June 25, 2010 the permission to our Company to use the BSE's name in the offer document as one of the stock exchanges on which our Company's securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The 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 BSE; 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 that this offer document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer clause of the NSE**

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited ("NSE"). The NSE has given by its letter ref no. NSE/LIST/145143-D dated August 24, 2010, permission to our Company to use the NSE's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The NSE has scrutinized this draft offer document for its 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 the NSE should not in any way be deemed or construed that the offer document has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that the 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 acquire any securities of this 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.

#### **Disclaimer of IPO Grading Agency**

Ratings assigned by Fitch are opinions based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. Ratings are not facts, and therefore

cannot be described as being "accurate" or "inaccurate". Users should refer to the definition of each individual rating for guidance on the dimensions of risk covered by such rating.

Fitch's opinions are forward looking and include analysts' views of future performance. In many cases, these views on future performance may include forecasts, which may in turn (i) be informed by non-disclosable management projections, (ii) be based on a trend (sector or wider economic cycle) at a certain stage in the cycle, or (iii) be based on historical performance. As a result, while ratings may include cyclical considerations and typically attempt to assess the likelihood of repayment at "ultimate/final maturity", material changes in economic conditions and expectations (for a particular issuer) may result in a rating change.

Credit ratings do not directly address any risk other than credit risk. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments, although such considerations may affect Fitch's view on credit risk, such as access to capital or likelihood of refinancing.

Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default, notwithstanding the agency's published default histories that may be measured against ratings at the time of default. Credit ratings are opinions on relative credit quality and not a predictive measure of specific default probability.

Ratings are opinions based on all information known to Fitch, including publicly available information and/or non-public documents and information provided to the agency by an issuer and other parties. Publication and maintenance of all ratings are subject to there being sufficient information, consistent with the relevant criteria and methodology, to form a rating opinion.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its rating methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness, or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information.

If a rating does not benefit from the participation of the issuer/originator, but Fitch is satisfied that “minimum threshold” information for the given criteria is available from public information and other sources available to Fitch, then the non-participatory issuer, as with all issuers, will be afforded the opportunity to comment on the rating opinion and supporting research prior to it being published.

Ratings do not constitute recommendations to buy, sell, or hold any security, nor do they comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of any payments of any security. Fitch Ratings does not have a fiduciary relationship with any issuer, subscriber or any other individual. Nothing is intended to or should be construed as creating a fiduciary relationship between Fitch Ratings and any issuer or between the agency and any user of its ratings. Fitch Ratings does not provide to any party any financial advice, or legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

Ratings may be changed, qualified, placed on Rating Watch or withdrawn as a result of changes in, additions to, accuracy of, unavailability of or inadequacy of information or for any reason Fitch Ratings deems sufficient.

The assignment of a rating by Fitch Ratings shall not constitute consent by the agency to use its name as an expert in connection with any registration statement, offering document or other filings under any relevant securities laws.

### **Filing**

A copy of this Red Herring Prospectus has been filed with the SEBI at the Securities and Exchange Board of India, 3rd Floor, D'Monte Building, 32 D'Monte Colony, TTK Road, Alwarpet Chennai - 600 018

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration to the Registrar of Companies, Coimbatore, Tamil Nadu

### **Listing**

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered and sold in the Issue. The BSE will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders shall forthwith repay, without interest, all monies received from applicants in reliance on the Red Herring Prospectus. If such money is not repaid within eight (8) days from the date on which our Company has become liable to repay it, then our Company, every Director of our Company who is an officer in default and the Selling Shareholders shall, on and from the expiry of such eight day period, be liable to repay such monies, together with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

All expenses with respect to the Offer will be shared between the Selling Shareholder and our Company, in proportion to the Equity Shares contributed to the Offer.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within twelve (12) working days of Closure of the Issue.

## Consents

Consents in writing of: (a) the Directors, the Company Secretary and the Compliance Officer, the Auditors, the legal advisors, the Bankers to our Company, lenders to our Company, the Bankers to the Issue ; and (b) the BRLM, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s Karthikeyan & Jayaram, Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus to the RoC.

M/s Karthikeyan & Jayaram, Chartered Accountants, have given their written consent to inclusion of their report relating to the possible tax benefits accruing to our Company and its shareholders in the form and context in which it appears in this Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus to the RoC.

Fitch Ratings India Private Limited, a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and the Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus with the Designated Stock Exchange.

## Expert Opinion

Except the report of Fitch Ratings India Private Limited in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Red Herring Prospectus, our Company has not obtained any expert opinions.

## Expenses of the Issue

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

The total estimated expenses are Rs. [●] lakhs, which is [●] % of the Issue size.

| Activity                                                             | Expenses*<br>(Rs. in Lakhs) | Percentage of<br>Issue<br>Expenses* | Percentage of<br>the Issue<br>Size* |
|----------------------------------------------------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Lead management, underwriting and selling commission                 | [●]                         | [●]                                 | [●]                                 |
| SCSB Commission                                                      | [●]                         | [●]                                 | [●]                                 |
| Printing and Stationery expenses                                     | [●]                         | [●]                                 | [●]                                 |
| Advertising and Marketing expenses                                   | [●]                         | [●]                                 | [●]                                 |
| Others (IPO grading, registrar's fees, legal fee, listing fees etc.) | [●]                         | [●]                                 | [●]                                 |
| <b>Total estimated issue expenses</b>                                | <b>[●]</b>                  | <b>[●]</b>                          | <b>[●]</b>                          |

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

Other than listing fees, which will be paid by us, all expenses with respect to the Offer will be shared between the Selling Shareholders and us in proportion to the Equity Shares contributed to the Offer.

**Fees Payable to the BRLM and the Syndicate Members**

The total fees payable to the BRLM and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per the engagement letter with the BRLM issued by our Company and the Selling Shareholders, a copy of which is available for inspection at our Registered Office.

**Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of refund orders, preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the agreement among our Company, the Selling Shareholders and the Registrar to the Issue dated March 12, 2010, a copy of which is available for inspection at our Company's Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in this Red Herring Prospectus or send allotment advice by registered post/speed post/under certificate of posting.

**Particulars regarding Public or Rights Issues during the last five (5) years**

Our Company has not made any previous public or rights issue in the five (5) years preceding the date of this Red Herring Prospectus.

**Previous issues of Equity Shares otherwise than for cash**

Our Company has not made any previous issues of shares for consideration other than cash, except as mentioned in the section titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus.

**Commission or brokerage on Previous Issues**

Since this is the initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

**Companies under the Same Management**

No company under the same management within the meaning of Section 370(1B) of the Companies Act has made any public issue or rights issue during the last three (3) years.

**Performance vis-a-vis objects - Last Three Issues**

There has not been any previous public issue of our Equity Shares.

**Performance vis-a-vis objects - Last Issue of Group/Associate Companies**

All of our Group / Associate Companies are unlisted and have not made a public issue of shares.

**Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Red Herring Prospectus.

**Stock Market Data of the Equity Shares**

This being an initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

**Mechanism for Redressal of Investor Grievances**

The agreement among the Registrar to the Issue, the Selling Shareholders and our Company provides for retention of records with the Registrar to the Issue for a period of at least one (1) year from the last date of dispatch of the letters of allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (15) working days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company and the Selling Shareholders have appointed Ms. S. Neelaaveni, Company Secretary, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. She can be contacted at the following address:

Ms. S. Saritha  
R.P.P. Infra Projects Limited  
P and C Tower, 140  
Perundurai Main Road  
Erode 638 011, India.  
Telephone: + 91 424 225 9022  
Facsimile: +91 424 225 3130  
E-mail: ipo@rppi.com

**Disposal of investor grievances by listed companies under the same management as our Company**

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

**Change in Auditors**

M/s. Karthikeyan & Jayaram, Chartered Accountant has been appointed as the statutory auditors of our Company at the Extra Ordinary Meeting held on June 1, 2008. Prior to June 1, 2008, the statutory auditors of our Company were M/s. Vekam and Associates

**Capitalization of Reserves or Profits**

Our Company has not capitalized its reserves or profits at any time during the last five (5) years except as mentioned in the section titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus.

**Revaluation of Assets**

Our Company has not revalued its assets in the last five (5) years.



## SECTION VII: ISSUE INFORMATION

### TERMS OF THE ISSUE

#### Principal Terms and Conditions of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and Bid-Cum-Application Form, ASBA Bid-Cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

#### Authority for the Issue

1. The Board of Directors has, pursuant to a resolution adopted at its meeting held on March 9, 2010, authorized the Issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant to a resolution under Section 81(1A) of the Companies Act, adopted at a general meeting held on March 13, 2010, authorized the further issue of Equity Shares.

#### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act and our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the Date of Allotment. Please refer to section titled "Main Provisions of Articles of Association" beginning on page 240 for a description of the Articles of Association of this Red Herring Prospectus.

The Selling Shareholders will bear the expenses relating to the Offer for Sale in proportion to the Equity Shares contributed to the Issue.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per the dividend policy of the Company subject to the provisions of the Companies Act. For more information on the dividend policy of the Company, please refer to section titled "Main Provisions of the Articles of Association" beginning on page 240 of this Red Herring Prospectus.

#### Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Red Herring Prospectus at a Issue price of at the lower end of the Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.



### **Rights of the Equity Shareholders**

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 subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and Company's Memorandum and Articles.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer section titled "Main Provisions of Articles of Association" beginning on page 240 of this Red Herring Prospectus.

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including devolvement of underwriters within sixty (60) days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received but not later than seventy (70) days from the Bid/Issue Closing Date. If there is a delay beyond eight (8) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

### **Market Lot and Trading Lot**

The Equity Shares shall be allotted only in dematerialised form and trading shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one (1) Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

### **Nomination Facility to Investor**

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 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 or to the Registrar.

Further, any person who becomes a nominee shall, upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.**

#### **Arrangements for disposal of odd lots**

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

#### **Terms of Payment**

Applications should be for minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The entire Issue price of the Equity Shares of the face value Rs.10 per share is payable on application. In case of allotment of lesser number of Equity Shares than the number of shares applied for, our Company shall refund the excess amount paid on application, subject to minimum allotment size being the minimum application size.

#### **Period of Subscription**

The subscription list for public issue shall remain open for at least three (3) working days and not more than ten (10) working days.

#### **Reservations**

4,00,000 Equity Shares of Rs 10 each reserved for Eligible Employees at a price of Rs [●] per Equity Share.



## ISSUE PROCEDURE

**This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.**

### **Book Building Procedure**

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 4,00,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

All Bidders (other than the ASBA Bidders) are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs, Bids by QIBs shall be submitted only to the BRLM, other than Bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs. In case of QIB Bidders, our Company, in consultation with the BRLM may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, our Company will have a right to reject the Bids only on technical grounds.

**Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid cum Application forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

### **Bid-cum-Application Form**

Bidders (other than ASBA Bidders) shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. The Bidders shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. Upon 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 or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.



The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| Category                                                                                                                                                                                                               | Color of Bid cum Application Form/ASBA Forms |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Indian public, NRIs applying on a non repatriation basis                                                                                                                                                               | White                                        |
| Eligible NRIs applying on a repatriation basis, FIIs, Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions and other Non-Residents applying on a repatriation basis | Blue                                         |
| Eligible Employees                                                                                                                                                                                                     | Pink                                         |

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking the funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. The Bidders shall have the option to make a maximum of three Bids in the ASBA Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

#### Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
2. Indian nationals resident in India who are not minors, in single or joint names (not more than three).
3. 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.
4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue.
5. Foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, under the QIB category.
6. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
7. State Industrial Development Corporations.
8. Insurance companies registered with the Insurance Regulatory and Development Authority, India.
9. Provident Funds with a minimum corpus of Rs.25 crore and who are authorized under their constitution to invest in Equity Shares.
10. Pension funds with a minimum corpus of Rs.25 crore and who are authorized under their constitution to invest in Equity Shares.
11. Companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in Equity Shares.



12. Venture Capital Funds (VCFs) registered with SEBI.
13. Foreign Venture Capital Investors (FVCIs) registered with the SEBI.
14. Mutual Funds registered with the SEBI.
15. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to the RBI regulations and the SEBI (ICDR) Regulations and regulations, as applicable).
16. Multilateral and bilateral development financial institutions.
17. Trusts / societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in Equity Shares.
18. Scientific and/or industrial research organizations in India authorized to invest in Equity Shares.
19. National Investment Fund set up by resolution No. F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
20. Insurance funds set up and managed by army, navy or air force of the Union of India
21. Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Issue.
22. Eligible Employees (as defined in the section titled "Definitions and Abbreviations" beginning on page 2 of this Red Herring Prospectus).

As per existing regulations, OCBs cannot Bid in the Issue.

**The information below is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLM do not accept responsibility for the completeness and accuracy of the information stated. Our Company, the Selling Shareholders and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the limits prescribed under laws or regulations.**

#### **Participation by associates and affiliates of the BRLM and the Syndicate Members**

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase the Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion as may be applicable to such Bidders where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**



### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,52,500 Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

### **In accordance with 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 Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

### **Bids by Eligible NRIs**

Bid-cum-Application Forms have been made available for Eligible NRIs at the Registered Office of our Company and with members of the Syndicate or the Registrar. NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) account shall use the application form meant for Resident Indians (white color form) and shall not use the forms meant for the non-resident category.

### **Bids by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company (i.e., 10% of 22,600,000 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital of our Company or 5% of the total paid-up capital of our Company, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of our Company's total paid-up capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of the date of this Red Herring Prospectus our Company has not obtained board or shareholder approval to increase the FII limit to more than 24%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals, in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance with "Know Your Client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.



Associates and affiliates of the Underwriters, including the BRLM and the Syndicate Members that are FIIs or its sub-account (*other than a sub-account which is a foreign corporate or foreign individual*) may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

#### **Bids by the SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended prescribe investment restrictions on VCFs and FVCIs. Accordingly, whilst the holding by any VCF or FVCI in one (1) venture capital undertaking should not exceed 25% of the corpus of the VCF / FVCI, the VCF can invest its entire funds committed for investments into India in one (1) company. Further, VCFs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Pursuant to the SEBI (ICDR) Regulations, the shareholding of VCFs and FVCIs held in a company prior to making an initial public offering is exempt from lock-in requirements only if the shares have been held by them for at least one (1) year prior to the time of filing the draft prospectus with SEBI.

#### **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000. Where the Bid Amount is over Rs.100,000 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders and Eligible Employees indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.1,00,000 and is in multiples of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

- (c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by Eligible Employees does not exceed Rs.1,00,000. Any Bids in the Employee Reservation Portion exceeding Rs.100,000 would be rejected. In case of revision of Bids, Eligible Employees have to ensure that the Bid Amount does not exceed Rs.1,00,000. Where the Bid Amount is over Rs.1,00,000 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be rejected. Bidders in the Employee Reservation Portion may bid at Cut-off Price. However, Employee Discount will be applicable to all Eligible Employees with a maximum bid in the Employee Reservation Portion being Rs. 1,00,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis not exceeding Rs. 1,00,000 for each Eligible Employee.



Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

**The Bidders are advised to ensure that any single Bid by them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described in the section "Issue Procedure - Payment of Refund" beginning on page 299 of this Red Herring Prospectus.

**Information for the Bidder:**

1. Our Company in consultation with the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two (2) widely circulated national newspaper (one (1) each in English and Hindi) and in a regional newspaper.
2. Our Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.
3. The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of potential investor's, copies of the Red Herring Prospectus.
4. Any Bidder (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or along with the Bid-cum-Application Form can obtain the same from the Registered Office of our Company or from any member of the Syndicate.
5. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
6. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
8. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

**The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.**



### Method and Process of Bidding

1. Our Company in consultation with the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with the RoC and also publish the same in widely circulated national newspapers one (1) each in English and Hindi and one (1) regional newspaper with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and published in national newspapers (one each in English and Hindi) and in a (regional) newspaper with wide circulation, at least two (2) working days prior to the Bid/Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding/Issue Period shall be for a minimum of three (3) working days and shall not exceed ten (10) working days. Where the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in national newspapers (one each in English and Hindi) and in a (regional) newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding/Issue Period may be extended, if required, by an additional three (3) working days, subject to the total Bidding/Issue Period not exceeding ten (10) working days.
3. During the Bidding/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorized agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. The Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids. Bids by QIBs shall be submitted only to the BRLM, other than the Bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs.
4. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three (3) optional prices (for details refer to the paragraph "Bids at Different Price Levels") within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate or the SCSBs will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure" beginning on page 204 of this Red Herring Prospectus.
6. The members of the Syndicate/ the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.



7. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bids. 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.
8. Along with the Bid-cum-Application Form, all Bidders (other than ASBA Bidders) will make payment into the Escrow Account in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" beginning on page 223 of this Red Herring Prospectus.
9. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
10. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
11. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
12. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.
13. The identity of the QIB Bidders shall not be made public.

#### **Bids at Different Price Levels and Revision of Bids**

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs.[●] being the Floor Price and Rs.[●] being the Cap Price. The Bidders can Bid at any price within the Price Band in multiples of Re.1.
2. Our Company, in consultation with the BRLM and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with the SEBI (ICDR) Regulations. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus or if the floor price or price band is not mentioned in the Red Herring Prospectus, our Company shall announce the Floor Price or Price Band at least two (2) working days before the opening of the bid in all the newspapers in which the pre- issue advertisement shall be released.
3. In case of a revision of the Price Band, the Bidding/Issue Period shall be extended for three additional working days, subject to a maximum of ten (10) working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two (2) widely circulated national newspaper (one (1) each in English and Hindi) and in a regional newspaper and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.



4. Our Company, in consultation with the BRLM, can finalize 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 the Bidders under the Employee Reservation Portion may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs or Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders and the Bidders under the Employee Reservation Portion who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion bidding at the Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who Bid at the Cut-off Price, the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion shall receive the refund of the excess amounts from the Escrow Account in the manner described under the paragraph "Payment of Refund".
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs.1,00,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus, except Bids by Eligible Employees. 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 before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs.5,000 to Rs.7,000.

#### **Electronic Registration of Bids**

1. The members of the Syndicate and SCSBs will register the Bids using the on-line facilities of the BSE and the NSE.
2. The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one (1) Working Day from the Bid/Issue Closing Date.
3. There will be atleast one (1) on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the



ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

4. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bidding/Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.
5. The aggregate demand and price for Bids registered on electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres as well as on the BSE's website at [www.bseindia.com](http://www.bseindia.com) and on the NSE's website at [www.nseindia.com](http://www.nseindia.com). A graphical representation of consolidated demand and price will be made available at the bidding centres during the Bidding/Issue Period.
6. 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 Bidder(s). Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
  - Investor category—Individual, Corporate, QIBs, Eligible NRI, FVCI, FII & sub-account registered with SEBI (*other than a sub-account which is a foreign corporate or foreign individual*) or Mutual Fund, etc.;
  - Numbers of Equity Shares bid for;
  - Bid Amount;
  - Bid-cum-Application Form number;
  - Amount paid upon submission of Bid-cum-Application Form;
  - Depository Participant identification number and client identification number of the demat account of the Bidder; and
  - PAN.
7. A system-generated TRS will be given to the Bidder as 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 and the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate and the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.



9. In case of QIB Bidders, only the BRLMs and their Affiliate Syndicate Members also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders and Eligible Employees, Bids would not be rejected except on the technical grounds listed in this Red Herring Prospectus. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have not right to reject Bids, except on technical grounds.
10. The permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, the management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges..
11. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.
12. Only Bids that are uploaded on the online IPO system of NSE and BSE shall be considered for allocation/Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the syndicate, of our Company, in consultation with the BRLM and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Member finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Member will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

#### **Build Up of the Book and Revision of Bids**

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis. Pursuant to Item 12(g) of Part A of Schedule XI to the SEBI (ICDR) Regulations, the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding thirty (30) minutes.
2. The book gets built up at various price levels. This information will be available from the BRLM on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart, from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in the Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three (3) options in the Bid-cum-Application Form and such Bidder is changing only one (1) of the options in the Revision Form, he must still complete all the details of the other two (2) options that are not being changed in the Revision Form. The



Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

5. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSBs through whom the original Bid was placed.
6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, 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 downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.
10. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand if any, to be paid on account of the upward revision of the Bid at the time of one (1) or more revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
11. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate or the SCSBs. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**
12. Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for allocation. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid-cum- Application Form, the decision of our Company and the Selling Shareholders, in consultation with the BRLM and the Designated Stock Exchange, based on the physical records of Bid-cum-Application Forms, shall be final and binding on all concerned.
13. Under the SEBI (ICDR) Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.



### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with our Company and the Selling Shareholders.
2. Our Company and the Selling Shareholders, in consultation with the BRLM, shall finalize the Issue Price and the number of Equity Shares to be allocated in each investor category.
3. The allotment to QIBs will be upto 50% of the Net Issue to the Public, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders will be not less than 15% and 35% of the Net Issue to the Public, respectively, on a proportionate basis, in a manner specified in the SEBI (ICDR) Regulations and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. In case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. The allocation under the Employee Reservation Portion would be on a proportionate basis, in the manner specified in the SEBI (ICDR) Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price.

Under subscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of our Company and the Selling Shareholders in consultation with the BRLM.

5. Allotment to Eligible NRIs, FIIs & sub-account registered with SEBI (*other than a sub-account which is a foreign corporate or foreign individual*) or Mutual Funds or FVCIs will be subject to applicable laws, rules, regulations, guidelines and approvals.
6. Our Company and the Selling Shareholders reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning any reasons whatsoever.
7. Under the SEBI (ICDR) Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.
8. Our Company and the Selling Shareholders, in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any member of the Syndicate. Rejection of Bids by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting such Bid shall be provided to such Bidder in writing.
9. The allotment details shall be hosted on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and RoC Filing**

- (a) Our Company and the Selling Shareholders, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement upon finalization of the Issue Price.



- (b) After signing the Underwriting Agreement, our Company and the Selling Shareholders will update and file the Red Herring Prospectus with the RoC, which will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

#### **Filing of the Prospectus with the RoC**

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Announcement of pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in two (2) widely circulated national newspapers, one each in English and Hindi and one (1) regional newspaper.

#### **Advertisement regarding the Issue Price and Prospectus**

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that is required to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such advertisement.

#### **INVESTORS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THIS PUBLIC ISSUE.**

##### **Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within twelve (12) Working Days of the Bid/Issue Closing Date.
- (b) As per the SEBI (ICDR) Regulations, Allotment of the Equity Shares will be only in dematerialized form to the allottees.
- (c) Successful Bidders will have the option to re-materialize the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated / Allotted to them pursuant to this Issue.**

#### **GENERAL INSTRUCTIONS**

##### **DOs:**

- (a) Check if you are eligible to apply having regard to applicable law, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- (b) Ensure that your Bid is within the Price Band;
- (c) Read all the instructions carefully and complete the Bid-cum-Application Form;
- (d) Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form only;



- (e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
- (f) With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- (g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSBs;
- (h) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (i) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (j) Ensure that you have collected a TRS for all your Bid options;
- (k) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (l) Each of the Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act in the Bidcum- Application Form. (Please refer to the sub-section titled "Permanent Account Number" under this section);
- (m) Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form; and
- (n) Ensure that the Demographic Details are updated, true and correct in all respects.

**DON'Ts:**

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise the Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate or the SCSBs, as applicable;
- (d) Do not pay the Bid amount in cash, by money order or by postal order, or by Stockinvest;
- (e) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate or the Designated Branch of SCSBs only;
- (f) Do not Bid at the Cut-off Price, in the case of a Bid by a QIB Bidder or a Non-Institutional Bidder;
- (g) Do not complete the Bid-cum-Application Form such that the number of Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;



- (o) Do not submit the Bids without the Bid Amount;
- (h) Do not bid at Bid Amount exceeding Rs.1,00,000, in the case of a Bid by a Retail Individual Bidder or Bid by Eligible Employees; and
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

#### **INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM**

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate or the Registered Office of our Company.

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid-cum-Application Form or Revision Form, as applicable.
2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected Bidders should note that the Syndicate and /or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
4. Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. The Bidders should ensure that the details are correct and legible.
5. Bids from the Retail Individual Bidders and from Eligible Employees must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs.1,00,000.
6. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
7. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's PAN, Depository Account and Bank Account Details**

**Bidders should note that on the basis of PAN of the Bidders, the 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 their address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit, and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account.. Hence, Bidders are advised to immediately update their bank account details as**



appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/credit of refunds to Bidders or unblocking of ASBA Account at the Bidder's sole risk and neither the BRLM nor our Company or the Selling Shareholders shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid-cum- Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUMAPPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUMAPPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUMAPPLICATION FORM.**

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CAN would be mailed to 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 such refund orders or documents, 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 Bidder's sole risk and neither the Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds through electronic modes as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidder's (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 by Eligible Employees**

Eligible Employee shall mean Permanent and full-time employee of our Company, working in India or abroad or Director of our Company, whether whole time or part time and does not include Promoters and an immediate relative of our Promoters (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse) on the date of submission of the Bid-cum-Application form. Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e., Pink color form).
- The sole/First Bidder should be Eligible Employees as defined above. 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 in the same sequence in which they appear in the Bid-cum-Application Form.



- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- 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.
- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Price payable by Eligible Employee does not exceed Rs.1,00,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion may Bid at Cut off Price.
- Eligible Employees can apply at the Cut-Off Price.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion 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, subject to maximum number of Equity Shares not exceeding value of Rs. 100,000..
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- 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.

**Bids by Non-Residents, Eligible NRIs, FIIs and FVCIs on a repatriation basis.**

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (Blue colour form), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In the names of individuals, or in the names of FIIs & sub-account registered with SEBI (*other than a sub-account which is a foreign corporate or foreign individual*) or FVCIs and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.
3. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

Bids by Eligible NRIs for a Bid Amount of up to Rs.100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs.100,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee s purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose on the Bid-cum-Application Form. Our Company and the Selling Shareholders will not be responsible for any loss incurred by the Bidder on account of conversion of foreign currency.

It is to be clearly understood that there is no reservation for Non-Residents, Eligible NRIs and FIIs and other non-resident bidders, and all such Bidders will be treated on the same basis as with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.



### **Bids under Power of Attorney**

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies etc., a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason thereof.

### **Bids by Insurance Companies**

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

### **Bids by Provident Funds and Pension Funds**

In the case of Bids made by provident funds, subject to applicable law, with a minimum corpus of Rs.25 crore and pension funds with a minimum corpus of Rs.25 crore, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

### **Bids by Mutual Funds, VCFs and FVCIs**

In the case of Bids made by Mutual Funds, VCFs and FVCIs, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

Our Company and the Selling Shareholders, in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form instead of those obtained from the Depositories.

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company along with the Selling Shareholders and the Syndicate shall open Escrow Account(s) with one (1) 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. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.



The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

#### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSBs shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **Payment into Escrow Accounts for Bidders other than ASBA Bidders**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - (a) In the case of resident QIB Bidders: “Escrow account –RPP– Public Issue – QIB – R”;
  - (b) In the case of Non-Resident QIB Bidders: “Escrow Account- RPP – Public Issue – QIB-NR”;;
  - (c) In the case of Resident Retail and Non-Institutional Bidders: “Escrow Account- RPP– Public Issue – R”;
  - (d) In the case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account- RPP– Public Issue – NR”;; and
  - (e) In the case of Eligible Employees: “Escrow Account –RPP Infra – Public Issue – Employee”



4. In the case of Bids by Eligible NRIs applying on a 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 NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.
5. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by 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 NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.
6. In case of Bids by FIIs & sub-account and FVCIs 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 draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders (other than ASBA Bidders) until the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts into the Public Issue Account as per the terms of the Escrow Agreement and the surplus amount to be transferred to refund account.
10. On the Designated Date and no later than ten (10) working days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation/allotment to such Bidders.
11. **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**

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 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. Accordingly, payment through Stockinvest will not be accepted in this Issue.

#### **Submission of Bid-cum-Application Form**



All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

## **OTHER INSTRUCTIONS**

### **Joint Bids in case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one). Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

Our Company and the Selling Shareholders reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The applications will be electronically matched for similar Depository Participant's identity (DP ID) and client identity (Client ID) numbers. If applications bear the same numbers, these will be treated as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by employees under both under the Employee Reservation Portion as well as in the Issue shall not be treated as multiple bids.

Our Company and the Selling Shareholders, in consultation with the BRLM reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

### **Permanent Account Number ("PAN")**

SEBI had issued a circular directing that with effect from July 2, 2007, PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Pursuant to Item XII(B)(17)(c) of Part A of Schedule VIII to the SEBI (ICDR) Regulations, all applicants



are required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected.

Therefore, irrespective of the amount of the Bid, the Bidder or in the case of a Bid in joint names, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Applications without this information 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.**

#### **OUR COMPANY'S RIGHT TO REJECT BIDS**

In case of QIB Bidders, our Company and the Selling Shareholders, in consultation with the BRLM, may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, our Company and the Selling Shareholders will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in this Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for  
With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;;
2. Bank account details (for refund) not given;
3. Age of first Bidder not given;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. Bidder's PAN number is not mentioned in the Bid. It is to be specifically noted that the Bidders should not submit the GIR number instead of the PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Submission of more than five (5) ASBA Bid cum Application Forms per bank account;
11. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
12. Bids for a number of Equity Shares, which are not in multiples of [●];



13. Category not ticked;
14. Multiple Bids as defined in the Red Herring Prospectus;
15. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
16. Bids accompanied by Stockinvest/money order/postal order/cash;
17. Signature of sole and/or joint Bidders missing;
18. Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Members or the SCSBs;
19. Bid-cum-Application Form does not have the Bidder's depository account details or the details given are incomplete;
20. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
21. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
22. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum- Application Form;
23. 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 account number;
24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
25. Bids by QIBs not submitted through the BRLM or in case of ASBA Bids for QIBs not intimated to the BRLM;
26. Bids by OCBs;
27. Bids by U.S. residents or U.S. persons other than in reliance on Regulation S or Rule 144A under the Securities Act;
28. Bids by persons who are not eligible to acquire Equity Shares of our Company under any applicable law, rule, regulation, guideline or approval, in India or outside India;
29. Bids by employees or directors of our Company who are not eligible to apply in the Employee Reservation Portion; and
30. Bids by Eligible Employees for more than Rs 1,00,000 bidding under Employee Reservation Portion.
31. Bids not uploaded on the terminals of the Stock Exchanges;
32. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and



33. In case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database.

#### **Equity Shares in Dematerialized form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- (a) a tripartite agreement dated October 19, 2010 among NSDL, our Company and the Registrar to the Issue; and
- (b) a tripartite agreement dated July 20, 2010, among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- 1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
- 2. The Bidder must necessarily complete the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid-cum-Application Form or Revision Form.
- 3. 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.
- 4. Names in the Bid-cum-Application Form or Bid Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- 5. If incomplete or incorrect details are given under the heading "Bidder's Depository Account Details" in the Bid-cum- Application Form or Bid Revision Form, it is liable to be rejected.
- 6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those recorded with his or her Depository Participant.
- 7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- 8. The trading of the Equity Shares will be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.
- 9. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

#### **COMMUNICATIONS**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, the Bid-cum-Application Form number, details



of the Depository Participant, number of Equity Shares applied for, the date of Bid-cum-Application Form, the name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and the cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

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

The Red Herring Prospectus, in so far as it relates to terms of the Issue should be read in conjunction with the aforestated paragraphs, to the extent applicable.

#### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (15) working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. S. Saritha as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems.

#### **PAYMENT OF REFUND**

The Bidders other than ASBA Bidders should note that on the basis of the 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 Bidder's bank account details including a nine digit Magnetic Ink Character Recognition ("MICR") code. 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 Bidder's sole risk and neither our Company, the Selling Shareholders, the BRLM and the Syndicate Members nor the Escrow Collection Banks shall have any responsibility and undertake any liability for the same.

#### **Mode of making refunds**

The payment of refund, if any, for Bidders other than ASBA Bidders, would be done through various modes in the following order of preference:

1. NECS- Payment of refund would be done through NECS for applicants having an account at any of the 68 centres notified by SEBI, where clearing houses for NECS are managed by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through NECS is mandatory for applicants having a bank account at any of the sixty eight (68) centres notified by SEBI, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
2. NEFT- Payment of refund may be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR") , if any, available to that particular bank branch. The IFSC Code will be obtained from the website of the RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.



3. Direct Credit- Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.
4. RTGS- Applicants having a bank account at any of the 68 centres notified by SEBI, and whose Bid Amount exceeds Rs.1,00,000, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC Code in the Bid-cum-Application Form. In the event of failure to provide the IFSC Code in the Bid-cum-Application Form, the refund shall be made through the ECS or direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
5. Please note that only applicants having a bank account at any of the 68 centres notified by SEBI where clearing houses for NECS are managed by the RBI are eligible to receive refunds through the modes detailed hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs.1,500 and through Speed Post/Registered Post for refund orders of Rs.1,500 and above. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve (12) working days from the Bid/Issue Closing Date.

#### **Interest on refund of excess Bid Amount**

In case of delay, if any, in refund, our Company and the Selling Shareholders shall pay interest on the application money at the rate of 15% p.a. for the period of delay

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST**

With respect to Bidders other than ASBA Bidders, our Company and the Selling Shareholders shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two (2) working days of date of Basis of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within ten (10) working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within ten (10) working days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within twelve (12) working days of the Bid/Issue Closing Date..

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertake that:



- Allotment of Equity Shares shall be made only in dematerialized form within twelve (12) days of the Bid/Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within ten (10) working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unlocking of the ASBA Bidder's Bank Account shall be made within ten (10) working days from the Bid/Issue Closing Date; and

Our Company and the Selling Shareholders shall pay interest at 15% p.a. for any delay beyond the fifteen (15) Working Days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within ten (10) Working Days from the day our Company and the Selling Shareholders become liable to repay (i.e. ten (10) Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within ten (10) Working Days from the day our Company becomes liable to repay it, our Company, the Selling Shareholders and every officer in default shall, on and from expiry of ten (10) Working Days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

**Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.**

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the Syndicate Members will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Save and except refunds effected through the electronic mode, i.e., NECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:**

***“Any person who:***

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,***

***shall be punishable with imprisonment for a term which may extend to five years”.***

## **ALLOTMENT**

### **Basis of Allotment**

#### **A. For Retail Individual Bidders**



- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

**B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

**C. For QIB Bidders**

- Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion shall be determined as follows:
    - (i) If bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the QIB Portion.



- (ii) If the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
  - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (b) below.
- (b) In the second instance allocation to all Bidders shall be determined as follows:
  - (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
  - (ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
  - (iii) Under subscription, if any, in the Mutual Fund Portion, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLM, the Registrar to the Issue and the executive director or the managing director of the Designated Stock Exchange shall ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations. The drawing of lots (where required) to finalize the Basis of Allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

#### **D. Employee Reservation Portion**

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. Allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full 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 at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate allocation, refer below.
- Only Eligible Employees can apply for Equity Shares under the Employee Reservation Portion.

#### **Procedure and Time of Schedule for Allotment and Demat Credit of Equity**

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate or SCSBs will accept bids for the Equity Shares during the Bidding/Issue Period. The Bidding/Issue Period will commence on Thursday, November 18, 2010 and close on Monday, November 22, 2010. Following the expiration of the Bidding/Issue Period, our Company and the Selling Shareholders, in consultation with the BRLM, will determine the Issue Price, and, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI (ICDR) Regulations require our Company to complete the Allotment to successful Bidders within ten (10) working days of the expiration of the Bidding/Issue Period. The Equity Shares will then be credited and



Allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

#### **Method of proportionate basis of Allotment**

In the event the Issue is oversubscribed, the basis of Allotment shall be finalized by our Company and the Selling Shareholders, in consultation with the BRLM and 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. Allotment to Bidders 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 by them.
- (b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.
- (c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.
- (e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and

The successful Bidders out of the total Bidders for a portion shall be determined by the drawing 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 (c) above; and

- (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 portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

#### **Illustration of Allotment to QIBs and Mutual Funds ("MF")**

##### *Issue details*

| No. | Particulars                                                        | Issue Details            |
|-----|--------------------------------------------------------------------|--------------------------|
| 1.  | Issue size                                                         | 200 crores equity shares |
| 2.  | Portion available to QIBs*                                         | 100 crore equity shares  |
| 3.  | Anchor Investor Portion                                            | 30 crores                |
| 4.  | Portion available to QIBs* other than anchor investors [(2) – (3)] | 70 crores equity shares  |
|     | Of which                                                           |                          |



| No. | Particulars                        | Issue Details             |
|-----|------------------------------------|---------------------------|
| (a) | Reservation to MF (5%)             | 3.5 crores equity shares  |
| (b) | Balance for all QIBs including MFs | 66.5 crores equity shares |
| (c) | No. of QIB applicants              | 10                        |
| (d) | No. of shares applied for          | 500 crores equity shares  |

*Details of QIB Bids*

| No.          | Type of QIBs | No. of shares bid for<br>(in crores) |
|--------------|--------------|--------------------------------------|
| 1.           | A1           | 50                                   |
| 2.           | A2           | 20                                   |
| 3.           | A3           | 130                                  |
| 4.           | A4           | 50                                   |
| 5.           | A5           | 50                                   |
| 6.           | MF1          | 40                                   |
| 7.           | MF2          | 40                                   |
| 8.           | MF3          | 80                                   |
| 9.           | MF4          | 20                                   |
| 10.          | MF5          | 20                                   |
| <b>TOTAL</b> |              | <b>500</b>                           |

*\*A1 – A5: (QIBs bidders other than Mutual Funds), MF1 – MF5: (QIB bidders which are Mutual Funds)*

*Details of Allotment to QIB Applicants*

| Type of QIB | Shares bid for | Allocation of 5% equity shares<br>(see Note 2 below) | Allocation of 95% equity shares<br>(see Note 4 below) | Aggregate allocation to Mutual Funds |
|-------------|----------------|------------------------------------------------------|-------------------------------------------------------|--------------------------------------|
| (I)         | (II)           | (III)<br>(No. of equity shares in crores)            | (IV)                                                  | (V)                                  |
| A1          | 50             | 0                                                    | 6.65                                                  | 0                                    |
| A2          | 20             | 0                                                    | 2.66                                                  | 0                                    |
| A3          | 130            | 0                                                    | 17.29                                                 | 0                                    |
| A4          | 50             | 0                                                    | 6.65                                                  | 0                                    |
| A5          | 50             | 0                                                    | 6.65                                                  | 0                                    |
| MF1         | 40             | 0.70                                                 | 5.32                                                  | 6.02                                 |
| MF2         | 40             | 0.70                                                 | 5.32                                                  | 6.02                                 |
| MF3         | 80             | 1.40                                                 | 10.64                                                 | 12.04                                |
| MF4         | 20             | 0.35                                                 | 2.66                                                  | 3.01                                 |
| MF5         | 20             | 0.35                                                 | 2.66                                                  | 3.01                                 |
|             | <b>500</b>     | <b>3.50</b>                                          | <b>66.50</b>                                          | <b>30.10</b>                         |

**Notes:**

1. The illustration presumes compliance with the provisions of regulation 51(1) pertaining to minimum allotment.
2. Out of 70 crore equity shares allocated to QIBs, 3.5 crores (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.



3. The balance 66.5 crore equity shares [i.e. 70 – 3.5 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 500 shares (including 5 MF applicants who applied for 200 shares).
4. The figures at Col. No. IV are arrived as under :
  - a. For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e Col II) X 66.5 / 496.5
  - b. For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e Col II) less shares allotted (i.e., col. III )} X 66.5 / 496.5
  - c. The numerator and denominator for arriving at allocation of 66.5 crore shares to the 10 QIBs are reduced by 3.5 crore shares, which has already been allotted to mutual funds at Col. No. (III).

#### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

Our Company and the Selling Shareholders shall credit each beneficiary account with its depository participant within twelve (12) working days of the Bid/Issue Closing Date. Applicants that are residents of 68 cities where clearing houses are managed by the RBI will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through direct credit, NEFT or RTGS. In the case of other applicants our Company and the Selling Shareholders shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's, sole risk within fifteen (15) working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within fifteen (15) working days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within fifteen (15) days of the Bid/Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) working days from the Bid/Issue Closing Date.

#### **Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, our Company undertakes that:

- Allotment of Equity Shares and credit to the successful Bidder's depository accounts will be completed within twelve (12) Working Days from the Bid/Issue Closing Date;
- Our Company and the Selling Shareholders further agree that they shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the ten (10) working days time period prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Save and except refunds effected through the electronic mode, i.e., ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.



### **Undertakings by our Company**

Our Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with 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 twelve (12) working days from the Bid/ Issue Closing Date;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within twelve (12) working days of the closure of the Issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the certificates of the securities / refund orders to the eligible non-resident Indians shall be dispatched within the specified time; and
- that the refund orders or Allotment advice to the Non-Resident Bidders shall be dispatched within the specified time; and
- No further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment;

### **Utilization of Issue proceeds**

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;
- details of all monies utilized out of the Issue shall be disclosed under an appropriate heading in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

The Board of Directors also certifies that:

- the utilization of monies received from the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of our Company, indicating the purpose for which such monies have been utilized; and
- the details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilized monies have been invested.

Our Company and the Selling Shareholders shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.



## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the 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. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

### **Subscription by foreign investors (NRIs/FIIs)**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA.

While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The Comprehensive Manual for Foreign Direct Investment- Policy & Procedures dated November 2005 issued by the Department of Industry Policy and Promotion, Ministry of Commerce and Industry does not prescribe any cap on the foreign investments in the sector in which our Company operates. Therefore, foreign investment up to 100% is permitted in our Company under the automatic route.

Transfers of equity shares previously required the prior approval of the FIPB. However, by a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

### **Representation from the Bidders**

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters, and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.



As per existing regulations, OCBs cannot participate in the Issue.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S promulgated under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "Qualified Institutional Buyers", as defined in Rule 144A promulgated under the Securities Act in reliance on Rule 144A and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



## SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning given to such terms in the Articles of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of our Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/splitting are required to be stated. The regulations contained in Table A of Schedule I of the Companies Act, 1956, shall apply to our Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of our Company.*

### INCREASE, REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

#### On what conditions the new shares may be issued

- (a) Subject to the provisions of sections 80, 81, and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and to the provisions of the said Sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

#### Further Issue of Shares

- (b) 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 out of the increased share capital then:
- (i) 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.
- (ii) 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.
- (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) 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.

- (iv) 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 shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.



- (c) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
  - (i) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (ii) Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in 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.
- (d) Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - (i) To extend the time within which the offer should be accepted; or
  - (ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company :
  - (i) To convert such debentures or loans into shares in the Company; or
  - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

**PROVIDED THAT** the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term ;

- (i) 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
- (ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

**Directors may allot shares fully paid up**

- (f) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.



**Same as original capital**

- (g) 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 original capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

**7. Power to issue Redeemable Preference Shares**

- (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that:

- (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption
  - (ii) no such shares shall be redeemed unless they are fully paid;
  - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
  - (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference share may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
  - (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorised Share Capital.
  - (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relate to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.



#### **Provision in case of Redemption of preference Shares**

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated upto the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :

- (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Shares Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefor.

#### **Power To Issue Equity Shares at Discount**

- (c) The Board shall have a power to issue equity shares at a discount in manner and subject to conditions contained in section 79 (A) of the Act.

#### **Reduction of capital**

9. The Company may, from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be:

- (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

#### **Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares**

10. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:
- (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;



- (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.
- (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.
- (d) cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

**Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc**

- 11 (a) If the Company has:
- (i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;
  - (ii) converted any shares into stock;
  - (iii) reconverted any stock into shares;
  - (iv) sub-divided its share or any of them;
  - (v) redeemed any redeemable preference shares; or
  - (vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act

The Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

- (b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

**Modifications of rights**

12. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provision of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Articles 102 is not present, those persons who are present shall be quorum.



## **SHARES AND CERTIFICATES**

### **Issue of further shares not to affect right of existing share holders**

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

### **Provisions of Sections 85 to 88 of the Act to apply**

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

### **15. Register of Members and Debenture holders**

- (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.
- (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Annual Returns and giving inspection thereof and furnishing copies thereof.

### **Commencement of business**

16. The Company shall comply with the provisions of Section 149 of the Act.

### **Restriction on allotment**

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

### **Shares to be numbered progressively and no shares to be sub-divided**

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

### **Shares at the disposal of the Directors**

19. Subject to the provision 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 Directors who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion either as right or bonus 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 and other related provisions 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 or 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.

- 19A Subject to the Compliance of provisions of section 81 (IA) or any other provisions of the Companies Act, 1956 read with rules or regulations and guidelines framed thereunder, if any, the Company have an authority to create, offer, issue or allot to or for the benefit of any person(s) or Company(ies) or body(ies) corporate including Promoters or Directors or relatives and friends of Directors or employees of the Company, shares of securities of any kind whether convertible or non-convertible into shares, or warrants giving an option to holder thereof to subscribe to shares or securities of any kind whether convertible or non-convertible into shares, on such terms and conditions including condition as to price as may be determined by the general meeting authorizing issue/offer and allotment of such shares or securities on preferential basis or private placement basis or in any manner and where no such terms and conditions determined by the general meeting, on such terms and conditions including the conditions as to price as may be determined by the Board of Directors.

**Every share transferable etc**

- 20 (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie, evidence of the title of the member of such shares.

**Application of premium received on issue of shares**

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.
- (b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.
- (i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- (ii) in writing off the preliminary expenses of the Company;
- (iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
- (iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

**Sale of fractional shares**

22. If and whenever, as the result of issue of new or further shares or any consolidation or subdivision of shares, any shares are held by members in fractions, the Directors shall, subject to the



provisions of the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall, his title to the shares, be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### **Acceptance of Shares**

23. [A] An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purpose of these Articles, be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

#### **Power of Company to purchase its own Securities**

- [B] Notwithstanding anything contained in the Act, but subject to the provision of Sub-Section (2) and Section 77 B of the Act, the Company shall have power to purchase its own shares or other specified securities (Referred to as Buy-Back) from.

- (i) Out of free Reserve or,
- (ii) Out of Share Premium Account or,
- (iii) Out of proceeds of an earlier Issue other than fresh Issue of share made specifically for the purpose of Buy-Back Shares.

#### **Deposits and calls etc. to be a debt payable immediately**

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

#### **Trusts not recognised**

25. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have expressed or implied notice thereof and the provisions of Section 153 of the Act shall apply.

#### **Issue of Certificates of Shares to be governed by Section 84 of the Act etc.**

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.



#### **Certificate of Shares**

- (b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

#### **Limitation of time for issue of certificate**

- 27.
- (a) Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery 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, sub-division, 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 numbers and distinctive numbers 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, provide 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 of one of several joint holders shall deliver to all such holder.
  - (b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity shares / 10 (Ten) debentures (all relating to the same series) in market lots as the case may be.
  - (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

#### **Issue of new certificate in place, lost or destroyed**

28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacements of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement or 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.



## **LIEN**

### **Company's lien on Shares/Debentures**

44. The Company shall have first and paramount lien upon all the shares / debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether society or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares / debentures shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempted from the provisions of this Clause.

### **As to enforcing lien by sale**

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

### **Application of proceeds of sale**

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debenture at the date of the sale.

### **Outsiders lien not to affect Company's lien**

- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

## **FORFEITURE**

47. **If call or instalment not paid notice must be given**

- (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debentureholder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other



moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

#### **Form of Notice**

- (b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other moneys is or are payable will be liable to be forfeited.

#### **In default of payment, shares or debentures to be forfeited**

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debenture and not actually paid before the forfeiture.

#### **Entry of forfeiture in Register of members/debenture holders**

49. When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

#### **Forfeited share/debenture to be property of Company and may be sold**

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed off either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

#### **Power to annul forfeiture**

51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed off, annul forfeiture thereof upon such conditions as they think fit.

#### **Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest**

52. Any member or debenture holder whose shares or debenture have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.



#### **Effect of forfeiture**

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights and by these Articles are expressly saved.

#### **Certificate of forfeiture**

54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

#### **Validity of sales under Articles 45 and 50**

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debentureholders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

#### **Cancellation of share/debenture Certificate in respect of forfeited shares/debentures**

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debentureholder) stand cancelled and become null and void and be of no effect, and the Directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debenture to the person/s entitled thereto.

#### **Title of purchaser and allottee of forfeited shares/debentures**

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed off, may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

#### **Surrender of Shares or Debentures**

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.



## **TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**

### **Register of transfers**

59. The Company shall keep a book to be called the “Register of transfers” and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

### **Instrument of transfer**

60. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies ACT, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

### **Instrument of transfer to be executed by transferor and transferee**

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

### **Directors may refuse to register transfer**

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operations of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

### **Transfer to shares**

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by



or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the Certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

- (d) Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.

- (e) The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.

(i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;

(ii) the transfer of the entire Equity shares/debentures by an existing shareholder/ debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures ( all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.

(iv) the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid Conditions in a fit and proper case (s) and the decision of the Board shall be final in such case(s).

- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

#### **Custody of instrument of transfer**

- 64. [A] The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.



### **Dematerialisation/Rematerialisation**

- [B] Notwithstanding anything contained in these Articles the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

### **Option for Investors**

- [C] Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time option out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required Certificates for the Securities. If a person opts to hold its Security with Depository, the Company shall intimate such depository the details of allotment of the Security.

### **Securities in Depository to be in fungible form**

- [D] All securities of the Company held by the Depository shall be dematerialised and be in fungible form.  
Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

### **Rights of Depositories and Beneficial Owners**

- [E] (i) Notwithstanding any thing to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

### **Service of Documents**

- [F] Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

### **Transfer of Securities**

- [G] Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effect by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository.



#### **Allotment of Securities dealt with in a depository**

- [H] Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

#### **Register and Index of Members**

- [I] The company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

#### **Applicability of the Depositories Act**

- [J] In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act, 1996 shall apply.

#### **Transfer books and Register of members when closed**

65. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

#### **Transfer to Minors etc.**

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

#### **Title to shares of deceased holder**

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained Probate or Letters of Administration or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.



#### **Registration of persons entitled to share otherwise than by transfer**

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member as in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.
- (b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

#### **Nominations**

- (c) [i] Every Share holder or Debentureholder or depositholder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act, and shall have all powers vested under Section 109B of the Depository Act, 1996.
- [ii] Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits, as the case may be, shall vest in the event of death of all the joint holders.
- [iii] Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purpose to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debentureholder or Depositholder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- [iv] Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death during the minority.

#### **Claimant to be entitled to same advantage**

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time



give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

**Persons entitled may receive dividend without being registered as member**

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

**Refusal to register nominee**

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Directors may require evidence of transmission**

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

**No fee on transfer or transmission**

74. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

**The Company not liable for disregard of a notice prohibiting registration of transfer**

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice 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, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.
76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

**JOINT HOLDERS**

**Joint-holders**

77. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.



**No transfer to more than four persons as joint holders**

- (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

**Transfer by joint holders**

- (b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

**Liability of joint holders**

- (c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

**Death of one or more joint holders**

- (d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

**Receipt of one sufficient**

- (e) Any one of such joint holders may give effectual receipts of any dividends, interest or other moneys payable in respect of such share/debenture.

**Delivery of certificate and giving of notices to first named holder**

- (f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2) (a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

**Vote of joint holders**

- (g)
  - (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting by proxy although the name of such joint holder present by Attorney or by proxy stands first or higher (as the case may be) in the Register in respect of such shares.
  - (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.



## **BORROWING POWERS**

### **Restriction on powers of the Board**

78. The Board of Director shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company:
- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, or any such undertaking.
  - (b) remit, or give time for the repayment of any debt due by a Director.
  - (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.
  - (d) borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.
  - (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Director under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

### **Condition on which money may be borrowed**

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stock or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

### **Bonds, Debentures etc. to be subject to the control of Directors**

80. Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such considerations they shall consider to be for the benefit of the Company. Provided that bonds, debentures, debenture stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.



### **Securities may be assignable free from equities**

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

### **Issue at discount etc. or with special privileges**

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

### **Debentures with voting rights not to be issued**

- (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in Section 125 of the Act.
- (e) The term 'charge' shall include mortgage in these Articles.
- (f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

### **Limitation of time for issue of Certificate**

- (g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

### **Right to obtain copies and inspect Trust Deed**

- (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.

(1) In the case of a printed Trust Deed of the sum of Rupee One and

(2) In the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.



(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.

**Mortgage of uncalled capital**

83. If any uncalled capital of the Company is included on or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

**Indemnity may be given**

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

**Registration of charges**

- 85
- (a) The provisions of the Act relating to registration of charges shall be complied with.
  - (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.
  - (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribing manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.
  - (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration
  - (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of Act shall be complied with.
  - (f) The Company shall comply with the provisions of Section 129 of the Act in relating to particulars in case of series of debentures entitling holders *pari passu*.
  - (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
  - (h) The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
  - (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.



- (j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.
- (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creation charge at the registered office of the Company and comply with the provisions 137 of the Act in entering in the register of charges any appointment of Receiver or Manager as therein provided.
- (l) The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
  - (i) a short description of the property charged;
  - (ii) the amount of the charge; and
  - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
- (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

**Trust not recognised**

86. No notice of any trust, expressed or implied or constructive, shall be entered on the Register of Debenture holders.

**SHARE WARRANTS**

**Powers to issue share warrants**

87. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require to issue a share warrant.

**Deposit of share warrants**

88. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the share included in the deposited warrant.
- (b) Not more than one person shall be recognised as depositor of the Share Warrant.



- (c) The Company shall on two days' written notice return the deposited share warrant to the depositor.

#### **Privileges and disabilities of the holders of share warrant**

- 89. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of the privileges of member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

#### **Issue of new share warrant or coupon**

- 90. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

#### **Shares may be converted into stock**

- 91. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

#### **Rights of Stock holders**

- 92. The holders of stock shall, according to the amount of stock, held by them have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the share from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

### **VOTES OF MEMBERS**

#### **Restrictions on exercise of voting rights of members who have not paid calls**

- 104. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

#### **Restriction on exercise of voting right in other cases to be void**

- 105. A member is not prohibited for exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.



#### **Equal rights of share holders**

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

#### **Voting to be by show of hands in first instance**

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

#### **No voting by proxy on show of hands**

- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

#### **How members non compos minutes and minor may vote**

- (c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

#### **Votes in respect of shares of deceased or insolvent members etc.**

- (d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

#### **(e) Custody of Instrument**

If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

#### **(f) Validity of votes given by proxy notwithstanding death of members etc.**

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.



**(g) Time for objections for vote**

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 an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

**(h) Chairman of any meeting to be the judge of any vote**

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

**Chairman's declaration of result of voting by show of hands to be conclusive**

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

**Demand for poll**

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

**Time of taking poll**

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.
- (b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

**Right of a member to use his votes differently**

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

**Scrutineers at poll**

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- (b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.



#### **Manner of taking poll and result thereof**

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

#### **Casting Vote**

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

#### **Representation of Body Corporate**

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

#### **Representation of the President of India or Governors**

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.
- (b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.
- (c) Public Trustee  
The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

#### **Circulation of member's resolution**

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolution.

#### **Resolution requiring special notice**

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

#### **Resolutions passed at adjourned meeting**

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.



#### **Registration of resolutions and agreements**

121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

#### **Minutes of proceedings of general meeting and of Board and other meetings**

122. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed :
- (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
  - (ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
- (i) the names of the Directors present at the meetings, and
  - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (i) is or could reasonably be regarded, as defamatory of any person
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company.
- The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

#### **Minutes to be considered to be evidence**

- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

#### **Presumptions to be drawn where minutes duly drawn and signed**

123. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

#### **Inspection of Minutes Books of General Meetings**

124. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
- (i) be kept at the registered office of the Company, and



- (ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

#### **Publication of reports of proceeding of general meetings**

125. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

### **VOTES OF MEMBERS**

#### **Restrictions on exercise of voting rights of members who have not paid calls**

104. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shall be regulated by the provisions of Section 187 B of the Act.

#### **Restriction on exercise of voting right in other cases to be void**

105. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

#### **Equal rights of share holders**

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

#### **Voting to be by show of hands in first instance**

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

#### **No voting by proxy on show of hands**

- (b) No member not personally shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

#### **How members non compos mentis and minor may vote**

- (c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his



committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

**Votes in respect of shares of deceased or insolvent members etc.**

- (d) Subject to the provision of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

**Custody of Instrument**

- (e) If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meeting of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

**Validity of votes given by proxy notwithstanding death of members etc.**

- (f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

**Time for objections for vote**

- (g) 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 an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

**Chairman of any meeting to be the judge of any vote**

- (h) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

**Chairman's declaration of result of voting by show of hands to be conclusive**

- 109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

**Demand for poll**

- 110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands a poll may be ordered to be taken by the Chairman of the meeting of his own



motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

#### **Time of taking poll**

- 111. (a) A poll demanded on a question of adjournment shall be taken forthwith.
- (b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

#### **Right of a member to use his votes differently**

- 112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

#### **Scrutineers at poll**

- 113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- (b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

#### **Manner of taking poll and result thereof**

- 114. (a) Subject to the provision of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

#### **Casting Vote**

- 115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote to which he may be entitled as a member.

#### **Representation of Body Corporate**

- 116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it



thinks fit, to act as its representative at any meeting to the Company or of any class of members of the Company or at any meeting of creditors of the Company.

**Representation of the President of India or Governors**

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.
- (b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

**Public Trustee**

- (c) The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

**Circulation of member's resolution**

- 118 The Company shall comply with provision of Section 188 of the Act, relating to circulation of members' resolutions.

**Resolution requiring special notice**

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

**Resolutions passed at adjourned meeting**

120. The provision of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

**Registration of resolutions and agreements**

121. The Company shall comply with the provision of Section 192 of the Act relating to registration of certain resolutions and agreements.

**Minutes of proceedings of general meeting and of Board and other meetings**

122. (a) The Company shall cause minutes of all proceedings of general meetings and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed.



- (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
  - (i) the names of the Directors present at the meetings, and
  - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clauses (a) to (b) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
  - (i) is or could reasonably be regarded, as defamatory of any person
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

**Minutes to be considered to be evidence**

- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

**Presumptions to be drawn where minutes duly drawn and signed**

123. Where minutes of the proceedings of any general meeting of the Company or any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

**Inspection of Minutes Books of General Meetings**

124. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
- (i) be kept at the registered office of the Company, and



- (ii) be open, during the business hours to be the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting, impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

**Publication of reports of proceeding of general meetings**

125. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.



## **SECTION IX: OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two (2) years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Coimbatore, Tamil Nadu for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company at P and C Tower, 140, Perundurai Main Road, Erode 638 011, India, from 10.00 a.m. to 5.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### **Material Contracts**

1. Agreement dated May 17, 2010 amongst our Company and VC Corporate Advisors Private Limited as BRLM to the Issue.
2. Agreement dated May 17, 2010 amongst our Company, Selling Shareholders, and the BRLM.
3. Memorandum of Understanding dated March 12, 2010 executed by our Company with Registrar to the Issue.
4. Escrow Agreement dated [●] between our Company, the BRLM, Selling Shareholders, Escrow Collection Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [●] between our Company, Selling Shareholders, the BRLM and Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, Selling Shareholders, the BRLM and Syndicate Members.

#### **Material Documents**

1. Our Company's Memorandum of Association and Articles of Association, as amended.
2. Our Company's Certificate of Incorporation.
3. Copy of the board resolution dated March 9, 2010 authorizing the Issue and related matters.
4. Copy of the shareholders' resolutions passed under Section 81(1A) of the Companies Act, 1956 dated March 13, 2010 authorizing the Issue and related matters.
5. Copy of shareholder's resolution dated March 13, 2010 appointing Mr. P. Arul Sundaram as Chairman and Managing Director of our Company;
6. Copy of shareholder's resolution dated March 13, 2010 appointing Ms. A. Nithya as Whole Time Director of our Company;
7. Present terms of employment between the Company and the Directors as approved by the Board and the shareholders of our Company
8. Copy of Contract Agreement for appointment of the Managing Director and the Whole-time Director.



9. Copies of annual reports of our Company for the years ended March 31, 2010, 2009, 2008, 2007 and 2006.
10. Report of the Auditors, M/s Karthikeyan & Jayaram, Chartered Accountants, dated October 22, 2010 prepared as per Indian GAAP and mentioned in the Red Herring Prospectus.
11. Copy of the tax benefit statement dated October 22, 2010 from the Statutory Auditor, M/s Karthikeyan & Jayaram, Chartered Accountants.
12. Statutory Auditors certificate dated October 22, 2010 on Sources and Deployment of the Funds incurred on the project.
13. Consents of the Bankers to our Company, the BRLM, the Syndicate Members, the Registrar to the Issue, the Escrow Collection Bank(s), the Bankers to the Issue, the Legal Advisors to our Company, the Statutory Auditors and the Underwriters, the Directors of our Company, the Company Secretary and the Compliance Officer, as referred to, in their respective capacities.
14. Copy of certificate from the statutory Auditors of our Company, M/s Karthikeyan & Jayaram, Chartered Accountants, dated August 27, 2010 regarding the Eligibility of the Issue.
15. Board Resolution dated May 17, 2010 for approval of Draft Red Herring Prospectus.
16. Consent of Fitch Ratings India Private Limited a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus & Prospectus.
17. IPO grading letter dated October 22, 2010 issued by Fitch Ratings India Private Limited, a credit rating agency registered with SEBI.
18. In-principle listing approvals dated June 25, 2010 and August 24, 2010 from the BSE and the NSE, respectively.
19. Tripartite Agreement among NSDL, the Company and the Registrar to the Issue dated October 19, 2010.
20. Tripartite Agreement among CDSL, the Company and the Registrar to the Issue dated July 20, 2010.
21. SEBI observation letter No. SRO/DIL/2010 dated October 14, 2010.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the SEBI (ICDR) Regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

| Name & Designation                                                                    |
|---------------------------------------------------------------------------------------|
| Sd/-<br>Mr. P. Arul Sundaram<br><i>Chairman &amp; Managing Director</i>               |
| Sd/-<br>Ms. A. Nithya<br><i>Wholetime Director</i>                                    |
| Sd/-<br>Mr. S. Thirunavukarasu<br><i>Non-Independent &amp; Non-Executive Director</i> |
| Sd/-<br>Mr. R.P. Muralithasan<br><i>Non-Independent and Non-Executive Director</i>    |
| Sd/-<br>Mr. A. Murugesan<br><i>Independent Director</i>                               |
| Sd/-<br>Mr. V. Subramanian<br><i>Independent Director</i>                             |
| Sd/-<br>Mr. A.P.C. Krishnamoorthy<br><i>Independent Director</i>                      |
| Sd/-<br>Mr. Meenakshi Sundaram<br><i>Independent Director</i>                         |

### SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Sd/-  
Ms. Saritha

### SIGNED BY THE HEAD OF FINANCE DEPARTMENT

Sd/-  
Ms. A. Nithya

Date: November 02, 2010  
Place: Erode



#### **DECLARATION OF THE SELLING SHAREHOLDERS**

We certify that all the statements in this Red Herring Prospectus in relation to the Selling Shareholders is true and correct. The Selling Shareholders assumes responsibility for statements in relation to Selling Shareholders in this Red Herring Prospectus.

#### **SIGNED BY THE SELLING SHAREHOLDER**

| <b>Name</b>                  |
|------------------------------|
| Sd/-<br>Mr. P. Arul Sundaram |
| Sd/-<br>Ms. A. Nithya        |

Date: November 02, 2010

Place: Erode



### **Fitch Assigns '2(ind)' Grading to RPP Infra Projects' IPO**

Fitch Ratings has today assigned a grade of '2(ind)', out of a maximum of '5(ind)', to RPP Infra Projects Limited's (RPPIPL) proposed initial public offering (IPO) of 6,500,000 shares of INR 10 each. The grade indicates below-average fundamentals of the issue relative to other listed equity securities in India. This grading does not comment on the suitability of the issue process or the adequacy of the price.

The grading factors in RPPIPL's strong revenue growth and order book of INR5.17bn (3.6x FY10 revenue). The company has shown a revenue compound annual growth rate of about 36% over the past five years.

The grading is constrained by concerns relating to corporate governance and RPPIPL's lack of experience in build operate-transfer (BOT) projects. The managing director and one of the independent directors of the company have been disqualified from being appointed and/ or re-appointed as directors on the Board of any public limited company, due to non-filing of annual accounts for FY05-FY07 by a group company, SPAC Tapioca Products (India) Ltd (in which they were directors). The concentration of projects in Tamil Nadu (TN) with about 50% of the contracts with the TN government entities is a concern. Given the high working capital requirement of the industry managing working capital while maintaining strong growth is likely to be a key challenge for the company.

The proposed IPO comprises 6.5 million equity shares of face value of INR10 a share, which includes a fresh issue of 6.1 million equity shares by the company, and an offer of sale of 0.4 million equity shares by the promoters. The purpose of the IPO is to fund margin requirements for working capital of INR170m, purchase construction equipment of INR110m, investment in BOT projects of INR100m, and the balance for other general corporate purposes.

Incorporated in 1995, RPPIPL is a civil construction company, primarily involved in the business of civil works for industrial and commercial complexes, development of roads, bridges and highways, special economic zones, water management projects as well as irrigation and power projects. In FY10, the company's revenue was INR1.4bn, operating EBITDA was INR147.6m and net profit was INR83.1m. In Q1FY11, RPPIPL's revenue was INR366m, operating EBITDA was INR49m, with EBITDA margins improving to 13.5% from 10.2% in FY10.

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