



SUPREME INFRASTRUCTURE INDIA LIMITED

(Incorporated in Mumbai under the Companies Act, 1956 as Supreme Asphalts Private Limited on 8th April 1983. The name of the Company was changed to Supreme Infrastructure India Private Limited and a Fresh Certificate of Incorporation dated 10th April 2002 was issued by the ROC, Mumbai. The Company was then converted into a public limited company and a Fresh Certificate of Incorporation dated 30th August 2005 was issued by the ROC, Mumbai.)

Registered Office: 8, Bhawani Service Industrial Estate, IIT Powai, Mumbai- 400 076

(The registered office of the Company was shifted from 4, Sunder Mansion, 3rd Floor, Chembur, Mumbai 400072 to 508, Swastik Chambers, C.S.T.Road, Chembur, Mumbai 400 071 w.e.f. 12th November 1985 and subsequently w.e.f. 10th August 1988 its registered office was shifted to the present address).

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Compliance Officer: Mr. Pramod Kumar Rath, Chief Financial Officer

PUBLIC ISSUE OF 38,75,000 EQUITY SHARES OF Rs. 10/- EACH AT A PREMIUM OF Rs. [●]/- PER EQUITY SHARE FOR CASH AGGREGATING Rs. [●] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE CONSTITUTES 27.93% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.

PRICE BAND: Rs. [●]/- TO Rs. [●]/- PER EQUITY SHARE. THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

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

This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. 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.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs. 10/- and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band. The Price Band (as determined by the Company, in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. 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 issued in this 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the chapter titled "Risk Factors" beginning on page [●] of the Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). Company has received in-principle approvals for the listing of the Equity Shares pursuant to letter no. [●] dated [●] from BSE and letter No. [●] dated [●] from NSE. For purposes of this Issue, BSE is the Designated Stock Exchange.

The Company has not opted for IPO Grading

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE	
 Karvy Investor Services Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. Tel: + 91 40 2332 0251 Fax: + 91 40 2337 4714 Email: mbd@karvy.com Website: www.karvy.com		 Bigshare Services Private Limited E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri East, MUMBAI 400 072. Tel: +91 22 2847 3747/3474 Fax: +91 22 2847 5207 Website: www.bigshareonline.com Email: bigshare@bom7.vsnl.net.in	
ISSUE PROGRAMME			
BID / ISSUE OPENS ON:	●	BID / ISSUE CLOSES ON:	●

TABLE OF CONTENTS

I. SECTION- DEFINITIONS AND ABBREVIATIONS	I
A. GENERAL CONVENTIONAL TERMS	I
B. ISSUE RELATED TERMS AND ABBREVIATIONS	I
C. COMPANY/INDUSTRY RELATED TERMS	IV
D. ABBREVIATIONS	IV
II. SECTION - RISK FACTORS	VII
A. FORWARD-LOOKING STATEMENTS	VII
B. RISK FACTORS	VIII
III. SECTION: INTRODUCTION	1
A. SUMMARY	1
B. THE ISSUE	2
C. SUMMARY FINANCIAL DATA	3
D. GENERAL INFORMATION	5
E. CAPITAL STRUCTURE	12
F. OBJECTS OF THE ISSUE	19
G. BASIS OF ISSUE PRICE	25
H. STATEMENT OF TAX BENEFITS	27
IV. SECTION: ABOUT US	31
A. INDUSTRY	31
B. BUSINESS OF THE COMPANY	37
C. HISTORY AND OTHER CORPORATE MATTERS	60
D. THE MANAGEMENT	64
E. DIVIDEND POLICY	79
V. SECTION: FINANCIAL STATEMENTS	80
A. AUDITORS' REPORT	80
B. FINANCIAL INFORMATION OF GROUP COMPANIES	95
C. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	97
VI. SECTION : LEGAL AND OTHER INFORMATION	104
A. OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES	104
B. GOVERNMENT/STATUTORY AND BUSINESS APPROVALS	106
VII. SECTION: OTHER REGULATORY AND STATUTORY DISCLOSURES	108
VIII. SECTION: ISSUE RELATED INFORMATION	116
IX. SECTION: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY	146
X. SECTION: OTHER INFORMATION	160
A. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	160
B. DECLARATION	162

I. SECTION- DEFINITIONS AND ABBREVIATIONS**A. GENERAL CONVENTIONAL TERMS**

Term	Description
Articles/ Articles of Association	The Articles of Association of the Company.
Auditors	The statutory auditors of the Company, being M/s. Shah & Katharia., Chartered Accountants.
Board of Directors / Board	The Board of Directors of the Company or a Committee thereof.
Companies Act	The Companies Act, 1956.
Depositories Act	The Depositories Act, 1996.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Insurance Act	Insurance Act, 1938, as amended from time to time.
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company.
Non Resident	A person resident outside India, as defined under FEMA.
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.
Registered Office of the Company	8, Bhawani Service Industrial Estate, IIT Powai, Mumbai- 400 076
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended.

B. ISSUE RELATED TERMS AND ABBREVIATIONS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
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, a Hindi national newspaper and a regional language 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, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.

SUPREME INFRASTRUCTURE INDIA LIMITED

Term	Description
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Karvy Investor Services Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
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.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Maharashtra, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)
Draft Red Herring Prospectus	The 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 the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with ROC at least three days before the bid/issue opening date. It will become a Prospectus after filing with ROC after finalisation of the Issue Price.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s) / Banker (s) to the Issue	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for this Issue will be opened
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 38,75,000 Equity Shares of Rs. 10/- each fully paid up at the Issue Price aggregating Rs. [●] Lakhs. The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.

SUPREME INFRASTRUCTURE INDIA LIMITED

Term	Description
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 Issue consisting of 5,81,250 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lakhs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	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 the Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus filed with the RoC, in terms of Section 60 of Companies Act, 1956 containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of upto 19,37,500 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lakhs being upto 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion i.e. 96,875 equity shares shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, insurance companies, provident funds with minimum corpus of Rs. 250 Lakhs and pension funds with minimum corpus of Rs. 250 Lakhs.
Refund Banker	[●]
Registrar/ Registrar to this Issue	Bigshare Services Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000/- in any of the bidding options in this Issue.
Retail Portion	Consists of 13,56,250 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lakhs, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Karvy Investor Services Limited and Karvy Stock Broking 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 and the Company to be entered into on or after the Pricing Date.
U.S. GAAP	Generally accepted accounting principles in the United States.

SUPREME INFRASTRUCTURE INDIA LIMITED

Notwithstanding the foregoing, in the chapter titled “Main Provisions of the Articles of Association of the Company on page [●] of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

C. COMPANY/INDUSTRY RELATED TERMS

Term	Description
BOQ	Bill of Quantities
BOT	Build Operate Transfer
BOOT	Build Own Operate Transfer
DRE	Dispute Review Expert
Employer	The Government / semi-Government authorities with whom company enter into contracts for the projects.
EMD	Earnest Money Deposit
FRL	Finished Road Level
Group/Associate Companies/ Firms/ Ventures	Unless the context otherwise requires, refers to companies / other ventures promoted by the Promoter (s) i.e. Supreme Housing and Hospitality Private Limited, Vikram Enterprises and Chitrarth Studio
KVA	Kilo Volt Ampere
LOA	Letter of Acceptance
MMRDA	Mumbai Metropolitan Road Development Authority
MoRTH	Ministry of Road, Transport and Highways
NRRDA	The National Rural Roads Development Agency
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NOC	No Objection Certificate
PMGSY	The Pradhan Mantri Gram Sadak Yojana
Promoter(s)	Unless the context otherwise requires, refers to Mr. Bhawanishankar H. Sharma, Mr. Vikram B. Sharma and Mr. Vikas B. Sharma.
R & D	Research and Development
RCC	Reinforced Concrete Cement
SICOM	SICOM Limited (Formerly known as State Industrial Investment Corporation of Maharashtra Limited)
SRA	Slum Rehabilitation Authority
SSNNL	Sardar Sarovar Narmada Nigam Limited
“Supreme Infrastructure India Limited”, “Supreme”, “our Company”, “the Company” and “Issuer”	Unless the context otherwise requires, refers to Supreme Infrastructure India Limited, a public limited company incorporated under the Companies Act.
“we”, “us” and “our”	Unless the context otherwise requires, refers to Supreme Infrastructure India Limited.

D. ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant.

SUPREME INFRASTRUCTURE INDIA LIMITED

Abbreviation	Full Form
EGM	Extra Ordinary General Meeting of the shareholders of Supreme Infrastructure India Limited.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
MAPIN	Market Participant and Investor Database
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended.
RoC/Registrar of Companies	The Registrar of Companies, Maharashtra, at Mumbai.
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
SCRA	The Securities Contract (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992..
Stock Exchanges	NSE and BSE
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from the Company's restated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period ended 30th September, 2006, prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of the Auditors, M/s. Shah & Katharia., Chartered Accountants, included in the Draft Red Herring Prospectus.

The fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2006), are to the fiscal year ended March 31 of a particular year.

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

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and Company urge you to consult your own advisors regarding such differences and their impact on financial data.

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

II. SECTION – RISK FACTORS

A. FORWARD-LOOKING STATEMENTS

Company has included statements in the Draft 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 the Company 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 the expectations include but are not limited to:

- General economic and business conditions in the markets in which Company operates and in the local, regional and national economies;
- Changes in laws and regulations relating to the industry in which Company operate;
- Increased competition in this industry;
- Change in Government policy with respect to spending on infrastructure in the future;
- The ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- The ability to meet the capital expenditure requirements;
- Fluctuations in operating costs;
- The ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that Company may enter, 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;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which Company are involved.

For a further discussion of factors that could cause the actual results to differ, see the chapters titled “Risk Factors” “The Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages [•], [•] and [•] of the Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

B. RISK FACTORS

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

Internal Risk Factors

- **Public Interest Litigation (PIL) filed by the Bombay Environmental Action Group (BEAG)**

BEAG had filed a Public Interest Litigation (PIL) in the year 2005 (Writ Petition No. 140 of 2005) before the Bombay High Court against the Government of Maharashtra and others for an order and injunction of the Court in relation to certain construction activities leading to pollution in certain areas of Mumbai, including Powai.

The Company was not a party to above proceedings and became an interested party only after the Maharashtra Pollution Control Board (MPCB) filed an Affidavit dated October 3, 2006 before the Court, making certain allegations against the Company.

In the Affidavit annexing a report, MPCB informed the Hon'ble Bombay High Court that it had found the Company carrying out quarrying and stone crushing activities and was also running a RMC Plant at Powai without permission from them. Upon considering the affidavit filed by MPCB, the Court passed an Order dated October 11, 2006 restraining the Company from carrying on the activities of quarrying, stone crushing and from running ready mix concrete (RMC) plant in Powai. The Court has further directed the MPCB to take suitable action, including launching of prosecution proceedings, against the persons engaging in illegal activities.

The matter came up for hearing before the Hon'ble High Court on December 14, 2006 and has been adjourned to January 18, 2007. No further orders have been passed in the matter. No prosecution proceedings against the Company and/or its officials have been launched by the concerned authorities. For further details of the above litigation please refer the Chapter "Outstanding Litigations, Material Developments and Other Disclosures", under section "Legal and Other Information" beginning on page [●] of the DRHP

For a list of all the Government Approvals please refer to the chapter "Government/ Statutory and Business Approvals" under the section titled legal and other information beginning on page [●] of the Draft Red Herring Prospectus.

- **The Company may face opposition from the locals and/or environmental groups or organizations against the quarrying activities undertaken by the Company at Bhiwandi.**

The Company has purchased a plot of land at Bhiwandi, near Mumbai and has received necessary permissions from the local authority for carrying out quarrying activities upto 80,000 MT of building stone and murrum. The Company may face opposition from the locals and/or environmental groups or organizations against the quarrying activities undertaken by the Company. Such opposition may lead to litigations and disruption of operations at the Bhiwandi site.

- **One of the Objects of the Issue is the acquisition and installation of a new ready mix concrete plant and the Company has not yet entered into any agreement in respect of the land where this new plant is proposed to be installed. The Company shall also require necessary permissions to operate this plant after the same is installed.**

One of the Objects of the Issue is to acquire and install a new ready mix concrete plant. The Company has to enter into an agreement with the owner of the land on which the plant shall be installed. The Company shall also be required to apply to various local and state government authorities for the installation and operating of the new ready mix plant and Maharashtra Pollution Control Board (MPCB) for operating the plant. Considering the possibility of any opposition from local residents of the area and environmentalist, the installation of the plant may be jeopardised.

- **The Company has not placed any orders for the entire plant & machinery to be procured aggregating Rs. 2112.10 Lakhs.**

The Company has received quotations from various suppliers for the above requirement and orders for the same will be placed in due course as per the proposed implementation schedule. The Plant & Machinery proposed to be acquired are ready for use and can be immediately put to use after procurement. Further, the estimated period of supply from the date of placement of orders or opening of Letters of Credit is between two to six months.

- **The plant & machinery proposed to be purchased include those which need to be imported and any fluctuation in the exchange rate may have an adverse impact on the cost of the same.**
- **The Company has not executed any contracts for construction of real estate properties in the past and does not possess the experience in such line of activity.**

The Promoter Mr. Bhawanishankar H. Sharma has entered into a MOU dated November 8, 2005 with the Company for the construction and development of the land at Powai owned by him, this was further amended vide amendment dated December 30, 2006. As per the understanding set out in the MOU, the land shall be developed by the promoter group company i.e. Supreme Housing and Hospitality Private Limited and the real estate, including (i) a building for Information Technology related companies (ii) SRA tenements and (iii) saleable area real estate, shall be constructed by the Company on a contractual basis. The Company has in the past been executing contracts in the infrastructure sector relating to roads and the construction of real estate on the land owned by the Promoter is a new line of activity for the Company. The Company shall be vulnerable to risks associated with such ventures like price escalation, delay in completion of the contract and deficiency in the quality of construction. These are also subject to the definitive agreements that are yet to be entered into between the Promoter and/or Supreme Housing and Hospitality Private Limited.

- **One of the objects of the Issue is to purchase plant and machinery for construction and development on the land owned by the Promoter.**

The Company proposes to deploy Rs. 677.76 Lakhs from the Proceeds of the Issue for the purchase of plant and machinery to be used in the construction on the land owned by the Promoter. In the event definitive agreement relating to the contract is not entered into, relevant approvals are not received by the Promoter/developer and/or a slump in the demand for real estate such investment in plant and machinery may result in under utilization of the plant and machinery.

- **Orders from NHAI and Sadbhav Engineering Limited constitute approximately 87.22% of the work in hand as per the existing order book of the Company. The Company's revenues shall continue to depend upon such few customers until there are major additions in the order book.**

Infrastructure development in the Country is a state subject and therefore government agencies like NHAI, MMRDA, and MCGM play an active role in infrastructure development. The new projects in this sector are now being undertaken in joint participation with the private sector generally called public-private partnerships to build large infrastructure projects. The Company therefore receives orders from these government agencies based on acceptance of the bid in a competitive bidding process. Companies having large order books have started sub-contracting part of their work to smaller players like Supreme. The contract received from Sadbhav Engineering Limited is one such contract wherein the Company is required to improve and widen part of the project highway between km 510.00 to km 539.00 of Vadape Gonde Section of National Highway No. 3 in the State of Maharashtra. The Company is dependent upon the contracts given by the government agencies and large infrastructure companies for its operations.

- **The Company earns major revenues from contracts awarded to it by the Central, State Government and their agencies. Any slowdown in government spending may adversely affect the growth of the Company**

Growth in expenditure on infrastructure development is driven by the policies of the Central, State Government and their agencies and also to a large extent on external aid. Any slow down consequent to changes in such policies or external aid may adversely affect the growth of the Company.

- **The Company is dependent on road projects that generate majority of its revenues.**

The Company is predominantly dependent upon contracts awarded for road projects by Central and State government agencies either directly or indirectly. The Company is not present in the other infrastructure areas and hence is exposed to the risk of concentration of revenues from the road sector.

- **The activities of the Company comprise of construction of roads, highways and related other projects. Some of the projects are high value projects and provide for levy of penalties in case of delay in completion or the desired performance criteria is not met.**

The contracts awarded by the Central and State government agencies include terms and conditions relating to the timely execution of the project and performance criteria. Penalties are levied by these agencies in case there are delays in completion of the project due to the fault of the party executing the contract. In case there is any delay in the completion of such project for which the Company is accountable, levy of penalties may adversely affect the financial and operational performance of the Company. In case the Company is not able to meet expected performance criteria, receipt of further contracts by the Company from such authority may be jeopardized.

- **The Company's revenues largely depend upon acceptance of the bids submitted for various infrastructure projects. In case the majority of the bids are not accepted, the performance of the Company may be adversely affected.**

The Company competes with various small and large players in bidding for infrastructure projects and the Company's revenues and performance depend largely upon acceptance of the bids submitted by it. The Company's ability to win contracts based on competitive bidding process is limited by virtue of its size and contracts won on thin margins may adversely affect its operations.

- **The title deeds in respect of the bungalow and land at Powai, Mumbai are yet to be transferred in the name of the Company.**

The Promoter has executed certain agreements with the Company transferring a bungalow and land at Powai in the name of the Company for consideration as mentioned therein. The agreements have not been registered with the Registrar of Assurances as certain formalities need to be completed with the land revenue and other concerned government authorities. The transfer of title deeds of the two properties in the name of the Company shall happen in due course. For details of the said bungalow and land at Powai, please refer to the section titled "The Business" beginning on page [●] of the DRHP.

- **Non-maintenance / break-down of equipment can delay the execution of the projects.**

The Company's operations are dependant upon the joint efforts of both man and machinery. The Company uses sophisticated machinery for the execution of its projects. In case of any mechanical failure due to non-maintenance of the machinery or parts may affect the completion of the projects or lead to extra costs in case the machinery is taken on hire from suppliers.

- **Improper handling of machinery and equipment can lead to accidents due to which the Company may have to pay compensation for loss of life and property**

The Company is vulnerable to claims from labour and other persons due to mishaps and accidents at the time of operation of machines at the site or during transportation. It is difficult to estimate such claims and even the insurance cover taken against them may prove to be inadequate.

- **The Company's operations may suffer a temporary setback if any of its key managerial personnel were to leave.**

- **The successful completion of a project carried out in joint participation also depends upon the Company's joint venture partner/s and is therefore contingent on their performance.**
- **Employee health, safety and regulatory measures are important in the industry in which the company operates, any negligence can affect its performance.**

Company is subject to laws and regulations governing, (a) relationship with employees in areas such as minimum wages, working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits, (b) environmental, health and safety legislations. Non-compliance of any of these statutory requirements may lead to imposition of penalties and legal action which may adversely affect the operations and performance of the Company.

- **Restrictive conditions under lenders agreements.**

The covenants in borrowings from banks, among other things, require us to obtain prior written consent of the bankers for activities such as reorganization of capital structure, amalgamation, reconstruction, takeover or any scheme of compromise or arrangement, acquisition, capital expenditure or material or effective change in ownership or control or material change in the management, amendments in the constitutional documents, creating further indebtedness of a long term nature whether for borrowed money or otherwise, declaration of dividend, investment by way of equity capital.

- **Adverse weather conditions and natural calamities can delay the implementation of the projects.**

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

- **The Company's RMC Plant, Asphalt Plant, Wet Mix Plant and the Crushing Unit based in and around Mumbai may be subject to objections by environmentalists and the public in general.**

In the recent years various organizations and environmentalists have raised concerns over the degradation of hills and other natural areas of the city for construction and development activities. The Company has also been affected by such a public interest litigation relating to its activities in Powai, Mumbai and more specifically mentioned under "Outstanding Litigations, Material Developments and Other Disclosures" in the section titled "Legal and Regulatory Information" beginning on page [●] of the DRHP. Considering the concerns that people in general, locals and the environmentalist may raise at various forums and the view taken by the Courts on such matters, our activities at Powai and/or Bhiwandi near Mumbai, may be affected and may have an adverse impact on our operations and financials. Currently, only the Asphalt Plant & Wet Mix unit are operating at the Company's site in Powai and the crushing unit of the Company is operating at Bhiwandi. The RMC Plant operations have been suspended in view of the order of the Bombay High Court.

- **A Summary Suit has been filed against the company in the Bombay High Court claiming an amount of Rs 12.82 lakhs with interest for default made by the company in repayment of lease rent for certain vehicles leased to the company in the year 1995. For details please refer to Section titled "Legal and other Information" under the heading "Outstanding Litigations, Material Developments and Other Disclosures" on page [●] of the Draft Red Herring Prospectus.**
- **As per the last audited accounts, the Company has not provided for the following contingent liabilities:**

(Rs. in Lakhs)

Particulars	As at 30th September 2006
Bank Guarantee	687.66
Letters of Credit	37.39

- **One of the Promoters of the Issuer Company, Mr. Vikram B. Sharma is the sole proprietor of M/s Vikram Enterprises which operates a crushing unit and also supplies aggregates to the Issuer. The Issuer Company and the Sole Proprietorship firm are in a similar line of business.**

Mr. Vikram B. Sharma is the sole proprietor of the firm M/s Vikram Enterprises which operates a crushing unit and also supplies aggregates to the Company for its business activities. The Company also manufactures aggregates at its own plant which is, in the normal course, used for captive consumption for its projects. The Company sells aggregates to other parties, after considering its own requirements. For this purpose, the Company and M/s Vikram Enterprises are in the same line of business.

- **The outstanding unsecured loans from Promoters / group concerns and others aggregating Rs. 61.96 lakhs as on 30th September 2006 have no fixed repayment schedule and thus can be recalled by the lenders at any time. For details please refer to “Financial Statements” on page [●] of the Draft Red Herring Prospectus.**
- The Promoters have incorporated a new company “Supreme Housing and Hospitality Private Limited” with the objective of infrastructure development as contractors and also to run and carry on the businesses of hotels, restaurants etc. which is similar to the business of the company.
- **The Company had negative cash flows from operations during the years 2001-02, 2004-05 and 2005-06**
- **The Company may continue to be controlled by the Promoters and Promoter Group following the Issue and the other shareholders may not be able to affect the outcome of the shareholder voting.**

After the Issue, the Promoters of the Company and persons / entities in the Promoter Group will collectively hold approximately 60.04% of the fully diluted post Issue equity capital of the Company. Consequently, they may exercise substantial control over the Company and inter alia may have the power to elect and remove a majority of the Directors of the Company and to determine the outcome of significant corporate transactions and decisions requiring approval of the Board of Directors. Further, they may be able to influence any shareholder action or approval requiring a majority vote and may be able to delay, prevent or deter a change in control.

External Risk Factors

- **Infrastructure growth prospects are highly dependent on Government Policies.**
- **The Company’s performance is highly dependent upon the growth of business and economy in the Country, which generates the demand for construction and development. An economic down turn may negatively impact the operating results of the Company.**
- **Various incentives are offered by the Government for development of infrastructure, particularly in development of roads. Adverse change in the focus of the Government may affect the future business prospects of the Company.**
- **Changes in technology may render Company’s current Plant & Machineries obsolete or require it to make substantial capital investments for latest Plant & Machineries.**
- **Increasing employee / labour compensation in India may erode some of Company’s competitive advantage and may reduce its profit margins.**
- **The price of the Equity Shares may be highly volatile.**

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

- a) Volatility in Indian and global securities market;
- b) The results of operations and performance;
- c) Performance of the competitors and perception in the Indian market about investment in the infrastructure sector;

- d) Adverse media reports on the Company or the Indian infrastructure industry;
- e) Changes in the estimates of the performance or recommendations by financial analysts;
- f) Significant development in India's economics liberalization and de-regulation policies; and
- g) Significant development in India's fiscal and environmental regulations.

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

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

The Issue Price of the Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed under "Basis of Issue Price" under the section "Introduction" on page [•] of the Draft Red Herring Prospectus) and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue price. Company cannot assure you that you will be able to resell your shares at or above the Issue price. Among the factors that could affect the share price are: quarterly variations in the rate of growth of the financial indicators, such as earnings per share, net income and revenues; changes in revenue or earnings estimates or publication of research reports by analysts; speculation in the press or investment community; general market conditions; and domestic and international economic, legal and regulatory factors unrelated to the performance.

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

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

Notes to Risk Factors

1. Issue of 38,75,000 Equity Shares of Rs. 10/- each at a price of Rs. [•]/- for cash aggregating Rs. [•] Lakhs.
2. The net worth of the Company as per its Financials was Rs. 2403.80 lakhs as on March 31, 2006 and Rs 2880.50 Lakhs as on 30th September 2006.
3. The average cost of acquisition of Equity Shares by the Promoters is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
Mr. Bhawanishankar H. Sharma	1.67
Mr. Vikram B. Sharma	1.80
Mr. Vikas B. Sharma	1.75

4. Book value per share of the Company was Rs. 24.04 as on March 31, 2006 and Rs 28.81 as on 30th September, 2006.
5. Details of Related Party Transactions for the year ended March 31, 2006 and for the Six months period ended 30th September, 2006 are given in the section titled "Financial Statements" beginning on Page [•] of the Draft Red Herring Prospectus. The cumulative value of these transactions during the period ended 30th September 2006 was Rs. 298.16 lakhs which were in the nature of loans taken, loans given and repayments of the same.
6. The Promoter Group/ directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months.
7. Investors are free to contact the Compliance Officer and/or BRLM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the Compliance Officer and BRLM, please refer to the section titled "General Information" beginning on page [•] of the Draft Red Herring Prospectus.

8. The BRLM and the Company shall make available all information to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
9. Investors are advised to refer to “Basis of Issue Price” under the section “Introduction” on page [●] of the Draft Red Herring Prospectus before making an investment in this Issue.
10. This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
11. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the section titled “Issue related information” on page [●] of the Draft Red Herring Prospectus.
12. The Company was converted from a private limited Company to a public limited company on 30th August 2005.
13. The Company has made a Bonus Issue of Equity Shares in the ratio of 5 Equity Share for every one Equity Share held by the shareholders. This bonus issue was made through capitalization of reserves. The allotment of these Equity Shares was made on 26th August 2005.
14. The Other than as disclosed either in related party transaction or otherwise, the promoters / directors / key management personnel of the Company have no interest, other than their shareholding in the Company or out of any business relation with any of the ventures in which they are interested.
15. The Company had previously filed the Draft Prospectus with SEBI in January 2006. However, due to the market conditions not being conducive, the Company did not proceed with the issue.

III. SECTION: INTRODUCTION

A. SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in the Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information contained in the Sections titled “Risk Factors” and “Financial Statements” and related notes beginning on pages [●] and [●] of the Draft Red Herring Prospectus before deciding to invest in the Equity Shares.

Industry

The infrastructure sector comprising of transportation, communications, electricity and other services constitutes the backbone of any growing economy. Supply bottlenecks of critical services can severely hamper growth and development. The Tenth Five Year Plan has targeted an annual growth of 8 per cent in GDP over 2002-07 as compared to the average of 5.6 to 5.7 per cent recorded during the eighties and nineties. However, further acceleration of growth requires significant investments in infrastructure. The energy-transport infrastructure, in particular, will be a major determinant of an acceleration in GDP growth. According to the Tenth Five Year Plan, the cumulative investment requirement during 2001-02 to 2005-06 has been estimated at US\$ 156 billion. Of this, 40 per cent is required in the power sector, 11 per cent in telecom and around 14 per cent in roads and railways.

All the infrastructure sectors need sufficient funds for expansion and maintenance of existing facilities. To address this need as well as improve efficiency, a number of policy measures have been initiated recently. In order to create an adequate provision of various public goods, the Government has changed its role from direct producer of public goods and focuses on facilitating and encouraging public-private partnership, including Foreign Direct Investment.

(Source: Opportunities and policy challenges for investment in India, Background paper -October 2004)

Real Estate

Land and gold have been the two most coveted objects for Indians since recorded history. India occupies only 2.4% of the world's land area while accounting for 16% of global population. India's average population density is much higher than that of other nations of comparable size including China, Mexico, and Brazil, as shown in the Density Comparison chart. Such demographic and economic trends have caused a surge in demand thereby increasing prices of real estate. Also the discovery of India as a IT / ITES destination in the last decade is perhaps the biggest significant factor driving the real estate market.

(Source: Research report on Indian Real Estate dated November 13, 2006 by Karvy Stock Broking Limited)

Business

Supreme Infrastructure is a medium sized company in the infrastructure sector and is engaged in the following activities:-

- Construction of Roads, Highways, widening of Highways and execution of contracts awarded to it (based on tenders / bids submitted by it) by various agencies such as National Highway Authority of India (NHAI), Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra State Road Development Corporation (MSRDC), Public Works Department (PWD), Municipal Corporation of Greater Mumbai (MCGM), Mumbai Port Trust (MPT), Mumbai Transport Project, Railway (MTP), Airports Authority of India (AAI), Bombay Municipal Corporation (BMC), RCF Ltd. And also from some private sector companies.
- Owns and operates a Ready Mix Concrete (RMC) Plant for captive consumption and also for sale to other parties.
- Owns and operates an Asphalt Plant for captive consumption and also for sale to other parties
- Crushing Plant for crushing the stones / boulders into aggregates to be used in the building and road construction.

Supreme Infrastructure has completed 55 projects in the last few years valued at Rs. 17651 Lakhs till 4th January 2007.

B. THE ISSUE

Equity Shares Offered:	
Issue by the Company	38,75,000 Equity Shares aggregating Rs. [●] Lakhs.
A) Qualified Institutional Buyers Portion ⁽¹⁾	19,37,500 Equity Shares aggregating Rs. [●] Lakhs, constituting upto 50% of the Issue. 5% of the QIB Portion i.e.96,875 Equity shares shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers.
B) Non-Institutional Portion ⁽¹⁾	5,81,250 Equity Shares aggregating Rs. [●] Lakhs, constituting not less than 15% of the Issue that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion ⁽¹⁾	13,56,250 Equity Shares aggregating Rs. [●] Lakhs constituting not less than 35% of the Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue *	100,00,000 Equity Shares
Equity Shares outstanding after the Issue *	1,38,75,000 Equity Shares
Use of Proceeds	Please refer to “Objects of the Issue” under section titled “Introduction” on page [●] of the Draft Red Herring Prospectus for additional information.

* The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, (“Pre-IPO Placement”). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.

⁽¹⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, by the Company in consultation with the BRLM.

C. SUMMARY FINANCIAL DATA

The following table sets forth selected financial information of the Company as of and for the periods ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period ended September 30th, 2006, all prepared in accordance with Indian GAAP, the Companies Act and restated under the SEBI Guidelines.

You should read the following information together with the information contained in the Auditors' report included in the Section titled "Financial Information" beginning on page [•] in the Draft Red Herring Prospectus.

Summary Statement of Assets and Liabilities as restated:

(Rs in Lakhs)

As at	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
A. Fixed Assets						
Fixed Assets- gross block	395.97	473.01	1183.14	1271.32	1489.92	1861.46
Less: Depreciation	115.12	170.23	227.58	315.99	411.73	459.06
Net Block	280.85	302.78	955.56	955.33	1078.19	1402.40
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	280.85	302.78	955.56	955.33	1078.19	1402.40
B. Investments	7.81	2.98	99.53	-	-	-
C. Current assets, loans and advances						
Inventories	4.88	153.70	198.61	139.81	322.16	602.03
Receivables	181.71	118.38	1142.70	1904.70	2283.69	1929.72
Cash and bank balances	2.40	4.38	5.70	2.27	92.14	4.87
Other current assets	228.77	191.48	281.90	474.13	623.72	1066.24
Loans and advances	200.51	218.87	110.94	201.61	152.02	450.74
Total assets (A+B+C)	906.93	992.57	2794.94	3677.85	4551.92	5456.00
D. Liabilities and provisions						
Loan funds						
Secured loans	322.63	326.91	1126.59	1394.85	1312.54	1698.81
Unsecured loans	21.05	52.61	72.19	29.28	78.76	61.96
Deferred tax Liability (Net)	-	19.11	25.83	41.62	38.57	50.68
Current liabilities and provisions						
Sundry Creditors	221.47	193.93	1087.84	973.98	463.27	592.78
Provisions	34.00	77.08	40.05	193.21	254.98	171.27
Total (D)	599.15	669.64	2352.50	2632.94	2148.12	2575.50
E. Net worth						
Represented by:						
Shareholders funds						
Share capital	102.50	102.50	102.50	150.00	1000.00	1000.00
Reserves and surplus	205.28	220.43	339.94	903.68	1403.80	1880.50
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	205.28	220.43	339.94	903.68	1403.80	1880.50
Less: Miscellaneous expenditure not written off	-	-	-	8.77	-	-
Net worth (E)	307.78	322.93	442.44	1044.91	2403.80	2880.50
Total Liabilities(D+E)	906.93	992.57	2794.94	3677.85	4551.92	5456.00

SUPREME INFRASTRUCTURE INDIA LIMITED

Summary Statement of Profit and Loss as Restated

(Rs. In lakhs)

Period ended on	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
Income						
Sales:						
Of Products manufactured by the company	991.02	614.14	2172.83	4628.39	5140.60	3700.01
Of products traded by the Company	-	-	-	-	-	-
Other Income	27.05	34.73	11.98	14.96	16.26	35.09
Increase/(Decrease) in inventory	-	150.24	198.61	32.45	322.16	602.03
Total Income	1018.07	799.11	2383.42	4675.8	5479.02	4337.13
Expenditure						
Raw materials & goods consumed	593.77	448.82	1798.84	3412.4	4017.46	3428.01
Staff Costs	11.81	5.68	6.20	15.67	50.82	37.22
Other Manufacturing & Operating expenses	157.23	128.58	242.89	264.8	117.95	123.87
Selling & Administrative expenses	69.99	54.85	76.81	38.52	101.27	28.49
Interest	34.44	63.99	68.06	209.22	297.57	132.72
Depreciation	35.95	55.10	61.50	88.41	95.73	47.33
Miscellaneous expenditure written off						
Total expenditure	903.19	757.02	2254.30	4029.02	4680.80	3797.64
Net Profit before tax and extraordinary items	114.88	42.09	129.12	646.78	798.22	539.49
Provision for taxation						
Current Tax	-	3.40	2.50	50.00	116.57	50.68
Deferred Tax	-	4.96	6.86	15.82	(3.30)	12.11
Net Profit after tax & before extraordinary items	114.88	33.73	119.76	580.96	684.95	476.70
Extraordinary items (net of tax)	-	-	-	-	-	-
Net Profit after Extra Ordinary Items	114.88	33.73	119.76	580.96	684.95	476.70
TDS Written off	-	4.40	-	-	-	-
Short Provision for tax (F.Y.1999-2000)	-	2.69	-	-	-	-
Net profit as per audited accounts	114.88	26.64	119.76	580.96	684.95	476.70
Deferred tax Liability of Earlier Years as per accounts	-	(14.23)	-	-	-	-
Total Net Profit available for appropriations as per audited accounts	114.88	12.41	119.76	580.96	684.95	476.70
Adjustments						
Adjustment on account of Deferred tax Asset of earlier year (Refer Note No. 2(b) in Annexure IV)	-	0.06	-	-	-	-
Adjustment on account of Prior Period Item being Provision for tax of F.Y. 1999-2000 (Refer Note No. 2(c) of Annexure IV)	-	2.69	-	-	-	-
Adjustments on account of failure to make provision for gratuity (Refer Note No. 2(a) in Annexure IV)	(0.02)	(0.02)	(0.39)	(0.17)	-	-
Adjustment on account of Deferred Tax (Refer Note No. 2(b) in Annexure IV)	-	0.01	0.14	0.04	-	-
Net Profit/(Loss) as restated	114.86	15.15	119.51	580.83	684.95	476.70
Balance of P&L B/f (Refer Annexure IIB)	90.42	205.28	220.43	242.12	131.34	680.98
APPROPRIATIONS						
Transfer to general reserve	-	-	97.82	675.00	100.00	-
Proposed dividend	-	-	-	15.00	30.97	-
Tax on proposed dividend	-	-	-	2.10	4.34	-
Balance carried to Balance sheet	205.28	220.43	242.12	130.85	680.98	1157.68

D. GENERAL INFORMATION**Name and Registered Office of the Company****Registered Office:****Supreme Infrastructure India Limited**

8, Bhawani Service Industrial Estate,

IIT Powai,

Mumbai- 400 076

Tel.: 91- 22- 25782931, 2578 3549

Tele-Fax: 91- 22- 25782931

e-mail: ipo@supremeinfra.com

website: www.supremeinfra.com

Compliance Officer: Mr. Pramod Kumar Rath, Chief Financial Officer

Details of Registration

Registration Number: 11-29752

The Company is registered with the Registrar of Companies, Maharashtra, situated at 2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Parel, Mumbai.

Board of Directors

The Company is currently managed by a Board comprising of 6 directors. Mr. Bhawanishankar H. Sharma is the Executive Chairman. Mr. Vikram B Sharma, Managing Director, is managing the day-to-day affairs of the Company. The Company's Board of Directors comprises of the following:

Name	Designation	Directors Identification Number
Mr. Bhawanishankar H. Sharma	Executive Chairman	00250871
Mr. Vikram B Sharma	Managing Director	00250781
Mr. Vikas B Sharma	Wholetime Director	00250821
Mr. Sandeep Ajmera	Independent Director	00950933
Mr. Hari Das Sharma	Independent Director	00033315
Mr. Mukul M. Agarwal	Independent Director	00336450

Brief details of Chairman, Managing Director and Whole-time Director:

Mr. Bhawanishankar H. Sharma, Chairman aged 58 years is Graduate in Science from Rajasthan University.

After completion of education in 1964, he shifted to Bombay and worked for seven years in the family owned Petrol Pump at Powai. After gaining the commercial and business knowledge, he commenced the quarrying business at his land at Powai. He was one of the first 100 Quarry Owners in Bombay. After successfully establishing and running of quarrying activities he also started activities of manufacturing of Silica Sand and Edible Oil manufacturing units in Jaipur.

In 1983, he along with the other promoters formed the Company and commenced the activities of quarrying and asphaltting. In 1988, he took over the management and ownership of the Company and transformed into a successful company from an ailing unit which was inherited from its predecessors. Under his guidance and supervision, the Company has made substantial progress in a span of 16 years. The Company has progressed well and today the Company is registered with BMC and with PWD, Maharashtra thereby making it eligible to bid for tenders of these departments and other authorities accepting the eligibility criteria set by these departments.

He had implemented many schemes in manufacturing operations to make the unit independent and efficient such as converting the manual Crushing Unit into automatic machine operated unit by installation of imported Crushing Machine from USA. After successful implementation of automization of crushing process, an automatic Asphalt Plant was also installed. He has been instrumental for completing successfully Tenders awarded to the Company by Bombay Municipal

SUPREME INFRASTRUCTURE INDIA LIMITED

Corporation of concretization of roads of approximately 10675 Cu. Mtrs in period of twelve months time where there was no concept of Ready Mix Concrete. This has immensely increased the technical bid capacity of the Company.

He has also worked for 20 years as President of Quarry Manufacturers Association, Bombay during the period from 1980 to 2000.

Mr. Vikram B. Sharma, Managing Director aged 32 years, having qualification of Bachelor of Engineering in Civil from Bombay University. He joined the Company as a Director in August 1998. Before completion of graduation he started working with the Company and gained the experience of construction activities. After completion of graduation in 1999 he joined the Company on full fledged basis and took over the responsibility of procurement and execution of projects. In the year 1999 construction of solid approach road from Mahim Junction to Bandra Worli Sealink awarded to the Company by Maharashtra State Road Development Corporation was his first project after joining the Company which was successfully completed under his guidance and supervision. Since, then the Company has completed and carried out various prestigious projects of many Government Organization viz. Public Works Department, Maharashtra State Road Development Corporation, Bombay Municipal Corporation and Mumbai Metropolitan Regional Development Authority under his supervision.

With the successful execution and completion of 45 contracts under his expertise, the Company has become eligible for the handling of new contracts like construction of bridge work, sewerage systems and large contract work of concretization.

He played an important role in implementing the plans for upgradation and removal of bottlenecks in order to improve the production capacity of the Asphalt Plant. He has been instrumental in successfully installing and commissioning of Ready Mix Concrete Plant in October 2003.

The steps taken by him for enabling the company to enter into joint ventures with other infrastructure companies has resulted in the enhancement of the company's bidding capacity.

Mr. Vikas B. Sharma Wholetime Director aged 27 years is a Commerce Graduate from Bombay University and also holds a Masters in Management Studies (MMS) Degree with specialization in Finance. He joined the Company in August 1998 as a Director of the Company to support and further expand the operations of the Company. He completed his studies in 2003 and immediately joined the Company on full time basis by taking over responsibility of Accounts, Administration and Finance Departments. He has introduced certain systems and policies in the Company such as segment wise reporting, daily reporting from the manufacturing units and project sites. Such measures introduced by him have helped better co-ordination among the various departments of the Company. The timely completion of projects need availability of finance and towards this end his efforts have resulted the credit facilities being increased from Rs.1 crore three years ago to the present level of Rs.51.24 crores.

Company Secretary

Akhilesh Agarwal,
8, Bhawani Service Industrial Estate,
IIT Powai, Mumbai- 400 076
Tel.: 91 22 25782931, 2578 3549,
Telefax: 91 22 25782931
Email: akhilesh@supremeinfra.com

Legal Advisors to the Issue

Rajani Associates

F-4, Panchsheel, 53, 'C' Road, Churchgate
Mumbai - 400 020
Contact Person: Prem Rajani
Tel No: 91 22 22021010,
Fax No: 91 22 22021011
E-mail: info@rajaniassociates.net

Bankers to the Company

State Bank of India

Industrial Finance Branch, Shivsagar Estate
First Floor, Worli,
P.O.Box No.9934,
Mumbai- 400 018
Contact Person: Mr. A. R. Sonak
Tel No: 91 22 2495 2125
Fax No: 91 22 2495 1131
E-mail: ajitsonak2003@yahoo.com

Compliance Officer

Mr. Pramod Kumar Rath, Chief Financial Officer
8, Bhawani Service Industrial Estate,
IIT Powai, Mumbai- 400 076
Tel.: 91 22 25782931, 2578 3549,
Telefax: 91 22 25782931
e-mail: ipo@supremeinfra.com

Book Running Lead Manager (BRLM)

Karvy Investor Services Limited

Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034.
Tel: +91 40 2332 0251.
Fax: +91 40 2337 4714
Contact Person: Mr. T.R. Prashanth Kumar
E-mail: mbd@karvy.com
Website: www.karvy.com

Registrar to this Issue

Bigshare Services Private Limited,

E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri East, Mumbai 400 072.
Contact Person: Mr. N.V.K. Mohan
Tel: +91 – 22 – 2847 3747/3474
Fax: +91 – 22 – 2847 5207
Website: www.bigshareonline.com
Email: bigshare@bom7.vsnl.net.in

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

Bankers to the Issue and Escrow Collection Banks

[•]

Refund Banker

[•]

SUPREME INFRASTRUCTURE INDIA LIMITED

Syndicate Member

Karvy Stock Broking Limited

Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034.

Tel. No.: +91 40 23312545

Fax No.: +91 40 23311968

Contact Person: Mr. K. Sridhar

Website: www.karvy.com

[•]

Auditors

Shah & Kathariya

Chartered Accountants

Room No-6, Kermani Bldg,

4th Floor., 27, Sir P M Road,

Fort, Mumbai- 400 001

Tel No: 022 2285 6615

TeleFax No: 022 56315 562

Statement of Inter Se Allocation of Responsibilities between the BRLM

Since Karvy Investor Services Limited is the sole BRLM for this Issue, they will be responsible and coordinating all the following activities:

SR. NO.	ACTIVITIES
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.
2.	Due diligence of the Company's operations / management / business plans/legal etc.
3.	Drafting & Design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure with stipulated requirements and completion of prescribed formalities with Stock Exchanges, Registrar of Companies and SEBI.
4.	Selection of various agencies connected with the Issue including Registrar, Printers, Advertising Agency, Banker to the Issue, Refund Bankers etc.
5.	Company positioning and pre-marketing exercise, finalize media & public relation strategy, drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement, brochure, etc.
6.	Qualified Institutional Bidder (QIBs) Category: Finalising the list and division of investors for one-to-one meetings, Co-ordinating institutional investor meetings, institutional allocation and finalizing pricing decision
7.	Non Institutional and Retail Marketing of the Issue, which will cover inter alia: • Formulating marketing strategy • Preparation of publicity budget • Arrange and Finalise Ad-Media and Public Relation strategy • Arrange and Finalise centers for holding conferences for brokers, Investors, high net worth investors press, etc. • Arrange for selection of (i) bankers to issue, (ii) collection centres (iii) brokers to issue and (iv) underwriters and the underwriting arrangement. • Follow-up on distribution of publicity and issue material including bid cum application form prospectus and deciding on the quantum of the issue material
8.	Appointment of Syndicate Members
9.	Running the Book, interaction & co-ordination with Stock Exchanges for book-building software, bidding terminals and mock trading

SR. NO.	ACTIVITIES
10.	Finalisation of Prospectus and RoC Filing etc.
11.	The post bidding activities including, management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation, dispatch of refund orders to Bidders etc.
12.	The post issue activities for the Issue will involve essential follow up steps, which include the finalisation of listing of Equity Shares, finalisation of basis of allotment including weeding out of multiple applications and dispatch of allotment advice and refund orders, with the various agencies connected with the work such as the Registrars to the Issue, Bankers to the Issue and the bank handling refund business.

Credit Rating

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

Grading

The Company has not opted for grading in this Issue.

Trustees

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

Monitoring Agency

The Company has appointed Deutsche Bank, Kodak House, 222, Dr. D.N. Road, Fort, Mumbai-400001 as the monitoring agency for monitoring the use of the issue proceeds.

Appraising Agency

The funds being raised in the public issue are not meant for any specific project and hence no appraising agency is involved.

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of the Draft Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) Book Running Lead Manager, in this case being Karvy Investor Services Limited,
- (3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters, in this case being Karvy Investor Services Limited and Karvy Stock Broking Limited;
- (4) Registrar to the Issue, in this case being Bigshare Services Private Limited.

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

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are now required to pay 10% Margin Amount upon submission of their Bid. For details refer to “Terms of the Issue” under section titled “Issue Related Information” beginning on page [●] in the Draft Red Herring Prospectus.

SUPREME INFRASTRUCTURE INDIA LIMITED

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by a copy of PAN card or by Form 60 or Form 61 as may be applicable. For details please refer to the chapter titled “Issue Procedure” on page [•] of the Draft Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected.

Illustration of Book Building and Price Discovery Process (Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20/- to Rs. 24/- per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	27.77%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

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

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Maharashtra, Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Maharashtra.)

(Rs. Lakhs)

Name & Address of the Underwriter	Indicated no. of shares to be underwritten	Amount underwritten
Karvy Investor Services Limited “Karvy House”, 46 Avenue Street No. 4 Banjara Hills, Hyderabad – 500 034 Tel: +91 40 2332 0251.	[•]	[•]

Fax: +91 40 2337 4714 E-mail: mbd@karvy.com		
Karvy Stock Broking Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034. Tel: +91 40 23312545 Fax: +91 40 23311968 E-mail: mbd@karvy.com	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual allocation. The above underwriting agreement is dated [•].

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to 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. For further details about allocation please refer to section titled “Issue Related Information” beginning on page [•] of the Draft Red Herring Prospectus.

E. CAPITAL STRUCTURE

The share capital of the Company as on the date of filing of the Draft Red Herring Prospectus with SEBI is as set forth below.

Share Capital as on the date of filing of the Draft Red Herring Prospectus	Amount in Rs. Lakhs	
	Aggregate Value at Nominal Price	Aggregate Value
A. Authorised Capital		
1,50,00,000 Shares of Rs. 10/- each	1,500.00	
B. Issued, Subscribed and Paid-Up Capital before this Issue		
1,00,00,000 Equity Shares of Rs. 10/- each.	1,000.00	
C. Present Issue to the public in terms of the Draft Red Herring Prospectus		
⁽¹⁾ 38,75,000 Equity Shares of Rs. 10/- each as Issue to the Public	387.50	[●]
D. Issued, Subscribed and Paid-Up Capital after this Issue		
138,75,000 Equity Shares of Rs. 10/- each	1387.50	[●]
E. Securities Premium Account⁽²⁾		
Before this Issue	-	600.00
After this Issue		[●]

⁽¹⁾ The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.

⁽²⁾ The amount standing in the Securities Premium Account, on a pre-Issue basis, is Rs 600 lakhs. The increase in the Securities Premium Account as a result of the Issue will be completed only after the Issue Price is determined.

Details of Increase in Authorised Equity Share Capital

Sr. No.	Particulars of Increase	Date of Meeting	Nature of Meeting
1	Rs. 5 Lakhs divided into 5000 equity shares of Rs.100 each	On Incorporation	- -
2	From Rs.5 Lakhs to Rs. 10 Lakhs	26 th July 1984	EGM
3	From Rs.10 Lakhs to Rs. 20 Lakhs	20 th November 1996	EGM
4	From Rs.20 Lakhs to Rs. 50 Lakhs	7 th August 1998	EGM
5	From Rs.50 Lakhs to Rs. 125 Lakhs	30 th March 1999	EGM
6	From Rs.125 Lakhs to Rs. 200 Lakhs	28 th March 2005	EGM
7	From Rs.200 Lakhs to Rs. 1500 Lakhs	20 th July 2005	EGM

Note for Increase in Authorized Share Capital:

On 20th July 2005, the nominal value of the shares was subdivided from Rs.100/- to Rs.10/-

Notes to Capital Structure

History of Share Capital Increase

1. Share Capital History of the Company

Date of Allotment	No. of Shares	Cumulative Total Shares	Face Value (Rs.)	Cumulative Paid-up Capital Rs.	Issue Price (Rs.)	Nature of payment of consideration	Reasons for allotment (bonus, swap etc.)	Cumulative Share Premium (Rs.)
08.04.83	30	30	100	3,000	100	Cash	Incorporation	Nil
19.03.84	4,970	5,000	100	5,00,000	100	Cash	Allotment	Nil
10.04.86	5,000	10,000	100	10,00,000	100	Cash	Allotment	Nil
31.03.97	10,000	20,000	100	20,00,000	100	Cash	Allotment	Nil
30.03.99	82,500	1,02,500	100	1,02,50,000	100	Cash	Allotment	Nil
03.05.04	22,500	1,25,000	100	1,25,00,000	100	Cash	Allotment	Nil
28.03.05	25,000	1,50,000	100	1,50,00,000	100	Cash	Allotment	Nil
20.07.05	15,00,000	15,00,000	10	1,50,00,000	NA	NA	Split	Nil
26.08.05*	75,00,000	90,00,000	10	9,00,00,000	10	Capitalization of Reserves	Bonus	Nil
12.01.06	10,00,000	100,00,000	10	10,00,00,000	70	Cash	Allotment	6,00,00,000

* The company issued bonus shares in the ratio of five equity shares for every one equity share held by the shareholders.

2. Promoters Contribution and Lock-In

Details of Allotment of Shares to Promoters of Supreme Infrastructure India Limited

Name of Promoters	Date of Allotment	Date of Transfer & made fully Paid up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue Paid up Capital
Mr. Bhawanishankar H. Sharma	08.04.83	08.04.83	Cash	10	100	100	
	---	30.08.88	Cash	3970	100	100	
	---	30.08.88	Cash	310	100	100	
	---	30.08.88	Cash	1200	100	100	
	31.03.97		Cash	10000	100	100	
	--	31.03.99	Cash	10	100	100	
	--	24.03.2001	Cash	10	100	100	
	--	24.03.2001	Cash	30000	100	100	
		Sub-Total(1)		45510			
	20.07.05			455100	10	Split of Face Value	3.28%
	26.08.05		Bonus	2275500	10	10	16.40%
		Total (1)		2730600			19.68%
Mr. Bhawanishankar H. Sharma jointly with Mrs. Rita Sharma							
	19.03.84	--	Cash	1000	100	100	
	10.04.86		Cash	3490	100	100	
	28.03.05		Cash	10000	100	100	
		Sub-Total(2)		14490			
	27.05.05			144900	10	Split of Face Value	
				144900			1.04%

SUPREME INFRASTRUCTURE INDIA LIMITED

	26.08.05		Bonus	724500	10	10	5.22%
		Total (2)		869400			6.26%
Mr. Vikram B. Sharma	29.04.99		Cash	17000	100	100	
		24.03.2001	Cash	12500			
		Sub-Total(3)		29500			
	27.05.05			295000	10	Split of Face Value	2.13%
	26.08.05		Bonus	1475000	10	10	10.63%
		<u>25.11.2005</u>		<u>30000</u>	<u>10</u>	<u>10</u>	0.22%
		Total (3)		1800000			12.98%
Mr. Vikas B. Sharma	03.05.04		Cash	22500	100	100	
	28.03.05		Cash	14700	100	100	
		Sub-Total(4)		37200			
	27.05.05			372000	10	Split of Face Value	2.68%
		23.08.2005	Cash	-75000	10		-0.54%
	26.08.05		Bonus	1485000	10	10	10.70%
		<u>25.11.2005</u>		<u>18000</u>	<u>10</u>	<u>10</u>	0.13%
		Total (4)		1800000			12.97%
		Total (1 to 4)		7200000			51.89%

Details of Promoters contribution locked-in for three years:

Name of Promoters	Date on which Equity Shares were allotted and made fully paid up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue Paid up Capital	Lock in Periods (years)
Mr. Bhawanishankar H. Sharma	26.08.05	Bonus	2075500	10	10	14.96%	3 yrs
Mr. Bhawanishankar H. Sharma jtly with Mrs. Rita Sharma	26.08.05	Bonus	724500	10	10	5.22%	3 yrs
	Total		2800000			20.18%	

The Equity Shares considered for Promoter's contribution do not include Equity Shares acquired by the Promoter's during the preceding three years resulting from bonus issue, out of revaluation reserves or for consideration other than cash.

The Equity Shares issued to Promoter's during the preceding one year at a price lower than the Issue Price have not been considered for computation of Promoter's contribution.

The Equity Shares forming part of Promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Written consent dated 27th September 2006 has been obtained from shareholders whose securities have been included as part of promoters' contribution subject to lock-in and that these securities will not be disposed/sold/transferred by the promoters during the period starting from the date of filing the Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft Red Herring Prospectus.

62,00,000 Equity Shares of the Company shall be locked in for a period of one year from the date of the Allotment of Equity Shares in this Issue and 28,00,000 Equity Shares of the Company held as the Promoters shall be locked in for three years from the date of Allotment of Equity Shares in this Issue.

10,00,000 Equity Shares of the company held by Hexagram Investments (P) Ltd. (a SEBI registered Venture Capital Fund) shall be free from lock in as it complies with the requirement of holding the shares for a period of one year from the date of allotment in terms of SEBI circular SEBI/CFD/DIL/DIP/23/2006/16/10 dated October 16, 2006

Equity Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding Equity Shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Equity Shares held by Promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable.

The locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

3. Details of Purchases / Sales in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Company during a period of six months preceding the date of filing of the Draft Red Herring Prospectus with SEBI

There have been no transactions in the Equity Shares by the Promoters/Promoter Group and the Directors of the Company during a period of six months preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

4. Allotment of Equity Shares to Directors of the Company in the last six months

There have been no allotments of the Equity Shares to the Directors during a period of six months preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

5. Shareholding pattern of the Company prior and post this Issue

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
Promoters				
Mr. Bhawanishankar H. Sharma	2,730,600	27.31%	2,730,600	19.68%
Mr. Bhawanishankar H. Sharma Jtly with Mrs. Rita Sharma	869,400	8.69%	869,400	6.27%
Mr. Vikram B. Sharma	1,800,000	18.00%	1,800,000	12.97%
Mr. Vikas B. Sharma	1,800,000	18.00%	1,800,000	12.97%
Sub-total (a)	7,200,000	72.00%	7,200,000	51.89%
Promoter Group				
Mrs. Barkha Sharma	205,000	2.05%	205,000	1.48%
Mrs. Rita Sharma	630,000	6.30%	630,000	4.54%
Mrs. Phoolkuvar Sharma	90,000	0.90%	90,000	0.65%
Mrs. Shweta Sharma	205,000	2.05%	205,000	1.48%

SUPREME INFRASTRUCTURE INDIA LIMITED

Sub-total (b)	1,130,000	11.30%	1,130,000	8.15%
Promoter Group's Total Shareholding [(a)+(b)] = (A)	8,330,000	83.30%	8,330,000	60.04%
Others				
Mrs. Asha Agrawal	225,000	2.25%	225,000	1.62%
Shrimm Securities India Pvt. Ltd	100,000	1.00%	100,000	0.72%
W G Associates Private Limited	325,000	3.25%	325,000	2.34%
Hexagram Investments (P) Ltd.	1,000,000	10.00%	1,000,000	7.21%
Mr. B. D. Gupta	10,000	0.10%	10,000	0.07%
Mr. H.D.Sharma	10,000	0.10%	10,000	0.07%
Others – Sub-total (B)	1,670,000	16.70%	1,670,000	12.03%
Public (C)	-		3,875,000	27.93%
Grand Total [(A)+(B)+(C)]	10,000,000*	100.00%	13,875,000	100.00%

* The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.

5a) Particulars of top ten shareholders on the date of filing the Draft Red Herring Prospectus with SEBI

Serial No.	Name of the shareholder	Number of Equity Shares	%
1	Mr. Bhawanishankar H. Sharma	2730600	27.31%
2	Mr. Vikram B. Sharma	1800000	18.00%
3	Mr. Vikas B. Sharma	1800000	18.00%
4	Hexagram Investments (P) Ltd.	1000000	10.00%
5	Mr. Bhawanishankar H. Sharma Jtly with Mrs. Rita Sharma	869400	8.69%
6	Mrs. Rita Sharma	630000	6.30%
7	W G Associates Private Limited	325000	3.25%
8	Mrs. Asha Agrawal	225000	2.25%
9	Mrs. Barkha Sharma	205000	2.05%
10	Mrs. Shweta Sharma	205000	2.05%
	Total	9790000	97.90%

(To be updated at the time of filing of the Prospectus with the RoC).

5b) Particulars of top shareholders ten days prior to filing the Draft Red Herring Prospectus with SEBI

Serial No.	Name of the shareholder	Number of Equity Shares	%
1	Mr. Bhawanishankar H. Sharma	2730600	27.31%
2	Mr. Vikram B. Sharma	1800000	18.00%
3	Mr. Vikas B. Sharma	1800000	18.00%
4	Hexagram Investments (P) Ltd.	1000000	10.00%
5	Mr. Bhawanishankar H. Sharma Jtly with Mrs. Rita Sharma	869400	8.69%
6	Mrs. Rita Sharma	630000	6.30%

7	W G Associates Private Limited	325000	3.25%
8	Mrs. Asha Agrawal	225000	2.25%
9	Mrs. Barkha Sharma	205000	2.05%
10	Mrs. Shweta Sharma	205000	2.05%
	Total	9790000	97.90%

(To be updated at the time of filing of the Prospectus with the RoC).

5c) Particulars of the shareholders 2 years prior to the date of filing of the Draft Red Herring Prospectus with SEBI

Serial No.	Name of the shareholder	Number of Equity Shares *	%
1	Mr. Bhawanishankar H. Sharma	455100	36.41%
2	Mr. Bhawanishankar H. Sharma Jtly with Mrs. Rita Sharma	44900	3.59%
3	Mr. Vikram B. Sharma	295000	23.60%
4	Mrs. Barkha Sharma	230000	18.40%
5	Mr. Vikas B. Sharma	225000	18.00%
	Total	1250000	100.00%

**Face Value of the shares was Rs. 100/- each which was split to Rs. 10/- each. For ease of comparison, the face value has been considered as Rs. 10/- each*

(To be updated at the time of filing of the Prospectus with the RoC).

6. The Company, Directors, Promoters and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of the Company from any person.
7. The total number of members of the Company as on the date of filing the Draft Red Herring Prospectus is **14**.
8. The Company has not raised any bridge loan against the proceeds of this Issue.
9. In the case of over-subscription in all categories, upto 50% of the Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above this Issue Price. Under-subscription, if any, in any of the categories would be allowed to be met with spill over from any other category by the Company in consultation with the BRLM.
10. An over-subscription to the extent of 10% of the Issue to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of allotment.
11. There would be no further issue of capital 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 the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through the Draft Red Herring Prospectus have been listed.
12. Company presently do not have any intention or proposal to alter the capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for the Equity Shares) whether preferential or otherwise, except that if Company enter into acquisitions or joint ventures, Company may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
13. The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced

SUPREME INFRASTRUCTURE INDIA LIMITED

to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.

14. Company has not issued Equity Shares in last twelve months.
15. The Company has not revalued its assets since inception,
16. The Company has capitalized its reserves once since inception and the details for the same are as follows:-
 - The Company issued Bonus Shares in the ratio of 5 Equity Shares for every one Equity Share held by capitalization of reserves on August 26, 2005.
17. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. The Promoters' contribution has not been brought-in less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 100,000/- from companies.
19. The Company has not made any public issue since its incorporation.
20. The Company undertakes that at any given time, there shall be only one denomination for the Equity Shares of and Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
21. As on the date of filing of the Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares. The locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.
22. The company had filed the Draft Prospectus with SEBI on 27th January 2006 however due to market condition not being conducive the company did not proceed with the issue.

F. OBJECTS OF THE ISSUE

The net proceeds from the Issue after deducting underwriting commission and management fees, brokerage, fees to various advisors and all other Issue related expenses are estimated at Rs. [•] Lakhs. The proceeds from this Issue are intended to be deployed for the following:

The Objects of the Issue are

- A. to raise financial resources for part financing
 - I. Purchase and / or upgradation of Plant and Machinery
 - II. Long Term Working Capital Requirement
 - III. Public Issue Expenses
- B. To get the equity shares of the Company listed on BSE and NSE

The main Objects clause and Objects Incidental or Ancillary to the Main Objects Clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue.

FUNDS REQUIREMENT

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

(Rs. in Lakhs)		
Sr. No.	Particulars	Fund Requirement
1.	Purchase and / or upgradation of Plant and Machinery	1434.34
2.	Purchase of Plant and Machinery for Real estate	677.76
3.	Long Term Working Capital Requirement	1798.87
4	Public Issue Expenses	[•]/-
Total Fund Required		[•]/-

The above costs are indicative and are the Company's estimates based on prevailing rates and previous orders for similar equipment. The actual costs would depend upon the negotiated prices with the suppliers/contractors and may vary from the above estimates. The above fund requirements are not appraised by any bank or any financial institution.

MEANS OF FINANCE:

The above fund requirement is proposed to be financed as under:

(Rs. in Lakhs)	
Description	Total
Proceeds From The Present Issue	[•]/-
Internal Accruals	[•]/-
TOTAL	[•]/-

In the event any surplus, if left out of the Issue proceeds after meeting all the aforesaid objectives, such surplus Issue proceeds will be used towards general corporate purposes and meeting future growth opportunities.

Details of Cash Accruals as on September 30, 2006:

The cash accruals of the Company as on September 30, 2006 are Rs. 524.03 lakhs

Appraisal:

The fund requirement has not been appraised by any external agency and as such all the future requirements are based on the management estimates.

SUPREME INFRASTRUCTURE INDIA LIMITED

DETAILS OF THE REQUIREMENT OF FUND

Purchase of Machinery:

With the increase in contract activity and simultaneous execution of multiple contracts, the company proposes to enhance plant & machinery capacities by acquiring new machineries & upgrading existing machineries as under:

SR. NO	PARTICULAR	UNIT	RATE	AMOUNT (Rs. In lakhs)	Date of Quotation	PFI
1	Schwing Concrete Pump (Model BP 1800 HDD)	2	2500000	50.00	17th August 2006	Schwing Steter India Pvt. Ltd.
2	Stetter Concrete Mixing Plant	1	8000000	80.00	17th August 2006	Schwing Steter India Pvt. Ltd.
3	Stetter Transit Mixer	15	800000	120.00	17th August 2006	Schwing Steter India Pvt. Ltd.
4	XA -90 Diesel Driven Air Compressor	1	620303	6.20	16th August 2006	Jain Sales Corp
5	VT -4 TM Air Compressor	1	187083	1.87	16th August 2006	Jain Sales Corp
6	Chassis for Transit Mixer	15	900000	135.00	20th August 2006	Automotive Mfrs Pvt. Ltd.
7	Asphalt Electronic Sensor Paver Finisher	3	180000 EUR	324.00	16th August 2006	Dynapac GMBH
8	Dynapac Cold Planer Model PL 1000 RS	2	168000 EUR	201.60	16th August 2006	Dynapac GMBH
9	Imported Crushers for the Crushing and Screening Plant (Cone Crusher)	1	110000 EUR	66.00	12 th July, 2006	Metso minerals
10	Tauras Tippers	15	1200000	180.00	20th August 2006	Automotive Mfrs Pvt. Ltd.
11	Paver Block Manufacturing Unit	1		60.00	Various Dates	Various parties
12	Weskon Single Toggle Roller Bearing Stone Cruser (36"*30")	2	1900000	38.00	20th July 2006	Weskon Engineers
13	Weskon Single Toggle Roller Bearing Stone Cruser (24"*12")	2	575000	11.50	20th July 2006	Weskon Engineers
14	Vibratory Screen with HP Motor	5		19.75	13th July 2006	Weskon Enterprises
15	Belt Conveyor Parts -600 BW * 80 feet long (10 HP Motor)	5		25.88	13th July 2006	Weskon Enterprises
16	100 HP 1440 RPM Motor/ 60 HP 1440 RPM Motor			6.35	13th July 2006	Weskon Enterprises
17	Primary Hopper-1000 cft capacity / Secondary Hopper - 500 cft capacity	2		15.85	13th July 2006	Weskon Enterprises
18	M.S.Beam / M.S.Channel/ M.S.Angle/ Pipe			13.18	31st July 2006	Shah Steel Corp.
			Sub-Total	1355.18		
		Add:	Applicable Taxes	79.16		
			TOTAL	1434.34		

- Notes :-** 1) The Company has assumed an exchange rate of Rs.60/- per Euro.
2) The excise duty has been calculated @16.32% as mentioned in the quotations
3) CST has been calculated @ 4% and 12.5% is VAT as mentioned in the quotations
4) Validity of some of the quotations has expired and the company may have to obtain the revised quotations.
5) The company has not purchased nor does it intend to purchase any second hand machinery.

II) Purchase of Plant and Machinery for the business of Real Estate construction

SR. NO	PARTICULAR	UNIT	RATE (In Rs.)	AMOUNT (Rs. In lakhs)	Date of Quotation	PFI
1	L&T Komatsu PC 300 Excavator 30 Tons	1	6700000	67.00	17th August 2006	Schwing Steter India Pvt. Ltd.
2	Transit Mixer	2	875000	17.50	17th August 2006	Schwing Steter India Pvt. Ltd.
3	Concrete Boom Pump Model BPL 2023 HDR/KVM 32x2	1	10800000	108.00	17th August 2006	Schwing Steter India Pvt. Ltd.
4	JCB Excavator Loader	1	1900868	19.01	16th August 2006	Jain Sales Corp
5	Escorts Power Crane	1	5824000	58.24	16th August 2006	Jain Sales Corp
6	Ashok Leyland Tippers	2	1646528	32.93	20th August 2006	Automotive Mfrs Pvt. Ltd.
7	Shuttering and Scaff holding Material		28111500	281.12	16th August 2006	Dynapac GMBH
			Sub-Total	583.79		
		Add:	Applicable Taxes	93.96		
			TOTAL	677.76		

Notes :-

1. The excise duty has been calculated @16.32% as mentioned in the quotations
2. CST has been calculated @ 4% and 12.5% is VAT as mentioned in the quotations
3. Validity of some of the quotations has expired and the company may have to obtain the revised quotations.
4. The company has not purchased nor does it intend to purchase any second hand machinery.

III)Long Term Working Capital

State Bank of India renewed credit facilities with enhancement vide letter no.BRB/MC/NSN/1905 dated 9th October 2006 as per details given below:-

Facility	Limit (Rs. in Lakhs)
Fund Based	
CC (Stock & B.Debts)	2400
Term Loan (Existing)	119
Term Loan (Fresh)	405
Total FBL	2924
NFBL	
BG	2200
TOTAL NBFL	2200
FBL + NFBL	5124
Note: Letter of Credit worth Rs. 300 lakhs is included in the cash credit limit and a one time Letter of Credit limit of Rs. 282 lakhs is included in the term loan.	

Further, the Company has orders in hand worth Rs. 21613.86 Lakhs as on 5th January 2007, as shown in the table appearing on page [•] of the Draft Red Herring Prospectus. With the orders in hand, tenders bid for by the Company and the plans of the Company to increase its business in view of the thrust on infrastructure development, the Company has estimated its long term working capital requirement as under, which has not been assessed by any bank or financial institution:-

PARTICULARS	Holding period	AMOUNT (Rs. In Lakhs)
Raw Material	One week	226.44

SUPREME INFRASTRUCTURE INDIA LIMITED

Work-in- Progress	One month	1479.67
Sundry Debtors	*	3958.33
Advances - EMD, Retention, Security Deposits, etc.	3% of work done	480.00
Other Current Assets (TDS, Advance to suppliers, cash & bank)		265.31
Sub-Total		6409.75
Less : Sundry Creditors (Materials and Labour)	One month	1268.83
Other Current Liabilities (Other than Bank Borrowings)		246.57
Sub-total		1515.40
Total Working Capital Requirement		4894.35
Less : Available Net Working Capital with the Company as on 31-03-2006		3095.48
Long Term Working Capital Requirement		1798.87

*Sundry debtors for the Infrastructure business have been calculated at three and a Half months and for the real estate business it has been calculated on a monthly basis which amounts to Rs. 3208.33 Lakhs and Rs.750 lakhs respectively.

IV) Issue Expenses:

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, Registrar and depository fees. The estimated Issue expenses are set forth below:

Activity	Estimated Expense* (Rs. Lakhs)
Lead Management, underwriting and selling commissions	[•]
Advertising and marketing expenses	[•]
Printing and Stationery expenses	[•]
Others	[•]
Total estimated Issue expenses	[•]

* Shall be updated at the time of filing of the Prospectus with the RoC

SCHEDULE OF IMPLEMENTATION

Net issue proceeds after meeting the issue expenses will be utilised for long term working capital requirement as and when required. The plant and machinery proposed to be acquired shall be put in operation after their procurement. The schedule related to placement of orders and procurement of plant and machinery is as under:-

Particulars	Schedule
Completion of Placement of orders for Machinery	March 2007
Completion of procurement of machinery	May 2007

FUNDS DEPLOYED

The details of the sources and deployment of funds as on 15th December, 2006 as certified by M/s Shah & Kathariya, Chartered Accountants, the Statutory Auditors of the Company vide their certificate dated 22nd December 2006 is as follows;

Sources of Funds:

Internal Accruals: Rs. 16.38 Lakhs

Deployment of Funds:

Issue Expenses: Rs. 16.38 Lakhs

INTERIM USE OF FUNDS

Pending any use as described above, the proceeds of this Issue will be kept in fixed deposits with nationalized or scheduled commercial banks.

Monitoring of Utilisation of Funds

The Company has appointed Deutsche Bank AG to monitor the utilisation of the proceeds of the Issue. In addition to the Monitoring Agency, the Board will also monitor the utilisation of the Issue proceeds on a regular basis. Company will disclose the utilisation of the proceeds raised through this Issue under a separate head in the financial statements for fiscal 2007 and 2008 clearly specifying the purposes for which such proceeds have been utilised. Company will also, in the financial statements for fiscal 2007 and 2008, provide details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

No part of the proceeds of this Issue will be paid by us as consideration to the Promoters, the Directors, key management employees or companies promoted by the Promoters, save and except in the course of normal business.

BASIC TERMS OF THE ISSUE

The equity shares being issued are subject to the provisions of the Companies Act, the Company's Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations as applicable relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

The Company is considering a Pre-IPO placement of upto 4,00,000 Equity Shares aggregating Rs.[●] Lakhs with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the filing of the RHP with RoC. If the Pre-IPO placement is completed, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum Issue of 25% of the post-issue paid up Equity Share Capital being offered to the public.

Ranking of Equity Shares

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

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [●]. At any given point of time there shall be only one denomination for the Equity Shares.

Market Lot and Trading Lot

In terms of the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares in the Issue.

Mode of Payment of Dividend

The Company shall pay dividend to our shareholders as per the provisions of the Companies Act.

Rights of the Shareholders

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares;
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the terms of the listing agreements with the Stock Exchanges; and
- Such other rights as may be available to our shareholders under our Memorandum and Articles of Association.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship.

G. BASIS OF ISSUE PRICE

The Price Band for the Issue Price will be decided by us in consultation with the BRLM and specified in the Draft Red Herring Prospectus that will be filed with the Registrar of Companies. The Price Band will also be advertised in [●], an English language newspaper [●], a Hindi language newspaper with wide circulation and [●], a regional language newspaper. The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10/- and 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

Investors should read the following summary with the Risk Factors beginning from page nos. [*] and the details about us and the financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares could decline due to these risk factors and you may lose all or part of your investments.

QUALITATIVE FACTORS

The Promoters are professionals within the industry domain and possessing technical expertise and have experience in the area of business of the Company.

A profit making Company for the last ten years with an existence of over 2 decades and experienced management team

The company is well equipped to handle large orders and is registered as a Class “I” by PWD and as “A” Class contractor by Bombay Municipal Corporation and Public Works Department as Class “I” Contractor and entitled to bid for and accept Works and Orders as per its bidding capacity.

Having work in hand worth Rs. 21613.86 Lakhs as on 5th January 2007, which are under various stages of implementation. The company has already bid for the tenders for infrastructural work with the authorities such as MMRDA, MCGM, BPT etc., and has been pre qualified for various projects.

QUANTITATIVE FACTORS

Information presented in this section is derived from the unconsolidated financial statements prepared in accordance with Indian GAAP.

1) Earning Per Share (EPS)

Year Ended	EPS (Rs.)	Weight
31.03.2004	11.66	1
31.03.2005	38.73	2
31.03.2006	6.85	3
Weighted Average	18.28	

The EPS for the six month period ended 30th September 2006 was Rs 4.77 (Not annualised)

2) Price/Earning Ratio (P/E) in relation to Issue Price of Rs.[●]

Based on the results of FY 2006, adjusted EPS is Rs.6.85 on Equity Share of face value of Rs. 10 each and the P/E Multiple is [●] times at an issue price of Rs. [●] per equity share. Further, based on the (annualized) EPS for the Six month period ended 30th September, 2006 the P/E multiple is [●] times at an issue price of Rs. [●] per equity share.

3) Return on Net Worth (RONW)

Year Ended	RONW %	Weight
31.03.2004	27.01	1
31.03.2005	55.12	2

SUPREME INFRASTRUCTURE INDIA LIMITED

31.03.2006	28.49	3
Weighted Average	37.12	

4) Minimum Return on Increased Net Worth required to maintain pre-issue EPS - [●]

5) Net Asset Value (NAV) per share

- a. NAV as on March 31, 2006 Rs. 24.04 and Rs.28.81 as on 30th September 2006.
- b. Issue Price Rs. [●]
- c. NAV after the Issue Rs. [●]

Note:

Net Asset Value Per Share = Equity Share Capital *plus* Reserves & Surplus excluding reevaluation reserve *less* Miscellaneous Expenditure to the extent not written off /No. of Equity Shares

6) Comparison with Peer Group

Name of the Company in the peer Group	Period Ended	Accounting Ratios			
		Book Value (Rs)	RONW (%)	EPS (Rs.)	P/E multiple
Supreme Infrastructure	March 2006	24.04	28.49	6.85	*
ERA Construction		122.60	21.10	14.00	34.3
MSK Projects		53.10	13.07	4.80	18.50
Subhash Projects		26.10	29.74	6.80	38.50
Tantia		47.70	57.41	5.30	26.30

Source – Capitaline (for all companies mentioned above except Supreme Infrastructure).

- 7) The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is [●] times at an issue price of Rs. [●] per equity share.

The Issue Price of Rs. [●] has been determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

H. STATEMENT OF TAX BENEFITS

To,
Board of Directors,
Supreme Infrastructure (India) Ltd.,
Mumbai

“We hereby report that the enclosed annexure states the possible tax benefits available to Supreme Infrastructure (India) Ltd, (the “Company”) and its shareholders under the current direct tax laws. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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 benefit have been / would be met with.

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

**FOR SHAH & KATHARIA
CHARTERED ACCOUNTANTS**

**Place : Mumbai
Date : 12-09-2006**

-Sd/-

**(P.M Katharia)
Partner
Membership No. 31315**

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

A. TO THE COMPANY

Under the Income Tax Act, 1961 (“Act”)

1. As per the provisions of section 80-IA (1) read with 80IA (4) of the Act, the Company is eligible to claim 100% tax benefit with respect to profit derived from “Developing, Operating and Maintaining any Infrastructure Facility”. However, the benefit is available subject to fulfillment of conditions prescribed under the section.
2. The Company is eligible under section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
3. As per the provisions of section 10(34) of the Act, dividends received from domestic companies are exempt in the hands of company.
4. According to the provisions of section 10(38) of the Act, long-term capital gain on sale of equity shares where the transaction of sale is charges to STT shall be exempt from tax.
5. As per provisions of section 111A of the Act, short-term capital gain on sale of equity shares where the transaction of share is chargeable to STT shall be subject to tax @ 10% (plus applicable surcharge and educational cess).

B. TO THE RESIDENT MEMBERS OF THE COMPANY

Under the Income Tax Act, 1961 (“Act”)

1. Members will be entitled to exemption, under section 10(34) of the Act, in respect of the income by way of dividend received from the Company.
2. According to the provisions of section 10(38) of the Act, long-term capital gain on sale of equity shares where the transaction of sale is charges to STT shall be exempt from tax.
3. As per provisions of section 111A of the Act, short-term capital gain on sale of equity shares where the transaction of share is chargeable to STT shall be subject to tax @ 10% (plus applicable surcharge and educational cess).

Under Wealth Tax Act, 1957

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

C. TO THE NON-RESIDENT INDIAN MEMBERS OF THE COMPANY

Under the Income Tax Act, 1961 (“Act”)

1. According to the provisions of section 10(38) of the Act, long-term capital gain on sale of equity shares where the transaction of sale is charges to STT shall be exempt from tax.
2. As per provisions of section 111A of the Act, short-term capital gain on sale of equity shares where the transaction of share is chargeable to STT shall be subject to tax @ 10% (plus applicable surcharge and educational cess).
3. Under section 115E of the Act, capital gains arising to a Non-Resident on transfer of shares in the Company, subscribed to in convertible foreign exchange and held for a period exceeding 12 months shall be concessional taxed at the flat rate of 10% (without indexation benefit plus surcharge & education cess as applicable).

4. Under section 115F of the Act, long-term capital gains arising to a Non-Resident on transfer of shares in the Company, subscribed to in convertible foreign exchange shall be exempt from income tax, if net consideration is invested in specified asset within six months of the date of transfer. If only part of the consideration is so invested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax, if the specified assets are transferred or converted within three years from the date of their acquisition.
5. Under provision of section 115G of the Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
6. Under provision of section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 of the Act declaring therein that the provision of this chapter shall not apply to him for that Assessment Year and if he does so, the provisions of this chapter shall not apply to him for that assessment year; instead the other provision of the Act shall apply.
7. Non-Resident shareholders will be entitled to exemption, under section 10(34) of the Act, in respect of the income by way of dividend received from the Company.
8. Where any Double Taxation Avoidance Agreement [DTAA] entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from the investment in the Company's shares, those beneficial provisions shall prevail over the provisions of the Act in that regard.
9. Section 88E provides that where the total income of a person includes income chargeable under the head "Profit and Gains of business or profession" arising from purchase or sale of an equity share in a company entered into a recognized stock exchange i.e. from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

Under Wealth Tax Act, 1957

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

D. TO FOREIGN INSTITUTIONAL INVESTORS

1. According to the provisions of section 10(38) of the Act, long-term capital gain on sale of equity shares where the transaction of sale is charges to STT shall be exempt from tax.
2. As per provisions of section 111A of the Act, short-term capital gain on sale of equity shares where the transaction of share is chargeable to STT shall be subject to tax @ 10% (plus applicable surcharge and educational cess).
3. Under Section 115AD(1)(b)(ii) of the Act, Income by way of Short Term Capital Gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the Company for a period of less than 12 months will be taxable @ 30% (plus applicable surcharge and education cess).

Foreign institutional Investor sec. 115 AD (I) (II) proviso: Under this proviso short term capital gains referred to Sec. 111 A, where the transaction is subjected to Security Transaction Tax (STT), the rate of tax shall be @ 10% (plus applicable surcharge and education tax).

4. Under Section 115AD(1)(b)(iii) of the Act, Income by way of Long Term Capital Gain arising from the transfer of shares (otherwise than as mentioned in 1 above) held in the Company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by Section 45 of the Act are not available to Foreign Institutional Investors.
5. Income by way of dividend received on shares of the Company is exempt u/s 10(34) of the Act.

SUPREME INFRASTRUCTURE INDIA LIMITED

6. Where any Double Taxation Avoidance Agreement (DTA) entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from the investment in the Company's shares, those beneficial provisions shall prevail over the provisions of the Act in that regard.
7. Section 88E provides that where the total income of a person includes income chargeable under the head "Profit and Gains of business or profession" arising from purchase or sale of an equity share in a company entered into a recognized stock exchange i.e. from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

E. TO MUTUAL FUNDS

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

F. VENTURE CAPITAL COMPANIES/FUND

In terms of section 10(23FB) of the Income Tax Act, 1961 all venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from Income Tax on all their income, including dividend from and income from sale of shares of the company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.
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 shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the Non-Resident has fiscal domicile.
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 Issue.

**FOR SHAH & KATHARIA
CHARTERED ACCOUNTANTS**

**Place : Mumbai
Date : 12-09-2006**

-Sd/-

**(P.M Katharia)
Partner
Membership No.31315**

IV. SECTION: ABOUT US

A. INDUSTRY

THE INFRASTRUCTURE CHALLENGE

The infrastructure sector comprising of transportation, communications, electricity and other services constitutes the backbone of any growing economy. Supply bottlenecks of critical services can severely hamper growth and development. The Tenth Five Year Plan has targeted an annual growth of 8 per cent in GDP over 2002-07 as compared to the average of 5.6 to 5.7 per cent recorded during the eighties and nineties. However, further acceleration of growth requires significant investments in infrastructure. The energy-transport infrastructure, in particular, will be a major determinant of an acceleration in GDP growth. According to the Tenth Five Year Plan, the cumulative investment requirement during 2001-02 to 2005-06 has been estimated at US\$ 156 billion. Of this, 40 per cent is required in the power sector, 11 per cent in telecom and around 14 per cent in roads and railways.

All the infrastructure sectors need sufficient funds for expansion and maintenance of existing facilities. To address this need as well as improve efficiency, a number of policy measures have been initiated recently. In order to create an adequate provision of various public goods, the Government has changed its role from direct producer of public goods and focuses on facilitating and encouraging public-private partnership, including Foreign Direct Investment.

This effort has borne fruit over the last five years. According to a World Bank report, India was amongst the top ten developing countries to receive private participation in infrastructure projects worth US\$ 27.7 billion (in 2001). Changes have also been initiated with an emphasis on implementing commercially viable projects, well-enforced user charges and a regulatory framework that fosters competition.

Availability of infrastructure, key challenges, regulatory changes, future targets and public-private participation and opportunities in critical infrastructural segments such as roads is discussed below.

Roads

The Indian road network has witnessed a quantum leap as new institutional arrangements (based on a self financing revenue model comprising tolls and cess) and highway engineering of international standards have led to better connectivity. The Indian road network of 3.3 million kms is the second largest in the world. Roads carry about 70 per cent of the freight and about 85 per cent of passenger traffic. The road network can be broadly divided into Expressways, National Highways, State Highways, District Roads and Rural Roads. The National Highways have a length of about 65,569 km and carry about 40 per cent of the road-based traffic; the state highways and district roads cover about 5,98,000 kms while the rural and other roads cover about 2,650,000 kms of road length.

Recent Initiatives in the Roads Sector

A number of road projects have been initiated to strengthen the road network. The National Highways Development Project (NHDP Phase I & II) comprises of 5,846 km Golden Quadrilateral (GQ) connecting the four major metro cities, 7,300 km of North- South & East- West corridors and 1,133 km of port connectivity and other projects at an investment of US\$ 12 billion. Already over 4000 kms of road length has been constructed.

To tackle the resource constraint, Central Road Fund (CRF) has been augmented to mobilize the dedicated cess fund levied on diesel and petrol. This fund is being leveraged for market borrowings and is being used for implementation of NHDP. In addition, innovative methods of financing such as Build Operate and Transfer (BOT), annuity based BOT and Special Purpose Vehicle (SPV) systems have been put in place to attract the private sector. Measures initiated by the Government to improve the road network are as follows:

- Capital grant up to 40 per cent of project cost to enhance viability on a case-to-case basis
- Entrepreneur allowed to collect and retain tolls in BOT projects
- 100 per cent Foreign Direct Investment (FDI) allowed in road sector projects
- 100 per cent tax exemption in any consecutive 10 years out of 20 years
- Duty free import of specified modern high capacity equipment for highway construction
- Control of National Highways Bill 2002 passed to prevent unauthorized occupation of highway land

SUPREME INFRASTRUCTURE INDIA LIMITED

- The Central Road Fund was augmented and the corpus of this fund would be utilized for the development of State and National Highways. The Government has imposed a cess of US\$ 0.03 per litre on petrol and diesel to mop up funds for the development of roads

Progress of NHDP (as on August 31, 2004)

Length (in kms)	GQ	NS-EW	Port Connectivity Total and other projects	Total
Total	5846	7300	1133	14279
Completed	3121	653	263	4037
Under implementation	2725	410	350	3485
Balance length to be awarded	0	6211	520	6731
Cumulative expenditure (US\$ billion)	4.09	0.49	0.35	4.93

Source: Department of Road Transport & Highways, Ministry of Shipping, Road Transport & Highways

Future Targets

The 10th Plan has targeted the completion of the GQ and N-S, E-W corridors under NHDP Phase I and II by 2005 and 2007, respectively. In addition, a total length of over 10,000 km under NHDP Phase-III is proposed to be widened to 4-lane or 2-lane highways with paved shoulders (where 4-laning is not justifiable immediately) at an estimated cost of US\$ 12 billion on BOT basis. Under NHDP Phase-III, upgradation of these 10,000 km includes

- Connectivity of all State capitals in Phase I & II
- Stretches of high traffic volume not included in Phase I & II
- Connectivity from NIDP to places of tourist importance, heritage sites, places of economic importance, pilgrimage centres and agricultural 'mandis'.

Private Sector Participation in the Roads Sector

Liberalization of the economy has resulted in a noticeable increase in private sector participation in construction and operation of highways. The Government has initiated about 50 'public private partnership' projects costing around US\$ 2 billion under the Build-Operate-Transfer (BOT) scheme (Toll Based, Annuity and SPVs). This includes an agreement between NHA and CIDB Inventure, Malaysia, in May 2001 for four-laning of NH-5 and NH-9 for US\$ 0.15 billion. Other foreign players who have participated in the roads sector are - AIDC Group of USA and STRADC of Philippines for the Vivekananda Bridge project; DS Construction Ltd of UK (JI-DSC) for Delhi-Gurgaon Expressway Project (along with Jaiprakash Industries Ltd). NHDP Phase-III projects are to be funded on BOT basis.

Investment Opportunities for the Private Sector

- Around 50 National Highways projects costing about US\$ 1924 million are in different stages of construction or in operation with extensive private sector participation
- Four-laning of 10,000 km at an estimated cost of about US\$ 12 billion to be taken up on Build-Operate-Transfer (BOT) basis
- Model Concession Agreements (MCA) for large BOT projects costing more than US\$ 21 million, small BOT Projects costing up to US\$ 21 million and annuity based projects have been finalised
- Investment required to remove deficiencies in National Highways
- Participation in construction of bridges, by-passes and other highway-related en route activities
- Private sector as investors in BOT projects on BOT and annuity basis and participation in bonds and direct borrowings
- Manufacture of construction equipment
- Improvement in urban roads and connectivity in major metros of Delhi, Mumbai, Bangalore, Chennai, Kolkata and Hyderabad

(Source: Opportunities and policy challenges for investment in India, Background paper -October 2004)

SCHEME FOR SUPPORT TO PUBLIC PRIVATE PARTNERSHIPS IN INFRASTRUCTURE

There is a significant deficit in the availability of physical infrastructure across different sectors and that this is hindering economic development of our country. The development of infrastructure requires large investments that cannot be undertaken out of public financing alone. Infrastructure projects may not always be financially viable because of long gestation periods and limited financial returns. Keeping these concerns in mind with a view to promote Public Private Partnerships (PPP) in infrastructure, in order to attract private capital as well as the techno-managerial efficiencies associated with it, the Government of India, through the Ministry of Finance, Department of Economic Affairs, Infrastructure Section has launched a scheme for support to public private partner ships in infrastructure in the month of July 2005 for providing financial support to bridge the viability gap of infrastructure projects undertaken through PPPs. The salient features of the scheme are enumerated below :-

Eligibility

In order to be eligible for funding under this Scheme, a PPP project shall meet the following criteria:

(a) The project shall be implemented i.e. developed, financed, constructed, maintained and operated for the Project Term by a Private Sector Company to be selected by the Government or a statutory entity through a process of open competitive bidding; provided that in case of railway projects that are not amenable to operation by a Private Sector Company, the Empowered

Committee may relax this eligibility criterion.

(b) The PPP Project should be from one of the following sectors:

- (i) Roads and bridges, railways, seaports, airports, inland waterways;
- (ii) Power;
- (iii) Urban transport, water supply, sewerage, solid waste management and other physical infrastructure in urban areas;
- (iv) Infrastructure projects in Special Economic Zones; and
- (v) International convention centres and other tourism infrastructure projects;

Provided that the Empowered Committee may, with approval of the Finance Minister, add or delete sectors/sub-sectors from the aforesaid list.

(c) The project should provide a service against payment of a predetermined tariff or user charge.

(d) The concerned Government/statutory entity should certify, with reasons;

- (i) that the tariff/user charge cannot be increased to eliminate or reduce the viability gap of the PPP;
- (ii) that the Project Term cannot be increased for reducing the viability gap; and
- (iii) that the capital costs are reasonable and based on the standards and specifications normally applicable to such projects and that the capital costs cannot be further restricted for reducing the viability gap.

Government Support

(1) The total Viability Gap Funding under this scheme shall not exceed twenty percent of the Total Project Cost; provided that the Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget, but not exceeding a further twenty percent of the Total Project Cost.

(2) Viability Gap Funding under this scheme will normally be in the form of a capital grant at the stage of project construction. Proposals for any other form of assistance may be considered by the Empowered Committee and sanctioned with the approval of Finance Minister on a case-by-case basis.

(3) Viability Gap Funding up to Rs. 100 crore (Rs. One hundred crore) for each project may be sanctioned by the Empowered Institution subject to the budgetary ceilings indicated by the Finance Ministry. Proposals up to Rs. 200 crore (Rs. Two hundred crore) may be sanctioned by the Empowered Committee, and amounts exceeding Rs. 200 crore may be sanctioned by the Empowered Committee with the approval of Finance Minister.

(4) Unless otherwise directed by the Ministry of Finance, the Empowered Institutions may approve project proposals with a cumulative capital outlay equivalent to ten times the budget provisions in the respective Annual Plan.

- (5) In the first two years of operation of the Scheme, projects meeting the eligibility criteria will be funded on a first-come, first served basis. In later years, if need arises, funding may be provided based on an appropriate formula, to be determined by the Empowered Committee, that balances needs across sectors in a manner that would make broad base the sectoral coverage and avoid pre-empting of funds by a few large projects.

Approval of project proposals.

- (1) Project proposals may be posed by a Government or statutory entity which owns the underlying assets. The proposals shall include the requisite information necessary for satisfying the eligibility criteria specified above.
- (2) Projects based on standardized/model documents duly approved by the respective Government would be preferred. Stand-alone documents may be subjected to detailed scrutiny by the Empowered Institution.
- (3) The Empowered Institution will consider the project proposals for Viability Gap Funding and may seek the required details for satisfying the eligibility criteria.
- (4) Within 30 days of receipt of a project proposal, duly completed as aforesaid, the Empowered Institution shall inform the sponsoring Government/statutory entity whether the project is eligible for financial assistance under this Scheme. In case the project is based on standalone documents (not being duly approved model/standard documents), the approval process may require an additional 60 (sixty) days.
- (5) In the event that the Empowered Institution needs any clarifications or instructions relating to the eligibility of a project, it may refer the case to the Empowered Committee for appropriate directions.
- (6) Notwithstanding the approvals granted under this scheme, projects promoted by the Central Government or its statutory entities shall be approved and implemented in accordance with the procedures specified from time to time.
- (7) In cases where viability gap funding is budgeted under any on-going Plan scheme of the Central Government, the inter-se allocation between such on-going scheme and this scheme shall be determined by the Empowered Committee.

Procurement process for PPP Projects

- (1) The Private Sector Company shall be selected through a transparent and open competitive bidding process. The criterion for bidding shall be the amount of Viability Gap Funding required by a Private Sector Company for implementing the project where all other parameters are comparable.
- (2) The Government or statutory entity proposing the project shall certify that the bidding process conforms to the provisions of this Scheme and convey the same to the Empowered Institution prior to disbursement of the Grant.

Appraisal and monitoring by Lead Financial Institution

- (1) Within four months from the date on which eligibility of the project is conveyed by the Empowered Institution to the concerned Government/ statutory entity, the PPP project shall be awarded in accordance with paragraph 6 above e; provided that upon application made to it by the concerned Government/statutory entity, the Empowered Institution may extend this period by not more than two months at a time.
- (2) The Lead Financial Institution shall, within three months from the date of bid award, present its appraisal of the project for the consideration and approval of the Empowered Institution; provided that upon application made to it by the concerned Government/statutory entity, the Empowered Institution may extend this period by not more than one month at a time.
- (3) The Lead Financial Institution shall be responsible for regular monitoring and periodic evaluation of project compliance with agreed milestones and performance levels, particularly for the purpose of disbursement of Viability Gap Funding. It shall send quarterly progress reports to the Empowered Institution which will make a consolidated progress report once every quarter for review by the Empowered Committee.

Disbursement of Grant

- (1) A Grant under this scheme shall be disbursed only after the Private Sector Company has subscribed and expended the equity contribution required for the project and will be released in proportion to debt disbursements remaining to be disbursed thereafter.
- (2) The Empowered Institution will release the Grant to the Lead Financial Institution as and when due, and obtain reimbursement thereof from the Finance Ministry.
- (3) The Empowered Institution, the Lead Financial Institution and the Private Sector Company shall enter into a Tripartite Agreement for the purposes of this scheme. The format of such Tripartite Agreement shall be prescribed by the Empowered Committee from time to time.

Revolving Fund

A revolving fund of Rs. 200 crore (Rs. Two hundred crore) shall be provided by the Finance Ministry to the Empowered Institution. The Empowered Institution shall disburse funds to the respective lead financial Institutions and claim reimbursement thereof from the Ministry of Finance.

(Source: Scheme for support to public private partnerships in infrastructure, July, 2005, Ministry of Finance Department of economic affairs, Infrastructure section, Government of India)

Real Estate

Land and gold have been the two most coveted objects for Indians since recorded history. India occupies only 2.4% of the world's land area while accounting for 16% of global population. India's average population density is much higher than that of other nations of comparable size including China, Mexico, and Brazil, as shown in the Density Comparison chart. Such demographic and economic trends have caused a surge in demand thereby increasing prices of real estate. Also the discovery of India as a IT / ITES destination in the last decade is perhaps the biggest significant factor driving the real estate market.

The Real Estate Sector in India

The Indian real estate industry is on a high growth path with a current market size of \$15 bn approximately. Moving on, it is expected to be over \$50 bn by 2010, growing at a CAGR of 35-40%. The growth of this sector is crucial for the economy as 1 rupee spent in it adds 78 paisa to the GDP. The growth is being propelled by a variety of factors including the political reforms, favorable interest rate regime leading to easy finance availability, rising income levels and the market getting more organised.

But it has not been like that since long. Historically, the real estate sector in India was unorganized and characterised by various factors that impeded organised dealing, such as

- The absence of a centralised title registry providing title guarantee
- Lack of uniformity in local laws and their application
- Non-availability of bank financing
- High interest rates and transfer taxes
- The lack of transparency in transaction values.

In recent years however, the real estate sector in India has exhibited a trend towards greater organization and transparency, accompanied by various regulatory reforms. These reforms include:

- GoI support for the repeal of the Urban Land Ceiling Act 1976, with nine state governments having already repealed the Act;
- Liberalization of the FDI norms and extensive approval of setting up SEZs;
- Modifications in the State Rent Control Acts to protect homeowners wishing to rent out their properties;
- Rationalization of property taxes in a number of states;
- The proposed computerisation of land records.

The trend towards greater organisation and transparency has contributed to the development of reliable indicators of value and the organised investment in the real estate sector by domestic and international financial institutions, and has also

resulted in the greater availability of financing for real estate developers. Regulatory changes permitting foreign investment are expected to further increase investment in the Indian real estate sector.

These trends have benefited from the substantial recent growth in the Indian economy, which has stimulated demand for land and developed real estate across our business lines. Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. Additionally, the tax and other benefits applicable to SEZs are expected to result in a new source of real estate demand.

The Real estate demand comprises of mainly three aspects:

- Consumption demand: It comes from the strong growth in urban areas, higher disposable income, higher retail lending, lower interest rates and higher demand for real estate.
- Demand from outsourcing: It comes from business process outsourcing in IT & ITES and Pharma.
- Further, with the growth in Knowledge Process Outsourcing of skilled and high-end functions in finance and biotechnology.
- Investment demand: It comes from high Capex plans and infrastructure investments by government and public-private initiatives.

(Source: Research report on Indian Real Estate dated November 13, 2006 by Karvy Stock Broking Limited)

B. BUSINESS OF THE COMPANY

The Company is a medium sized construction company engaged in the following activities:-

- Construction of Roads, Highways, widening of Highways and execution of contracts awarded to it (based on tenders / bids submitted by it) by various agencies such as National Highway Authority of India (NHAI), Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra State Road Development Corporation (MSRDC), Public Works Department (PWD), Municipal Corporation of Greater Mumbai (MCGM), Mumbai Port Trust (MPT), Mumbai Transport Project, Railway (MTP), Airports Authority of India (AAI), Bombay Municipal Corporation (BMC), RCF Ltd. and also from some private sector companies.
- Operating Wet Mix Plant for captive consumption of Wet Mix Macadam (WMM).
- Operating a Ready Mix Concrete (RMC) Plant for the captive consumption of the RMC as well as for sale to other parties.
- Operating an Asphalt Plant for meeting the requirements of Asphalt for the projects under execution by it and
- Crushing Plant for crushing the stones / boulders into aggregates of various types for use in the construction activities.

Details of the Business of Issuer Company

The details of the location of the Company's registered office, manufacturing units and other properties are provided below :-

Sr. No.	Location	Utilization/Area	Nature of Possession
1	Premises at 8, Bhawani Service Industrial Estate, I.I.T. Powai, Mumbai – 400 076	Registered Office admeasuring 3000 sq.ft.	Owned
2	Next to Tennis Court, Behind Lake Castle Bldg, Hiranandani Complex. Powai 400 076	Wet mix, RMC and Asphalt plants of the Company are located at this site.	Leased hold from Mr. Bhawanishankar H. Sharma
3.	Land at Bhiwandi, Thane	24.35 Acres for the quarrying and crushing activities.	Owned

Note: Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being. For details on the above please refer to the Chapter on “Outstanding Litigations, Material Developments and Other Disclosures” under section “Legal and Other Information” beginning on page [•].

Location of the existing manufacturing units of the Company:

The Ready Mix Concrete (RMC) plant, Wet Mix Plant and the Asphalt Plant are located at Powai / Chandivali in Mumbai and a quarrying and crushing unit is situated in Bhiwandi. As regards the construction business of the Company, the location of the project depends upon the sites at which the contracts awarded to the Company are located, which usually vary from project to project.

The existing RMC plant has a capacity of producing 30 cubic meter of RMC per hour. The growth in turnover from contract business make it imperative for the Company to enhance the capacity by setting up another RMC plant. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

The Wet Mix unit has the capacity to produce wet mix macadam upto 80 MT / hour. The current capacity of mix produced by the unit is mainly used for captive consumption.

The Asphalt plant currently has a capacity to generate 85 MT of asphalt per hour. The output of the plant is mainly used for captive consumption for projects under execution by the Company.

The Company is carrying out quarrying and stone crushing activities at its site in Bhiwandi near Mumbai where permission from the local authority has been received to remove 80,000 MT of building stone and murrum from the said land. The above land shall support the procurement of necessary materials for construction activities of the

Company. Vide letter dated 3rd January 2007, the Company has appointed M/s V.A. Construction (VAC), for excavation for stone quarry in hard rock by drilling and blasting which includes breaking of the rocks.

Location of the projects under execution:

In the past the company has executed projects awarded by various organisations. Presently the Company has 10 projects under execution / to be executed with almost the same number of sites till 31st March 2008.

Location of the new business units

As stated under the heading “Details of the Requirement of Funds” on page [•] of the Draft Red Herring Prospectus, the issue is being made inter-alia to finance the purchase of various items of Plant & Machinery.

- **Installation of a crushing plant for NHAI project worth Rs. 10800 Lakhs**

The company has received a contract for western transport corridor Tumkur-Haveri NH-4 Project Package-3 rehabilitation and upgradation of Chitradurga section (Km 189 to Km 207) jointly with MBL Infrastructures Limited. For this purpose, the company intends to install a crushing plant to meet its requirements for carrying out the work on the project.

- **Acquisition of a new ready mix concrete plant**

The new ready mix concrete plant shall be installed at either Chitradurga in Karnataka for the NHAI project or at Wadala in Mumbai for the MPT project. This plant shall make available an additional 60 cubic meter per hour capacity to the company for use at its various sites where projects will be executed by the company as well as supply of the Ready Mix Concrete to other users who are executing various projects across Mumbai depending on the site at which this plant is installed.

- **Acquisition of concrete pump**

The concrete pump proposed to be acquired shall be installed on a chassis of a truck and would be mobile. The location of the same would depend upon the site. Where it would be required, and shall enhance the ability of the company to generate and supply the concrete at a faster rate at the site where the projects are under execution.

- **Acquisition of Asphalt Pavers, Transit mixers, tippers and excavators**

The imported as well as the indigenous Asphalt Pavers, the transit mixers and tippers & excavators shall be mobile and shall be stationed at the various sites during the period when the different projects are under execution

Plant and Machinery

Current Business

The present activities of the Company involve use of equipment such as Dumpers, Vibratory Rollers, Excavators, Tata Hitachi Buckets, Poclain Excavators, Sensor Paver, Finishers, Concrete Mixers, Stationer Drum Mix Plant, with Wet Dust Collector, Generators, Static Road Rollers, Vibrators of various types (Screed Vibrator, Needle Vibrator, Plant Vibrators, Non tilting concrete mixers, Concrete Mixers, Sieves, Compressors, Joint Cutting Machines Bitumen Sprayer, Bulldozers, Graders, Transit Mixers and Cement Bulklers. The Company owns all these items in sufficient numbers to cater to the needs for execution of the work orders / contracts awarded currently to the Company.

The Company's Asphalt Plant and RMC Plant cater to the in-house requirements of Asphalt and Ready Mix Concrete. In addition, the Company also supplies Asphalt and Ready Mix Concrete to outside parties after its in-house requirements are met. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

Proposed Business

The estimated cost of the Plant & Machinery including plant & machinery for real estate construction required for the projects is Rs. 2112.10 Lakhs. The details are given on page [•] of the Draft Red Herring Prospectus.

Technology

The company has been in the business since 1983 and has gained adequate experience to execute projects that meet

the prescribed criteria and completed within the prescribed time limits. The Company possesses and uses modern construction technology which are adapted to suit the requirements under the different conditions in India. Further, Mr. Vikram B. Sharma Managing Director of the company is a technocrat and the company also has engineers on its rolls who have adequate experience in the line of construction. The activities of the company do not involve use of any specific technology.

Process

Presently, the Company has four manufacturing units viz-

- Wet Mix Plant,
- Ready Mix concrete plant
- Asphalt mix plant
- Quarrying and crushing unit

All the units are strategically located at Powai and the quarrying and crushing unit is situated at Bhiwandi. This enables mobilization of the finished products to the various sites in and around Mumbai in a very convenient manner. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

All the four units have adequate infrastructure in terms of manpower, material handling equipment, machinery / equipment required for transportation of products to various sites, power connection and water.

Name of the Unit	Capacity	Details of machine	Power Connection	Man power
Wet Mix Unit Set up in 1983	Mixing of wet mix macadam upto 80 MT / hour	1. Mixing Plant 2. Excavators 3. Trucks (4 nos) 4. Wetmix paver	125 KV own Generator	13
Ready Mix Concrete Plant Set up in 2003	30 Cubic Meter per hour	The plant was manufactured by a German Company named Schwing Stretter. Installed in 2003. It consist of - Cement Silo - Computerized Concrete Mixer - Control room - Transit Mixers (7 nos)	125 KV from REL	42
Asphalt Unit Set up in 1983	85 MT / hour	Complete computerized unit. Consists of complete set up of machineries, lab, lab equipments, Dumpers, Pavers, Rollers, Bitumen Bouzer etc	200 KV own Generator	28
Stone crusher unit	80000 Metric Tons	Consist of stone crusher, cone crusher, and vertical shaft unit. Has primary and secondary hopper with a combined storage capacity of 1500 metric tons. Complete set up consists of dumpers for material mobilization, and other equipments required for lift and shift of materials.	225 KV generator	20

Note:- Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

MANUFACTURING PROCESS AT DIFFERENT UNITS

WET MIX UNIT

Wet mix is a product which's used in the base of roads to strengthen the base layer or also to elevate the level of the base on which road is to be built. Wet mix has extensive strength required to make a new base for roads. This mix is designed as per the site requirement. Wet mix macadam is produced by mixing stone metal, stone dust, and murrum in required quantity. Wet mix macadam is then transported to various sites. Again it is laid at site with help of wet mix paver.

READY MIX CONCRETE UNIT

The metals brought from Crushing Plant are stored into bins along with river sand and metal powder. As per the mix design and required quantity, the metal is mixed with sand, cement, and fly ash to produce Ready mix concrete with the help of Concrete Mixer. The concrete is then transported to site in a transit mixer.

ASPHALT PLANT

The metal stored in bins is conveyed through conveyer belts with the help of computer operated conveyors into the Hot Mix Drum. In this drum the metals are heated to make them moisture free so as to ascertain the quality to mix with bitumen. Once the moisture is evaporated then the metal are mixed with bitumen with the help of furnace oil. Every product has a different quantity of bitumen percentage in it. Once the mix is ready the mix is conveyed into dumpers and transported to sites where it is to be laid with pavers.

CRUSHING UNIT

This is the very first stage and first requirement of any of the production unit since all products have stone metal as the main content. The stones are extracted from the mine through excavators. These boulders are then transported to Crushing Unit.

After crushing, the boulders are converted into four different sizes from 1mm to 4mm. These products are termed as C1, C2, C3 and C4 metal powder. This crushed metal is then transported to Ready Mix Plant and Asphalt Plant and to sites directly as per the requirement.

Areas of Business of the Company

Construction Activity in area of Infrastructure Development

Location of the project

Company executes construction contracts in infrastructure development like roads for various Government, Semi Government agencies. Considering the nature of the Company's business the location of project depends upon the contracted site, which usually varies from project to project. Currently, Company has projects at Mumbai, Maharashtra, Chitradurga, Karnataka.

Plant and Machinery

Technology

Company has not entered into any technical collaboration. The Employer normally specifies the technology and methods for the projects in the tender document, which are conventional in nature, therefore, it does not entail the need for any technical collaborations. For the Company to pre qualify to bid for new contracts, we should have in the past implemented contracts using similar technology. However, one can not rule out the possibility of going for collaboration to gain access to new and advanced technologies in the future.

Based on the project requirements we are required to tie up from time to time with JV partners who possess experience in implementing projects with alternate technologies specified in the tender document.

Process***BUSINESS OF OPERATING AS CONTRACTORS AND DEVELOPERS OF VARIOUS INFRASTRUCTURE PROJECTS*****Project Cycle**

The whole process in this business is a lengthy one and commences with the release / invitation of tenders / bids by the prospective clients. In response to the same, the Company obtains the details of the tender and its team of engineers examines the site to carry out a techno-economic feasibility study based on which they submit their recommendations. At the time of submitting the technical and financial bids in response to the tender, the recommendations of the team of engineers are considered. Mostly these tenders receive more than one response depending on whether the respondents meet the eligibility criteria or not. After the evaluation of the bids submitted, the client decides about awarding the contract. When the Company bags a contract, the job of execution of the contract as per the terms and conditions laid down in it is allocated to a project team. The project in-charge procures the details of the project from the client or from the agency appointed by the client and accordingly determines the requirement of labour, materials, equipment / machinery, power, water, etc. and also decides on the location and size of the site office. The requisition forwarded by the project in-charge also lays down the time limits within which each stage of the activity has to be completed so that the materials, equipment / machinery etc. are made available to the team for execution of the project on time. The Company has laid down procedures for monitoring the quality of the jobs executed and timely completion as well. The company also has an adequately equipped laboratory to carry out the testing that is one of the methods of implementing quality control. Milestone payments are made by the client after the person authorized by them inspects the stage of completion of the work and certifies the same. On completion of the full work in respect of the project, the final payments are released by the client.

The Major Projects executed by us in construction:

Sr. No	Name of Projects	Name of Project Owner	Contract Value (Rs in Lakhs)	Date of Completion
1	Widening of Sion Panvel Road Panvel Road from BARC Junction to Mankhurd Railway Station Junction from Ch/00 to Ch1295/00 including widening of minor bridge, construction of retaining walls, Earthwork, WBM in stretches and asphaltic treatment etc complete.	PWD	370.71	09-03-2000
2	Concreting of storage area in MOD Yard including drainage system, Sewree.	MPT	208.38	28-06-1999
3	Construction of Solid approach road from Mahim Junction for Bandra Worli Sea Link Project.	As sub-contractor from PCC	860.72	31-05-2001
4	Improvement to Parli Gangakhed Palam Loha road MSH-2 Km no.503/00 to 512/00. Maharashtra State Highway 2, under World Band Aid Programme.	PWD Nanded	470.39	30-04-2000
5	Widening & Strengthening of Eastern Express Highway between RCF Junction and JVLR Junction (km 582/800 to 572/610) as per NH Standards.	PWD	475.88	31-03-2004
6	Completed the work of widening and strengthening of Nagpur – Butibori section, Shinganapur – Talegaon section as per N.H.Standard for a length of 32 km including major bridges etc.	MSRDC	2297.00	31-12-2006
7	Completed the project of Widening and strengthening of Western Express Highway from Andheri Fly Over to JVLR Junction Chainage 518/600 to 516/400 km. as per NH standards.	MMRDA	4057.00	31-12-2006
	Total		8740.08	

Note: There have been no penalties levied for any of the above projects due to delay in completion on companies part.

SUPREME INFRASTRUCTURE INDIA LIMITED

The EPC Contracts that have been undertaken by us and are currently under execution:

The work in hand as on 5th January, 2007 is worth Rs.21613.86 Lakhs and most of these projects are from organisations such as MSRDC, MPT, Sadbhav Engineering limited and NHAI.

The Company is also executing a project for MUTP of earthwork and civil construction for laying of railway tracks between Vidya Vihar and Ghatkopar as a part of the Kurla-Thane (Phase-I) railway project being built under the World Bank aided Mumbai Urban Transport Project (MUTP). Completion of this project will strengthen the company's ability to bid for such specialized projects.

Company is focusing on securing appropriate projects which provides good monetary returns, as well as an opportunity to design and execute projects through adequate technical controls, expertise and strong human and machinery resources. At present, Company has work in hand for Rs. 21613.86 Lakhs of EPC contracts; some of them are given here in below:

Sr. No.	Description of the Work	Agency	Cost of Work (Rs. In Lakhs)	Cost of Work to be completed (Rs. in Lakhs)	Expected date of completion
1	Improvement of Nagpur Aurangabad National Highway Standard Road, Section Talegaon to Shingnapur (Length - 31.93 Km)	MSRDC	2203.00	67.00	28 th February 2007
2	Earthwork and Civil construction between Vidyavihar and Ghatkopar Stations for Kurla-Thane Rail Line in Mumbai (Phase I, Railway Project)	MTP, Railway	470.00	100.00	31 st January 2007
3	Supply of Cement concrete material for construction of buildings etc.	Hiranandani Constructions	600.00	120.00	28 th February 2007
4	Supply of Cement concrete material for construction of buildings etc.	GHP Corporation	600.00	80.00	28 th February 2007
5	Supply of Ready Mix Concrete Material to the private party.	Kohinoor Continental Pvt.Ltd.	180.00	160.00	31 st March 2007
6	Construction and Widening of B.T. Road from Bhandari Compound to Ratan Talkies length 990M & width 12M.	Bhiwandi Nizampur City Municipal Corporation	197.00	197.00	30 th October 2007
7	"W-224 : Improvement of roads at A) Dr. Ambedkar Road from Hotel Executive Enclave upto C.D. Marg Junction in cement concrete / paver blocks at Bandra H/West Ward, B) Side strips & footpath of C.D. Marg from linking Road Junction upto 19th Road Junction in paver blocks at Khar (W) C) Madhu Park Circle and 3rd Road Junction Khar (W) in paver block in H/West Ward. D) Side strips and footpath of Nehru Road from Santacruz Station to Military Camp Road Junction in paver block at Santacruz (E) H/East Ward. E) Side strips & footpath of Seventh Road from Nehru Road Junction upto Khar Subway in paver block at Santacruz (E) H/East Ward."	MCGM	1726.87	1726.87	30 th October 2007

8	Tender No.E-18/2006 Concreting of IBP road from Gate No.7, Sewree to Veg. Oil Junction Wadala. (New Project)	MPT	326.99	311.99	31st July 2007
9	Improving and Widening the part of the project highway between km 510.00 to km 539.00 of Vadape Gonde Section of National Highway No. 3 in the State of Maharashtra	Sadbhav Engg. Ltd.	8451.00	8451.00	31 st March 2008.
10	Western transport Corridor Tumkur-Haveri Nh-4 Project Package-3 Rehabilitation and upgradation of Chitradurga Section (km 189 to km 207)	NHAI	10400.00	10400.00	31 st March 2008.
	Total			21613.86	

There has been a delay in the completion of the above mentioned projects. This delay has been caused due to non-acquisition of land and delay caused due to shifting of utilities.

Collaborations:

As of the date of filing of the Draft Red Herring Prospectus, the Company does not have any technical collaborations or agreements.

Infrastructure Facilities

Raw Materials

The major raw materials used by the company for its various activities are as under :-

1. Cement
2. Bitumen
3. Aggregates
4. Steel
5. Sand

The requirements of most of the above raw materials depend on the contracts in hand and the progress of work on each contract and hence it is difficult to estimate annual requirement of the quantity of the various raw materials. Purchases of the above raw materials are made from the local markets where adequate quantities of the same are available. 70% of the requirement of aggregates is sourced from own quarry and the balance is purchased from the market.

Utilities

Water

The Wet Mix plant and the Ready Mix Concrete Plant use a large quantity of water in the manufacturing process and the requirement of the same is met from the borewell at the Company's site at Powai. The water requirement for the various projects at the different sites are met through supplies made by the client or from sources near the sites. Alternately, water tankers carry water for meeting the water requirements at the different sites. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

Power

Power is required for (a) running the Wet Mix unit, (b) operating the ready mix concrete plant (c) operating the asphalt plant (d) Crusher unit and (e) at the various project sites for operating the machinery / equipment and lighting.

The power requirement for the three manufacturing units are met from Reliance Energy Limited's normal distribution sources and from generator sets.

The power required at the project sites for operating the machinery / equipment and lighting are met from the regular distribution sources and is arranged by the clients who award the contracts. At the project sites where the power supply

SUPREME INFRASTRUCTURE INDIA LIMITED

cannot be arranged Diesel Generating sets are used to meet the requirement of power.

Fuel

The requirement of Diesel and LDO for operating the machinery / equipment and Generating Sets are met by supplies from the local markets and are available in adequate quantities.

Greases and lubricating oil

The requirement of Greases and Lubricating Oil for the machinery / equipment and Generating Sets are met by supplies from the local markets and are available in adequate quantities.

Manpower

The current staff strength of the Company is 163 as on 30th November, 2006 as per details given below:-

Sr. No.	Unit	No. of Employees
1	wet mix plant	13
2	Asphalt Plant	28
3	RMC Plant	42
4	HO	18
5	Crushing unit	20
6	Sites	62
	Total	183

Manpower required for the construction business in real estate business- manpower requirement for this activity will depend upon the commencement and progress of the work in hand. However, pursuant to the Court Order, the personnel who were engaged in the RMC plant are being deployed at the other plants / sites of the company except a few who were required specifically for the operation of the RMC plant. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being. For details on the above please refer to the Chapter on “ Outstanding Litigations, Material Developments and Other Disclosures” under section “Legal and Other Information” beginning on page [•].

Environmental Clearance

Infrastructure projects are subject to a lot of environmental clearances. Any delay in the clearance can stall the project for a long time thereby causing losses. In projects executed by us environmental clearance is the obligation of the project authority.

Products

The company manufactures the following products for its in-house consumption as well as for sales to other users

- (a) Crushed metal
- (b) Ready mix concrete
- (c) Asphalt.
- (d) Wet Mix macadam

Crushed metal

PRODUCTS	Utilised for
Boulders-midsize Stone, partially crushed	This is generally used for base formation of any kind of concrete & Asphaltic Roads. Generally used for filling or level rising since boulders has adequate size and strength required at bed level.
4mm metal/C4	This is a metal of 4mm size derived from crushing of stone. It is substantially used for laying in, a layer prior to Asphalt work. This is also used in repairing of pot holes or spot repair works.

C1/metal1 & C2/metal2	These products we get, after advance crushing of metal, it is further reduced to metal1, and metal2 i.e. as per their size 1mm & 2mm. Both these metals are used in different quantities as per the mix design. M1 & M2 are two main products used for manufacturing of Ready mix concrete and Asphaltic products. Both these metals are of great demand as far as construction work is concerned.
Metal Powder	This is a fine and dust derived from crushing process. This is also used in concrete mix and Asphalt concrete.

Ready mix concrete

The company presently has the facilities to produce / generate 30 cubic meter of ready mix concrete per hour. Further, with the acquisition of the new ready mix concrete plant, the capacity available at the company shall stand enhanced to 90 cubic meter of ready mix concrete per hour. The areas surrounding the site where the company's existing ready mix concrete plant is located has been witness to a lot of construction activity which has been rising steadily over the past 15 years and it has been experienced by the company that it was becoming difficult to meet its own increasing requirements as well as that of the outside demand. Hence, the company felt it was necessary to go in for a new ready mix concrete plant that would enhance its capacity and enable it to cater to the increased requirements of ready mix concrete.

PRODUCTS	Utilised for
M100/M10	This is the mix with lowest concentration of cement. This is generally used for leveling at site or for casting of base level or PCC bed.
M150/M15	This mix is slightly richer than M10. It is mostly used in casting of objects which do not load bearing capacity or even used in drainage work.
M20/ M200 & M25/ M250	These grades are of equal importance as far as building construction is concerned. Both these grades are extensively used by builders for R.C.C work of a building i.e. columns, beams, slabs etc. These Mix are mainly supported by structural engineers for construction industry.
M30/ M300 & M35/ M30	These grades are used for concretization of roads. These grades are rich enough to support the traffic weight on per cubic feet basis.
M40/M400 & M45/M450	These are the richer grade products that are being produced by R.M.C plant. These grades are used for roads at reclaimed grounds or buildings with a very specific design or usage. These grades are also used where projects are time bound because the cement ratio in such a mix gets the strength required twice as much to get the required strength e.g. a building slab with M25 grade may required 21 days for gaining the desired strength to do the further work, where as the same strength could be gained within a weeks time with the usage of M40 grade.

Note: Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

Asphalt

The Asphalt plant of the company situated at Powai has a capacity of manufacturing 85 MT / hour of Asphalt which is used for its own in-house requirements as well as for sale to other contractors.

PRODUCT	MIX	Utilised for
Macadam	4% + C1+C2	These are the various products/ Asphalt mixes used as input for road construction activity
Silcoat	7% + Grit + Stone dust	Usage depends upon the strata of the place where road is to be made. All the products are differentiated on the basis of

SUPREME INFRASTRUCTURE INDIA LIMITED

		bitumen mix with the common metal.
Asphalt concrete	6.5 + Powder + C1 bitumen	Most commonly used mix are macadam and Asphalt Concrete.

Wet mix Macadam

This plant is located at Powai. It has the capacity of producing wet mix macadam upto 80 mt/ hour. Main mix in this are stone metal , stone dust which is also called as powder, and murrum. All the components are mixed as per mix design ratio and mobilized to sites where in turn it's laid at site with help of wet mix paver.

BUSINESS STRATEGY

The Company recognizes the importance of the construction industry in India especially the high impetus given by the Government of India to make up deficits in infrastructure rapidly. Road construction is the Company's forte that it has developed after years of dedicated work. The Company will continue to bid aggressively for the road related infrastructural projects – leveraging and building the specialization and prequalification and thereby participating in more states and regions and gaining access to more complex projects. The expertise gained by the Company in completing projects awarded by the Mumbai Port Trust, Airport Authority of India, MTP and PWD have opened up the scope of bidding for similar projects by the Company which require special skills that have been acquired during implementation of the aforementioned projects.

The object for which this issue is being made includes purchase of modern machinery/equipment to enhance the capacity and technical ability of the Company to undertake projects awarded to it. This is the first step in the Company's business strategy to leverage upon the expertise acquired during the course of undertaking projects requiring specialized skills including working as per the high standards of World Bank requirements. The enhanced capacity together with improved quality of work by using the modern imported equipment will enable the Company to take up more and more projects. This in turn will make the company eligible for qualifying for larger bids due to its enhanced bidding capacity.

Real Estate

The company plans to foray into the real estate business by undertaking the construction contracting activity. The promoters of the company have incorporated a separate company by the name of Supreme Housing and Hospitality Private Limited ('Supreme Housing') for real estate development business. The said company proposes to develop an information technology park followed by residential complex in Powai area. The area to be developed as information Technology Park would be approximately 4,90,000 square feet and the area to be developed as residential complex would be approximately 5,71,000 square feet. The residential complex will be developed under the Slum rehabilitation scheme. Supreme housing has applied for obtaining the requisite permission for commencement of development of information Technology Park and the process for undertaking the slum rehabilitation construction work has been initiated.

It is expected that the work for development of information Technology Park will commence by March 2007.

Supreme Housing will acquire the development rights for the proposed projects from the owner of the land Mr. Bhawanishankar H. Sharma.

In terms of the memorandum of understanding between the company and Mr Bhawanishankar H. Sharma, entered on November 8, 2005 as amended on December 30, 2006 along with Supreme Housing as confirming party, the entire work relating to construction of the buildings will be given to the company. Since Supreme Housing has been incorporated as a separate entity to undertake the development work, the commercial terms for construction contract will be decided between the Company and Supreme Housing. The estimated value of the of the construction contract for information technology park is approximately Rs 8,085 lakhs. The commercial terms for construction of residential complex will be determined in due course of time.

Future Prospects

The Company looks at the future of the construction industry with optimism. There is lot of potential in road projects. Company has derived the optimism from various factors including Government emphasis on creating world-class infrastructure, favorable investment climate leading to industrial growth and growth in the housing sector.

The dynamics of infrastructure industry have undergone changes in the last few years. Though the importance of infrastructure sector and the crucial role it plays in the growth of the economy was never in doubt, it has nonetheless remained undermined. However, its acknowledged importance and the impetus provided by the Central and State Governments have ensured that this industry gets due attention. Various sectors of this industry are witnessing a lot of activity and new projects are coming up all across the country. Company has identified few of these sectors as the core area of growth and focus.

The Government of India has laid emphasis on the need for improvement in the infrastructure in various sectors for the all round growth of the economy with a view to achieve the growth plans of the 10th 5year plan. The government has been making endeavors to bring necessary changes in the regulatory framework to encourage and attract enhanced investment in the infrastructure development. Towards this end the government itself has been spending large sums on development of infrastructure such as building/widening of national highways, ports and airports. The implementation of the above plans will benefit all the players in the industry in which the company operates by way of large value of contracts to bid for and execute, growth in demand for aggregates, asphalt and for RMC all of which are the main segments in which the company operates.

The total road length in India has increased significantly from 3.99 lakh kms as of 31.3.1951 to 33.83 lakh kms as of 31.3.2002. The surfaced road lengths have also increased from 1.57 lakh kms to around 16.04 lakh kms in the same period. Surface length constitutes 47.3% of total road length as of 31.3.2002, up from a level of 39.3% of the total road length as of 31.3.1951.

Among the different categories of roads, National Highways constitute around 2%, State Highways 4%, PWD roads 21% and urban roads 7%. The rest of the road length in the country is accounted for by the rural roads. While development and maintenance of National Highways is under the purview of the Centre, all other categories of roads come under the purview of the respective States/UT Governments.

The country's road network can broadly be divided into three categories viz. (a) National Highways (b) State Highways and Major District Roads, and (c) rural roads. The National Highways, running across the length and breadth of the country, have a length of 65,569 km. Though they comprise only about 2 per cent of the road network, they carry about 40 per cent of the road based traffic.

State Highways (SHs) and Major District Roads (MDRs) constitute the secondary system of road infrastructure of the country. The State Highways provide linkages with the National Highways, district headquarters, important towns, tourist centres and minor ports. Their total length is about 1,37,711 km. Major District Roads run within the district, connecting areas of production with markets, rural areas to the district headquarters and to State Highways/National Highways. It is assessed that the secondary system carries about 40 per cent of the total road traffic and comprises about 20% of the total road length. By acting as the link between the rural and urban areas, the State Highways and Major District Roads contribute significantly to the development of the rural economy and industrial growth of the country.

The last link in the chain is rural roads. Rural connectivity is a key component of rural development and contributes significantly to generating higher agricultural incomes and productive employment opportunities besides promoting access to economic and social services. Studies show that rural roads have a significant impact on poverty reduction as well.

The existing road network is showing signs of serious distress because of neglect of maintenance, which is highly uneconomic from the national point of view. Out of the total length of 65,569 km., about 25,000 km is under severe strain due to high volume of traffic. One of the main factors responsible for this is the upgradation of large segments of State Highways to National Highways during the Ninth Plan. Total estimated cost of removing deficiencies on National Highways is about Rs.1,65,000 crore. The present allocation for maintenance of National Highways is only 40% of the requirements based on the norms for maintenance. The situation in respect of State roads is still worse. Due to resource constraints private sector also need to be involved in maintenance of National Highways.

(Source : National Road Transport Policy)

India has a vast road network of about 3.32 million km of which the NH and the state highways together account for 1,95,000 km length. The composition of road traffic has grown from 12 per cent freight and 31.6 per cent passenger traffic in 1950-51 to an estimated 65 per cent freight and 87 per cent passenger traffic during the Tenth Five Year Plan period.

Traffic on the roads is growing at the rate of 7-10 per cent per annum while the growth in vehicles has been to the tune of 12 per cent per annum for the past few years. The road network, therefore, needs to be expanded and strengthened at a very fast pace not only to cater to the increased volume of traffic, but also to provide improved accessibility to the hinterland. Though the 65,569-km long NH, which are the responsibility of the Department, constitute only 1.98 per cent of the total road length, it carries 40 per cent of road traffic. The highways need to be improved rapidly to provide for speedy and economical carriage of goods and people. Further, road transport needs to be regulated for better energy efficiency, reduction in pollution and enhanced road safety.

Historically, investments in the road infrastructure, particularly in the highways, were being made by the government sector mainly because of the large 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, in recent times, led to an active involvement by the private sector also. To give a fillip to this, the Department of Road Transport and Highways had laid down comprehensive policy guidelines for private sector participation in the highway sector and the government has also announced several incentives such as tax exemptions and duty-free import of road building equipments and machinery. Model Concession Agreements have also been finalised for major road projects.

A number of projects have been planned on Build, Operate and Transfer (BOT) basis (toll-based projects). The huge upfront capital investment and high risk of revenue collection have been recognised as potential deterrents to private sector participation. To address this, in addition to giving several incentives, the government has also decided to offer some projects on annuity basis. A Concession Agreement for BOT projects under annuity payment scheme has been finalised and a number of projects taken up on annuity payment system. The National Highways Authority of India (NHAI) has also formed Special Purpose Vehicles (SPVs) for funding road projects.

The Central government has created a dedicated fund, called Central Road Fund (CRF) from the collection of cess of Re.1/- per litre on petrol and diesel. The Union Budget for 2003-04 introduced an additional levy of cess of 50 paise per litre on petrol and high speed diesel. The fund is distributed for development and maintenance of NH, rural roads, state roads other than rural roads and for provision of railway over bridges/under bridges and other safety features. The Department is additionally charged with the responsibility for approval and release of funds to states for development of state roads under the CRF. The Department is also responsible for evolving standards and specifications for roads and bridges in the country besides acting as a repository of technical knowledge on roads and bridges.

Road Development

The government has embarked upon a massive National Highways Development Project (NHDP) in the country. The NHDP Phase I and Phase II is the largest highway project ever undertaken in the country. Under this project, about 14,279 km of NH are proposed to be four or six laned at an estimated cost of Rs.64,639.00 crore. This is being implemented by the NHAI.

The NHDP Phase I and Phase II consist of the following components:

Golden Quadrilateral (GQ), comprising National Highways connecting four metro cities viz., Delhi, Mumbai, Chennai and Kolkata, has a total length of 5846 km. As on 30 November 2004, 4203 km length had already been four laned and work is continuing on the remaining length. The GQ, with the exception of three projects, will be completed by December 2005.

North-South and East-West Corridors (NSEC) comprising the National Highways connecting Srinagar to Kanyakumari (including the Kochi- Salem spur) and Silchar to Porbandar, has a total length of about 7300 km. As on 30 November 2004, four/six laning of 675 km has already been completed and work on 388 km is under implementation. The work on the remaining length of NSEC corridor is scheduled to be awarded by June 2005. The NSEC corridor is targeted for completion by December 2007.

The NHAI has also been implementing four laning of about 356 km of highways to provide connectivity to 12 major ports and 777 km on other National Highways. As on 30 November 2004, four laning of about 69 km roads of port connectivity and 194 km of other National Highways has been completed.

Apart from the NHDP, there are about 41,290 km of NH which are being maintained with the funds available from the budget. Various development works like improvement of riding quality, widening to four or two lanes, strengthening, construction of bypasses and rehabilitation/construction of bridges etc. have been undertaken on the NH. During 2004-05,

as on 30 November 2004, 264 proposals involving a cost of Rs.615.322 crore have been sanctioned. A total of 221 km of single lane have been widened to two-lane, 264 km strengthened and work on rehabilitation/construction of 29 bridges was completed till 31 October 2004.

The development of the NH-34 corridor from Barasat (km 31) to Raiganj (km 398) in West Bengal, at an estimated cost of Rs. 1085.7 crore, has been taken up with the loan assistance of Asian Development Bank (ADB). The project is for improvement and capacity augmentation of about 369 km stretch of NH- 34 by the addition of 1.5 m paved shoulders on both sides of the carriageway, strengthening of existing pavement, four-laning of urban stretches, construction of seven road over bridges (ROBs) and two major bridges. The technical bids received for a length of 263 km are being evaluated, while technical bids for the balance length of 104 km have been evaluated and approved by the ADB. The project is scheduled for completion by June 2007.

The government has already announced several incentives such as tax exemptions, duty free import of road building equipments and machinery in order to encourage private sector participation in road development. A total of 30 tollbased projects valued at Rs. 4527.16 crore have been taken up on BOT basis. Of these, 21 projects have been completed and work is on in nine projects. The major deterrent to private sector participation is the huge upfront capital investment and high risks of revenue collection. To address this, the government has decided to offer some projects on annuity basis. Eight projects valued at about Rs. 2354 crore awarded on annuity basis are in progress. The NHAI has also formed SPVs for funding road projects. SPVs are separate legal entities formed under the Companies Act, 1956. It involves some cash support from the NHAI in the form of equity/debt; while the rest of funds come from ports/financial institutions/beneficiary organisations in the form of equity/debt. The amount spent on development of roads/highways is to be recovered through tolls within a prescribed concession period. Eleven projects valued at about Rs. 2139.00 crore have been identified under SPV funding. Four projects costing Rs. 713.00 crore have been completed and 7 projects are in progress on SPV funding basis.

The Department is primarily responsible for development and maintenance of NH in the country. All roads other than NH in states fall within the jurisdiction of respective state governments. However, to assist the state governments in their road development programme, the Central government also provides funds from the CRF and also for certain selected state roads of inter-state connectivity and economic importance. The Department is also responsible for evolving standards and specifications for roads and bridges in the country besides acting as a repository of technical information on roads and bridges.

As on 30 November 2004, the length of NH stood at 65,569 km.

The NH system suffers from various deficiencies of capacity constraints, pavement crust, geometrics and safety features. It was assessed at the time of the formulation of the Tenth Five Year Plan that removal of deficiencies on the existing NH network would require resources to the tune of Rs. 1,65,000 crore. Improvement of the NH is being undertaken by way of widening and strengthening of existing highways, reconstruction/widening bridges, and constructing bypasses on selective basis within available resources. While the government is providing increasing budgetary allocation for projects in the highway sector and has undertaken major initiatives for upgrading in high density corridors, it has not been possible to allocate sufficient funds matching the needs because of competing demands from other sectors, especially the social sector. The physical programmes of road development of removing the financial bottlenecks need concerted efforts in the form of mobilisation of funds from other sources. Inflow of private sector funds is expected to bridge the resource gap to some extent.

Development and Maintenance of National Highways

An allocation of Rs.745.56 crore for maintenance and Rs.1782.00 crore, including allocations to states made from the resources generated through the collection of user charges on bridges (Permanent Bridge Fee Fund) for development of NH entrusted to state governments and the Border Roads Organisation (BRO), has been made for 2004-05.

An allocation of Rs.5058 crore has been made to NHAI in 2004-05 for development and Rs. 70 crore for maintenance of NH entrusted to the NHAI. During the current financial year, up to 30 November 2004, the NHAI incurred an expenditure of Rs. 4250.72 crore on various projects, including the externally aided projects entrusted to it.

Central Road Fund

In recognition of the need of funds for road infrastructure, the Union Budget for 1998-99 had provided for the levy of additional excise duty and additional custom duty of Re.1 per litre of petrol. Subsequently, in the Union Budget for 1999-

SUPREME INFRASTRUCTURE INDIA LIMITED

2000, an additional duty of Re.1 per litre of high speed diesel was levied. In 2003-04, an additional levy of cess of 50 paise per litre was levied on petrol and high speed diesel. The revenue from the cess would be used to finance all categories of roads. This fund has been given the statutory status by Central Road Fund Act, 2000.

An allocation of Rs. 5361 crore has been made under the CRF for 2004- 05 with the following break-up:-

Allocations from the Central Road Fund

(Rs. in crore)

Grants to state governments and Union Territories for state roads	868.00
Grant to states and Union Territories for roads of inter-state connectivity and economic importance	96.00
National Highways	1848.00
Rural roads	2148.00
Railways	401.00
Total	5361.00

- The funds earmarked for NH are being allocated to the NHAI for the NHDP.
- The funds for state roads are disbursed to the states for development of state highways and major district roads.
- A total of 272 works for improvement of state roads involving expenditure of Rs.589.14 crore have been sanctioned from the CRF for 2004-05 till 30 November 2004.

EXTERNALLY AIDED PROJECTS

The NHAI is implementing several projects with foreign assistance in the form of loans from the World Bank, ADB and the Japan Bank of International Cooperation (JBIC) to the tune of US\$1345 million, US\$950 million and Yen 32060 million respectively.

- Third National Highway Project or TNHP (LN4559-IN), involving four-laning of 477 km of NH sections in the states of Uttar Pradesh, Bihar and Jharkhand. The total amount of the loan is US\$ 516 million.
- A loan agreement was signed in July 2001 with the World Bank for a loan of US\$ 589 million for the Grand Trunk Road Improvement Project (GTRIP), comprising four-laning of 422 km of NH section in the states of Uttar Pradesh, Bihar and Jharkhand.
- The Allahabad bypass project (ABP) is for development of 84.71 km length of NH-2 in Uttar Pradesh from km 158 to km 242.71 including bridge portion. The sanctioned cost is Rs. 1060.49 crore, with the loan assistance of US\$ 240 million from the World Bank.
- The World Bank on 21 December 2004 has approved a loan of US\$620 million from the International Bank for Reconstruction and Development (IBRD) for the Lucknow-Muzzaffarpur National Highways Project (LMNHP) which envisages improving the institutional capabilities to manage road programmes, assets and services on a more commercial basis.
- The NH sections proposed for upgrading to four-lane divided carriageway under the project are all located along a 513 km continuous stretch between Lucknow and Muzzaffarpur along the East-West corridor in the states of Uttar Pradesh and Bihar. The entire stretch is divided into five engineering design contract packages: Lucknow-Ayodhya (126 km); Ayodhya-Gorakhpur (117 km); Gorakhpur-Gopalganj (106 km); Gopalganj-Muzzaffarpur (134 km); and Gorakhpur Bypass (40 km). The NHAI has proposed civil works for the first four sections (totalling 483 km) to be taken up through Bank financing and the Gorakhpur Bypass through the NHAI's own financing. The feasibility study and detailed engineering design including the Environmental Assessment and Resettlement Action Plan for all packages are being carried out by design consultants funded by NHAI's own funds, under terms of reference (TOR) cleared by the Bank.
- Surat Manor Toll Way Project - The project envisages the widening of 175.6 km length of the existing two-lane carriageway section of the Surat-Manor road (km. 263.4 to km. 439.0) to a four-lane divided carriageway facility. The sanctioned cost of the project is Rs. 1331.35 crore. The commissioning of this project will complete the continuous four-lane section of NH-8 from Vadodara to Mumbai, which is a part of the Golden Quadrilateral. A loan agreement of US\$ 180 million was signed between the ADB and the NHAI in October 2000.
- Tumkur-Haveri Project - A loan agreement has been signed with the ADB for a loan amount of US\$ 240 million for upgrading of the Tumkur-Haveri section of NH-4 to a fourlane divided carriageway for a length of

259 km under the Western Transport Corridor Project. The sanctioned cost of the project is Rs. 1151.00 crore. The project has been divided into five construction packages.

- East-West Corridor Project - The four-laning of the 506.60 km Porbandar-Deesa section of the East- West corridor in Gujarat has been taken up at an estimated cost of Rs.2573.50 crore, of which the ADB is financing Rs.1587.00 crore (US\$ 320 million) as a part of its loan for 2002.
- West Bengal Corridor Development Project - 7.1.11 The West Bengal Corridor Project will develop the NH-34 corridor from Barasat (km 31) to Raiganj (km 398) in West Bengal at an estimated cost of Rs. 1085.70 crore with loan assistance from ADB. The project will be funded from three sources - ADB (Rs. 698.89 crore), counterpart funding by the government of India (Rs. 329.00 crore) and counterpart funding by the government of West Bengal (Rs. 57.81 crore). The project has been divided into three construction packages: Package A (km 31-km 193), Package B (km 193-km 297) and Package C (km 297-km 398). Pre-qualification applications for civil works for Packages A and C have been received and are being evaluated. The technical bids for Package B have been evaluated and approved by ADB. The project is scheduled for completion by June 2007.
- Naini Bridge Project - 7.1.12 A loan agreement with JBIC (IDP-91) for Yen 10037 million was signed in January 1994 for the construction of a bridge over the Yamuna river at Naini on NH-27 in Uttar Pradesh. The work was awarded in July 2000 with the concurrence of JBIC. Work on the project was started in October 2000. The project was completed in July 2004.
- Four-Laning of Tada-Nellore and Vijayawada-Nandigama Sections - A memorandum of understanding (MoU) was signed between NHAI and Construction Industry Development Board (CIDB) of Malaysia on 19 December 2000 for four-laning of the Tada-Nellore section of NH-5 and Vijayawada- Nandigama section of NH-9 in Andhra Pradesh at a cost of Rs.760 crore with the help of Malaysian investment under the BOT scheme. This will be inclusive of a grant of Rs. 167.50 crore from NHAI. The CIDB will be entitled to collect toll for recovering its investment. The Concession Agreement was signed between NHAI and CIDB of Malaysia on 27 March 2001. The Tada-Nellore and Vijayawada- Nandigama sections have been opened to traffic in May 2004 and September 2004, respectively.

NEW INITIATIVES

The developments of NH which are not under NHDP are being taken up, keeping in mind the availability of funds, condition of the road, inter-state priority and volume of traffic. Since the funds available are not sufficient to take up large development works, the Department is considering other initiatives like encouraging public-private partnership and collection of funds through cess on petrol and diesel. The various programmes contemplated are given below :

- National Highways Development Project – NE
- National Highways Development Project Phase-III
- National Highways Development Project Phase-IV

National Highways Development Project – NE

The Department is aware of the importance of the north-eastern region. Considering the status of the development of the roads in this region, an Accelerated North-East Road Development Project is under consideration, which will mainly provide connectivity to all the state capitals and district headquarters in the north-east, including four-laning of the 315 km of NH between Nagaon and Dibrugarh in Assam and two/four-laning of 288 km of NH in Meghalaya, Nagaland and Sikkim. The proposal would include upgrading other stretches of NH and state highways considered critical for economic development of the north-east region.

National Highways Development Project Phase-III

For rehabilitation and upgrading about 10,000 km length of existing NH to four-lane dual carriageway configurations on BOT basis has been proposed as Part III of NHDP. The programme generally comprises stretches of NH 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. The work will be started in phases during the remaining part of the Tenth Plan period and during the Eleventh Plan.

National Highways Development Project Phase-IV

With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, a proposal is also being worked out for upgrading 23,000 km of single lane highways to two-lane with paved shoulders and for strengthening of 18,000 km of the existing two-lane highways and construction of paved shoulders under NHDP Phase-IV on BOT basis.

The above three programmes can, however, be taken up for their implementation only after approval by the government. (Source : Annual Report 2004-05, Government of India, Department of Road Transport & Highways Ministry of Shipping, Road Transport & Highways)

Mumbai Urban Infrastructure Project

Mumbai is the commercial and financial capital of India, generating about 5% of India's GDP and contributes over one third of the country's tax revenues.

In addition, it handles major part of the port traffic of the country. With rapid urbanisation and industrialisation during the last three decades, the population growth has been mainly in the suburbs i.e. north of Mahim and Sion while the population growth in the island city has remained more or less stagnant. The population in the suburbs increased from 5 million in 1981 to 8.8 million in 2001, while the population in the island city increased from 3.28 million to 3.30 million during the same period. The city of Mumbai with its present population of over 12 million generates more than 10 million daily passenger trips catered by suburban railway and public transport bus services provided by BEST. The ever growing vehicular and passenger demands, coupled with constraints on capacity augmentation of the existing network, have resulted in chaotic conditions during peak hours.

The five main north-south roads in the suburbs are not fully developed to the planned width, have many bottleneck points and constraints due to large number of intersections with major and minor roads. Similarly, the major east-west links proposed in the Wilbur Smith Associate Study of 1962 have not been finalised. During the last 4 decades there has been growth in vehicular ownership in Greater Mumbai, particularly in the suburban areas, resulting in immense pressure and increasing bottlenecks. The vehicular population in the last four decades increased from 1.5 lakhs in 1971 to 1.29 million in 2001.

The World Bank funded MUTP focuses mainly on strengthening of mass transport particularly improvements in suburban railway services in terms of efficiency and capacity, with very few proposals of road improvements.

On the above background and looking beyond MUTP improvements and considering the future travel demand by growing population, it has been considered necessary to take urgent steps to strengthen the road infrastructure in Mumbai. With a view to supplement MUTP, MMRDA initiated the process for an ambitious project known as Mumbai Urban Infrastructure Project (MUIP) with the main objective of road network improvements and efficient traffic dispersal system in Greater Mumbai.

Objectives

- To prepare a traffic dispersal model for efficient mobility and connectivity.
- To develop major North-South road links in suburbs including a Mass Rapid Transit Connectivity.
- To strengthen / augment the East-West Connectivity in the suburbs.
- To provide efficient / fast public transport corridors.
- To facilitate safe and convenient movement for pedestrians (Subways / FOBs / Footpaths) including Station Area Traffic Improvement Schemes (SATIS).
- To provide high capacity uninterrupted road connection to both the Airports.
- To remove level crossings in Mumbai
- To provide bus terminals / bus depots and to create facilities for passengers.

Master Plan

The master plan of proposed schemes under MUIP for Eastern Suburbs, Western Suburbs and Island City including improvements / provision of DP Roads, Elevated Roads, Flyovers, ROBs, Vehicular Subways, Pedestrian Subways, Station Area Improvement Schemes (SATIS), high capacity bus corridors etc. The summary of all the improvement schemes are given below:

Schemes	Eastern Suburbs	Western Suburbs	Island City	Overall
DP Roads (No)	52	60	22	134
DP Roads (in Km)	195.41	150.87	116.00	462.28
Elevated Roads	6	--	4	10
Flyovers	10	17	14	41
ROBs	1	7	8	16
Vehicular Subways	8	1	1	10
Pedestrian Subways	27	5	24	56

Cost of the Schemes

The GOM approved the Master Plan at an estimated cost of Rs. 2,648.00 crores. Cost of projects identified under priority-1 is estimated as Rs. 1980 crores. A total length of 462 km of DP roads having width more than 25 meters would be implemented in MUIP over next 3 years. Under priority-1, 344 km of roads are proposed for full development. Bids have been invited for priority North-South and East-West Corridors. Detailed designs and bids documents for other priority components are at finalisation stage.

Schemes for private participation

The Study identified certain projects which could encourage private participation and developing the same. Following are some of the projects with their estimated costs.

1	Eastern Freeway	Rs. 300 crores
2	Goregaon Mulund Link Road connecting Western and Eastern Suburbs.	Rs. 125 crores

Implementation Strategy

MMRDA is designated as a nodal agency for implementation of MUIP. The projects identified by the concerned agencies such as MMRDA, MCGM, MSRDC and PWD will be implemented/completed within three years.

The Resettlement and Rehabilitation of Project Affected Persons Mumbai Urban Infrastructure Project (MUIP)

About 35000 slum families are affected by MUIP. For smooth implementation of MUIP, it is necessary to rehabilitate eligible slum dwellers. The rehabilitation and resettlement of PAPs affected by MUIP will be undertaken according to the Government of Maharashtra's policy of slum rehabilitation and by using powers of Slum Rehabilitation Authority vested in MMRDA. Thus about 21000 slum families can be rehabilitated in the schemes which are approved at various sites e.g. Poonam Nagar–Majas, Oshiware–Goregaon, Anik–Chembur, Anik Bhakti Park–Chembur, Borla–Ghatkopar–Mankhurd Link Road, Tata Nagar–Mankhurd, Kanjurmarg(W)–LBS, Bhandup.

(Source : www.mmrdamumbai.org)

The Company can bid for some of the above mentioned projects upon meeting the eligibility criteria either on its own or based on joint venture agreements entered into by it as it has done in the past and was successful in winning contracts for which there was competitive bidding.

Capacity and Capacity Utilisation:*Construction*

The nature of the business is project specific and not of a manufacturing concern with specified installed capacity, therefore, the installed and utilization capacity cannot be determined.

SUPREME INFRASTRUCTURE INDIA LIMITED

Competition

The Company faces competition from a number of large as well as small players in the organized sector. Further the company also has to face competition from new entrants in its area of operations.

Insurance

The Company has obtained the following Insurance policies:

- 1) The company has obtained insurance cover from M/s The New India Assurance Company Limited for its Office premises where the registered office of the company is situated and also for the furniture, fixtures and fittings at the premises. The Standard Fire and Special Perils Policy is valid up to 25th March 2007
- 2) The company had also obtained a Standard Fire and Special Perils Policy from M/s United India Insurance Co. Ltd for (a) Asphalt Plant, (b) Ready Mix Concrete Plant, (c) Crushing Unit and (d) Concrete Pump and the same was valid up to 19th August 2007.
- 3) The Workmen Compensation policy obtained by the company from M/s The New India Assurance Company Limited is valid up to 23rd July 2007 which covers a specific number of employees with a threshold limit of wages engaged in civil work road constructions anywhere in Maharashtra.

The Property

Sr. No.	Location	Utilization/Area	Nature of Possession
1	Premises at 8, Bhawani Service Industrial Estate I.I.T. Powai Mumbai – 400 076	Registered Office admeasuring 3000 sq.ft.	Owned
2	Next to Tennis Court, Behind Lake Castle Bldg, Hiranandani Complex. Powai 400 076	Wet Mix Plant, Asphalt Plant and RMC Plant of the Company are located at this site.	Leased hold from Mr. B.S. Sharma
3.	Land at Bhiwandi, Thane	24.35 Acres for the quarrying and Crushing unit	Owned
4	Bungalow situated at Powai, Mumbai on land admeasuring 10,500 sq. ft.	2025 sq. ft.	Owned (<i>Title deeds yet to be transferred in the name of the Company</i>)
5.	Land at Powai, Mumbai	8140 sq. ft.	Owned (<i>Title deeds yet to be transferred in the name of the Company</i>)

The Company in March 2006, has purchased the Bhiwandi land for its proposed quarrying activities. The Company has purchased the above land at a purchase price of Rs.52,44,000 (Rupees fifty two lakhs fourty four thousand) from the Sellers namely Harishchandra Kesari, Babulal Kesari, Mohan Andhere and Smt. Vanita Mohan Andhere. The land is an agricultural land and is situated at Village Talavali, Tahasil Bhiwandi. The land has been transferred to the Company by way of a Deed of Conveyance dated March 21, 2006. The Deed of Conveyance has been duly stamped and registered with the Sub-Registrar of Assurances. The Sellers of the land are not related to any of the Promoters / Directors of the Company. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being.

Purchase of property

There is no property which the Company has purchased or acquired or proposes to purchase or acquire, which is to be paid for wholly, or in part, from the net proceeds of the present Issue.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The summary of regulations set out below is not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

There are no specific regulations in India governing the construction industry. Set forth below are however certain significant legislations and regulations that are generally adhered to by this industry in India:

General

The Company is engaged in the business of infrastructure projects and is mainly into building of roads and construction, highways and other civil construction. Contracts by the Company are executed in pursuance of tenders issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant State and depending on the project required to be executed. For details of such approvals please refer to "Government / Statutory and Business Approvals" on page [●] of the Draft Red Herring Prospectus.

Regulation for the construction of National Highways

The primary central legislations governing the construction of national highways are the National Highway Act, 1956 and the National Highway Authority of India Act, 1988.

National Highways Act, 1956 ("NHA")

Under NHA, the central government is vested with the power to declare a highway as a national highway and also to acquire land for this purpose. The Central Government may by notification, declare its intention to acquire any land when it is satisfied that for a public purpose such land is required for the building, maintenance, management or operation of a national highway. NHA prescribes the procedure for the same. Such procedure relates to declaration of an intention to acquire, entering and inspecting such land, hearing of objections, declaration required to be made for the acquisition and the mode of taking possession.

The Central Government is responsible for the development and maintenance of national highways. However, it may direct that such functions may also be exercised by State Governments. Further, the Central Government has the power to enter into an agreement with any person for the development and maintenance of a part or whole of the highway. Such person would have the right to collect and retain fees at such rates as may be notified by the Central Government.

The National Highways (Collection of Fees by any Person for the use of Section of National Highways / Permanent Bridge/ Temporary Bridge on National Highways) Rules, 1997 provides that the Central Government may enter into agreements with persons for development and maintenance of the whole or part of a national highway / permanent bridge / temporary bridge on national highway. Such person may invest his own funds for development or maintenance and is allowed to collect and retain the fees at agreed rates from different categories of vehicles for an agreed period for the use of the facilities created herein.

The rates of fees and the period of collection are decided by the Central Government and the factors taken into account to decide the same include expenditure involved in building; maintenance, management and operation of the whole or part of such section; interest on the capital invested; reasonable return, the volume of traffic; and the period of such agreement. Once the period of collection of fees by the person is completed, all rights pertaining to the section, permanent bridge or the temporary bridge on the national highway would be deemed to have been taken over by the Central Government.

National Highways Authority of India ("NHAI Act")

The NHAI Act provides for the constitution of an authority for the development, maintenance and management of national highways. Pursuant to the same the National Highways Authority of India ("**NHAI**") was set up in 1995. Under the NHAI Act, the Central Government carries out development and maintenance of the national highway system through NHAI, an autonomous body. Pursuant to the same, NHAI has the power to enter into and perform any contract necessary

SUPREME INFRASTRUCTURE INDIA LIMITED

for the discharge of its functions under the NHAI Act. The NHAI commenced the National Highway Development Project involving the conversion of 14,279 kilometers of national highways to 4/6-lanes, at a total estimated cost of Rs. 54,000 Crore. This development program is founded on a revenue model comprising tolls and a cess on fuel, to build roads which deliver sustained performance.

In an effort to provide for additional financing of its projects, the NHAI has taken measures to attract private sector participation in development of projects. The NHAI Act prescribes a limit in relation to the value of the contracts that may be entered into by NHAI. However, such contracts can exceed the value so specified with the prior approval of the Central Government. The NHAI provides that the contracts for acquisition, sale or lease of immovable property cannot exceed a term of thirty days.

The Government aims to attract both foreign and domestic private investments in construction and maintenance of National Highways. Projects may be offered on Build Own Transfer ("**BOT**") basis to private agencies. The concession period can be upto a maximum of 30 years, after which the road is transferred back to NHAI by the concessionaries.

The bidding for the projects takes place in two stages as per the process provided below:

- In the pre-qualification stage, NHAI selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and
- In the second stage, NHAI invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

Where projects are funded by multilateral funding agencies such as the World Bank or the Asian Development Bank, the selection takes place in consultation and concurrence with the funding organization. For other types of projects, selection is as per standards work procedures. Wide publicity is given to NHAI tenders so as to attract attention of leading contractors and consultants. Notice inviting tenders is posted on the web site of the NHAI and published in leading newspapers.

Private sector participation in the road sector is sought to be promoted through the following initiatives as well:

- the Government ensures that all preparatory work including land acquisition and utility removal is completed before awarding of the project;
- right of way is made available to the concessionaires free from all encumbrances;
- NHAI / Government may 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; and
- duty free import of specified modern high capacity equipment for highway construction.

Environmental and Labour Regulations

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

- Contract Labor (Regulation and Abolition) Act, 1970;
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Factories Act, 1948;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Shops and Commercial Establishments Acts, where applicable;
- Environment Protection Act, 1986;
- Minimum Wages Act, 1948;
- Hazardous Waste (Management and Handling) Rules, 1989;

- Workmen's Compensation Act, 1923;
- Environment Protection Act, 1986;
- The Water (Prevention and Control of Pollution) Act, 1974; and
- The Air (Prevention and Control of Pollution) Act, 1981.
- Inter State Migrant Workers Act, 1979.

The following paragraphs detail the major legislations applicable to the business.

LABOUR REGULATIONS

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour.

The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

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

Employee State Insurance Act, 1948

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

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

The ESIA states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

Minimum Wages Act, 1948

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

SUPREME INFRASTRUCTURE INDIA LIMITED

Workmen's Compensation Act, 1923

The Workmen's Compensation Act, 1923 ("**WCA**") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement.

The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

Payment of Gratuity Act, 1972

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

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

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

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

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

Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") aims at regulating labour employed in factories. A "factory" is defined as "any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...".

Under the Factories Act, the state government may make rules mandating approval for proposed factories and requiring licensing and registration of factories.

The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures.

The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the "occupier", being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in

the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine.

The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

Local Shops and Establishments Legislations

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

Environmental Legislations

Water (Prevention and Control of Pollution) Act 1974

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

The Company has been granted consent under Section 26 of the Water (Prevention and Control of Pollution) Act 1974 for discharge of effluent in respect of its Readymix concrete plant and Asphalt plant, both situated at Powai, Mumbai by the Maharashtra Pollution Control Board.

Air (Prevention and Control of Pollution) Act 1981

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

The Company has been granted consent under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for discharge of effluent in respect of its Readymix concrete plant and Asphalt plant, both situated at Powai, Mumbai by the Maharashtra Pollution Control Board.

C. HISTORY AND OTHER CORPORATE MATTERS

HISTORY AND BACKGROUND OF THE COMPANY:

Supreme Infrastructure India Limited was incorporated as Supreme Asphalts Private Limited vide Certificate of Incorporation No.29752 of 1983 dated 8th April, 1983 with Registrar of Companies, Maharashtra at Mumbai. The name was changed to Supreme Infrastructure India Private Limited vide fresh Certificate of Incorporation dated 10th April 2002. Subsequently, it was converted into a Public Limited Company and the name was changed to Supreme Infrastructure India Limited vide fresh Certificate of Incorporation dated 30th August 2005.

The Company was incorporated on 8th April 1983 by the then Promoters Mr. Bhawanishankar H. Sharma, Mr. Ved Prakash Gupta and Mr. Hirendra Kumar Sinha. The Company was incorporated with the objects of commencing activities in construction field and supplying of asphalt.

The Company's shareholding and management was with the three promoters and over the period of time two of the promoters Mr. Ved Prakash Gupta and Mr. Hirendra Kumar Sinha disassociated from the Company with effect from 1999 and ceased to be promoters of the Company.

Mr. Vikram B. Sharma and Mr. Vikas B. Sharma, sons of Mr. Bhawanishankar H. Sharma joined the Company as Directors of the Company.

The Company started executing the orders of BMC and PWD at various sites and concreting of roads. After establishing in the field the Company further expanded its activities and procured contract of MMRDA and MSRDC. Presently the Company is registered with PWD and with BMC and is so eligible to bid for their tenders without any restriction in terms of value. Moreover, these registrations and class are also accepted and acknowledged by MMRDA and MSRDC.

The Company has executed projects the completion of which has enabled the Company to achieve specialization in projects requiring execution of World Bank aided projects that have stringent specifications. Thus the Company becomes eligible to bid for tenders of construction of runways at airports in future. The Company is also eligible to bid for jobs related tidal area projects, construction of small jetties and port connectivities which require special skills which have now been acquired by the Company after the execution of these projects.

Note : No penalties have been levied for any of the projects due to any delay in completion on the part of the Company.

Present Business Operations and Projects in Hand

The work in hand as on 5th January 2007 is worth Rs. 21613.86 Lakhs and most of these projects are from agencies such as MMRDA, MSRDC, MPT and NHAI. The Company is also executing a project for MUTP of earthwork and civil construction for laying of railway tracks between Vidya Vihar and Ghatkopar as a part of the Kurla-Thane (Phase-I) railway project being built under the World Bank aided Mumbai Urban Transport Project (MUTP). Completion of this project will strengthen the company's ability to bid for such specialized projects. Company has been allotted a NHAI project in a joint venture which is an Asian Development Bank approved project. Being appraised by Asian development bank, and as per the tender conditions, company can avail the benefits of exemption of excise duty on all material procurements for the project and also the import duty exemption on all machineries required for the execution of the project.

The Company had entered into a Joint Venture Agreement with Dee Dee Infrastructure Engineering Private Limited on 15th December, 2000 for joint bidding of projects. The Joint venture was awarded the contract for the Talegaon Shingnapur project mentioned in the above table. However, M/s Dee Dee Infrastructure Engineering Private Limited has ceased to be a joint venture partner. The work on the contract for the Talegaon Shingnapur project awarded to this Joint Venture is being carried out by SIIL. The main features of the joint venture deed are given below.

Dee Dee Infrastructure Engineering Private Limited (DDIEPL) : The Company had entered into a Joint Venture Agreement with Dee Dee Infrastructure Engineering Private Limited having its registered office at 417, Srikanth Chamber, Next to R.K.Studio, Sion Trombay Road, Chembur, Mumbai – 400 071. It has formed a Joint Venture under the

SUPREME INFRASTRUCTURE INDIA LIMITED

name and style of “Supreme Asphalts Pvt. Ltd Company Joint Venture” vide Joint Venture Deed dated 15th December 2000.

The terms of the agreement are briefly as enumerated below :

- The Company shall act as Leader of the Joint Venture for the purpose of preparing and submitting the tenders in its name i.e. in the name of M/s Supreme Infrastructure India Limited.
- If the said Joint Venture is successful in procuring the said works the parties of the Joint Venture Agreement as per understanding reached by the parties wherein the responsibilities of each of the two parties will be clearly defined.
- Their performance of the contracts and execution of the works will be subject to the overall control of a supervisory board that will consist of representatives of both parties.

Milestones achieved by the Company:

Year	Milestones
1997	Installed Drum Mix Technology in Asphalt Plant to raise capacity to 60 M.T. per hour.
1998	Was awarded the Project of Bombay Port Trust for concreting of storage yard in MOD yard including drainage system Sewree of amounting to Rs. 2.61 crores and was completed one month ahead of schedule.
1999	Successfully completed approach road to the Bandra-Worli sea link at Mumbai. The value of the project was Rs.8.60 crores as a sub-contractor.
2000	Successfully completed project of widening and strengthening of National Highway Sect from BARC junction to Mankhurd including existing bridge widening in Mumbai under PWD. The value of the contract was Rs.4.82 crores.
2002	Completed the sect of KM 503/00 to 512/00 i.e. improvement to Parli- Gangakhed Palam Loha Road Maharashtra State Highway 2, project valued at Rs.4.75 crores under World Bank Aid programme.
2004	Completed the project of Eastern Express Highway from RCF Circle to JVLR junction in Mumbai worth Rs.3.75 crores as per NHAI Standards.
2006	Completed work of widening and strengthening of Nagpur-Butibori section , Shrigapur – Talegaon section as per N. H. standards for a length of 32 Km including major bridges etc. awarded by MSRDC valued at Rs.22.97 crores.
2006	Completed the project of Widening and strengthening of Western Express Highway from Andheri Fly Over to JVLR Junction Chainage 518/600 to 516/400 km. as per NH standards awarded by MMRDA valued at Rs. 40.57 crores..

Registered Office of the Company

The premises where the registered office of the Company is situated is owned by the company and was purchased from M/s Bhawani Vanaspati Udyog Pvt. Ltd. vide an agreement dated 30th April 1998.

Previous place of registered office	Shifted to	Date of change
4, Sunder Mansion, 3 rd Floor, Chembur, Mumbai – 400 072	508, Swastik Chambers, C.S.T.Road Chembur, Mumbai – 400 071	12 th November 1985
508, Swastik Chambers, C.S.T.Road Chembur, Mumbai – 400 071	8, Bhawani Industrial Estate, IIT Powai, Mumbai – 400 076	10 th August 1988

The requisite Form 18 for the shifting of the Registered Office was duly filed with the Registrar of Companies on both the occasions.

Changes in the Memorandum of Association of the Company

Since its incorporation the following changes have been effected to the Memorandum of Association:

Date of Shareholder Approval	Particulars
26 th July 1984	Increase in Authorized Capital from Rs.5,00,000/- to Rs.10,00,000/-
20 th November 1996	Increase in Authorized Capital from Rs.10,00,000/- to Rs.20,00,000/-
7 th August 1998	Increase in Authorized Capital from Rs.20,00,000/- to Rs.50,00,000/-
30 th March 1999	Increase in Authorized Capital from Rs.50,00,000/- to Rs.1,25,00,000/-
8 th February 2002	Alteration of Objects Clause

SUPREME INFRASTRUCTURE INDIA LIMITED

10 th April 2002	Change of name from Supreme Asphalts Private Limited to Supreme Infrastructure India Private Limited
28 th March 2005	Increase in Authorized Capital from Rs.1,25,00,000/- to Rs.2,00,00,000/-
20 th July 2005	Split in the Face Value of Shares
20 th July 2005	Increase in Authorized Capital from Rs.2,00,00,000/- to Rs.15,00,00,000/-
26 th August 2005	Converted to a Public Limited Company

Changes in the Articles of Association of the Company

Since its incorporation the following changes have been effected to the Articles of Association

Date of Shareholder Approval	Particulars
26 th July 1984	Increase in Authorized Capital from Rs.5,00,000/- to Rs.10,00,000/-
20 th November 1996	Increase in Authorized Capital from Rs.10,00,000/- to Rs.20,00,000/-
7 th August 1998	Increase in Authorized Capital from Rs.20,00,000/- to Rs.50,00,000/-
30 th March 1999	Increase in Authorized Capital from Rs.50,00,000/- to Rs.1,25,00,000/-
28 th March 2005	Increase in Authorized Capital from Rs.1,25,00,000/- to Rs.2,00,00,000/- insertion of clause for Capitalisation of Reserve.
20 th July 2005	Split in the Face Value of Shares
20 th July 2005	Increase in Authorized Capital from Rs.2,00,00,000/- to Rs.15,00,00,000/-
26 th August 2005	The entire existing Articles of Association were altered

The details of the capital raised by the Company are given under the heading “Capital Structure” under the section titled “Introduction” on page [●] of the Draft Red Herring Prospectus.

Main and Other Objects of the Company:

The main objects of the Company as stated in the Memorandum of Association are:

To carry on the business in India and abroad as civil contractors, infrastructure development contractors and engineers and civil engineers, electrical engineers, mechanical engineers, architects, interior decorators and to construct, acquire, , develop, establish, consult provide, maintain, administer or otherwise undertake contract for any type of civil construction, infrastructure development works, mining operations, road construction, erection, lay out, repair, demolition work of highways, subways, underground tunnels, runways, flyovers, bridges, freeways, railways, earthwork and irrigation projects, power house, reclamations, buildings, apartments, reservoirs, water courses, dams, jetties, water works, water treatment plant, gardens, recreation facilities, power transmission lines, factory sites, RCC & steel structure and steel fabrication, godowns, warehouses, lands and houses, drainage and sewage systems, air field, apron and hanger works in India and/or outside India under various schemes such as Build, Operate and Transfer (BOT), Build Operate Lease and Transfer (BOLT), and Build, Operate, Own and Transfer (BOOT). and to construct, sell, lease, license, sublet, mortgage, exchange, transfer or otherwise dispose of or residential, offices, industrial institutional or commercial or developers of housing schemes, townships, holiday resorts, hotels, motels, auditoriums and maintaining and rehabilitation of all types of structures, flats, houses, factories, shopping complexes, garages, warehouses, buildings, works, workshops, hospitals, nursing homes, clinics, godowns and other commercial and educational purposes.

Subsidiaries

Company does not have any subsidiaries as on date of filing of the Draft Red Herring Prospectus.

Shareholders Agreement

The company has not entered into any shareholders agreement

Joint Venture Agreements

A company may not at all times satisfy the pre-qualification requirements independently. In such cases, joint ventures between two or more companies aids in satisfying pre-qualification requirements. The company has entered into the

following joint ventures:

MBL Infrastructures Limited {formerly Maheshwari Brothers Limited} (MBL) : The Company has entered into a Joint Venture (JV) Agreement with MBL having its registered office at 23A, Netaji Subhash Road, Calcutta – 700 001.

It has formed a Joint Venture under the name and style of “Supreme-MBL JV” for execution of a contract for Western transport Corridor Tumkur-Haveri Nh-4 Project Package-3 Rehabilitation and upgradation of Chitradurga Section (km 189 to km 207). The Joint venture has received the letter of acceptance from NHAI vide their letter no. NHAI/GM(MC-III)/Pkg.3/Re-Bid/750 dated 12th December 2006.

The main features of the Agreement are as under:-

- The parties to the Agreement shall be jointly and severally liable to the Employer for all obligation arising from and in connection with the performance of the project.
- The agreement shall come into effect from the date of signing and shall remain valid till all the matters in connection with the work for which the agreement is signed are over and settled.
- Participation share of MBL would be 40% and that of the Company would be 60%.
- The parties shall share the rights and obligations, risk, cost and expenses, working capital, other resources, profits or losses or others arising out of or in relation to execution of the project in proportion to the participation share except otherwise agreed.
- Supreme would be the lead partner of the JV.

The brief particulars of MBL Infrastructures Limited (formerly known as Maheshwari Brothers Limited) are mentioned hereunder:

Place of Registration	Calcutta
Year of Incorporation	Incorporated on 25 th August 1995.
Paid-up Share Capital	Rs.1086.37 lakhs
Turnover of the financial year ending 31.03.06	Rs.15815.20 Lakhs
General Information	The main objects of the Company include the business as contractor for all types and nature of contracts and projects including civil, mechanical, structural, engineering, electrical, labour, mining etc.

Other Agreements

Other than what is mentioned hereinabove, there are no other agreements entered into by the Company other than those entered into during the course of business.

Strategic Partners

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

Financial Partners

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

SUPREME INFRASTRUCTURE INDIA LIMITED

D. THE MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As of 5th January 2007, the Company has six (6) Directors of which the Company has three full time directors.

Board of Directors

The following table sets forth details regarding the Board of Directors:

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
Mr. Bhawanishankar H. Sharma 58 years, Sharma Bungalow Behind Lake Castle Building Hiranandani Complex Powai Mumbai 400 076 Occupation-Business Chairman	08 th April 1983	B.Sc.	Supreme Housing and Hospitality Pvt. Ltd.
Mr. Vikram B Sharma 32 years Sharma Bungalow Behind Lake Castle Building Hiranandani Complex Powai Mumbai 400 076 Occupation-Business Managing Director	21 st August 1998	B.E.- Civil	Supreme Housing and Hospitality Pvt. Ltd.
Mr. Vikas B Sharma 27 years Sharma Bungalow Behind Lake Castle Building Hiranandani Complex Powai Mumbai 400 076 Occupation-Business Wholetime Director	21 st August 1998	MMS (Finance)	Supreme Housing and Hospitality Pvt. Ltd.
Mr. Hari Das Sharma 67 years D-51, Panchsheel Enclave, New Delhi – 110017 Occupation-Business Independent Director	15 th November 2005	M.Sc (Eng)	• Supernal Corrugation (India) Ltd • Ruhi Construction Co. Ltd. • Unitech Builders Ltd • Unitech Industries Ltd. • Unitech Golf Resorts Ltd. • Unitech Business Parks Ltd. • New India Construction Co. Ltd. • Global Perspective Ltd. • Greenline Construction Ltd. • Somerville Developers Ltd. • Aditya Properties Pvt Ltd. • Unitech Realty Pvt Ltd. • Unising Realty Pvt. Ltd. • Speciality Builders & Exporters (P) Ltd. • Gurgaon Recreation Park Ltd. • City Maintenance Services Pvt. Ltd.
Mr. Sandeep Ajmera 37 years Address: 2/101, Pawan Baug, Malad West, Mumbai 400 064	3 rd November 2006	B.Com, F.C.A.	• Nil

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
Occupation-Professional Independent Director			
Mr. Mukul M. Agarwal 34 years Address- 9 th Floor, Kanta Apartments, East Avenue, Sharad Chandra Chatterjee Marg, Santacruz (West), Mumbai 400054. Occupation-Business Independent Director	15 th November 2005	B.Com	• Namah Capital Resources Ltd. • Param Capital Research Pvt Ltd. • Pranam Reality Pvt Ltd. • Pivotal Properties Pvt. Ltd.

Brief Profile of the Directors (Promoters):

Mr. Bhawanishankar H. Sharma, Mr. Vikram B. Sharma and Mr. Vikas B. Sharma being the Promoter Directors of the Company, their profiles are mentioned under the head “Promoters” on page [●] of the Draft Red Herring Prospectus for further details.

Brief Profile of other Directors

Mr. Hari Das Sharma, Independent Director, Age – 67, is a graduate in Civil Engineering, B.E. (Hons) and recipient of Gold Medal for standing first in Merit List in University. He had a brilliant academic record and hence he was declared as a ‘Commonwealth Scholar’ by the governments of U.K. and India. He has also done his post graduation M. Sc. (Engineering) in Advanced Structural Engineering from University of Southampton, U. K. He has 45 years of experience in different positions in Government, Public and Private Sectors. He has worked in various capacities as a civil engineer such as Engineer Member of Delhi Development Authority. He was deputed by the Government of India as an advisor to Iraq for NBCC Projects. He has also worked with World Bank for their low cost housing projects in Philippines. Presently he is Senior Executive Director in Unitech Limited heading their Real Estate Division.

Mr. Sandeep Ajmera Independent Director, Age – 37, qualified as a Chartered Accountant in the year 1994 and started his individual practice under the name Sandeep Ajmera and Associates. Latter he joined as a partner in M/s Ajmera Ajmera & Associates, Chartered Accountants. He has rich and wide experience in areas of internal audits, statutory audits, corporate consultancy, direct and indirect tax matters.

Mr. Mukul M Agarwal, Independent Director, Age-34, is a Commerce Graduate from Bombay University. Presently he is an Investor and Trader in Capital Market. He is a Director of Namah Capital Resources Ltd (Member of the National Stock Exchange of India Ltd). Param Capital Research Pvt Ltd. (Member of the Bombay Stock Exchange Ltd Derivatives segment) And Pranam Reality Pvt Ltd. He is also a member of the Multi Commodity Exchange.

BORROWING POWERS OF DIRECTORS

The Articles of Association of the Company authorises the board to borrow, the extract of which is as follows:

Details of borrowing powers:

The members of the Company accorded their consent vide a special resolution passed at the Extra ordinary General Meeting of the Company held on 26th August 2005 pursuant to Section 293(1)(d) of The Companies Act, 1956 for borrowing from time to time upto Rs. 100 Crores.

Terms of Appointment & Compensation of Managing Directors / Whole time Directors**Mr. Bhawanishankar H. Sharma**

1. Mr. Bhawanishankar H. Sharma is the Executive Chairman of the Company with effect from 1st April 2005 for period of five years.
2. Mr. Bhawanishankar H. Sharma will be entitled to salary and perquisites viz:

SUPREME INFRASTRUCTURE INDIA LIMITED

- A. Salary Rs. 125000/- (Rupees One lakh Twenty five thousand per month (inclusive of all the perquisites as mentioned in Clause B hereafter)
- B. Perquisites The Executive Chairman and Director shall be entitled to the following perquisites and shall form part of the Salary
1. House rent allowance @ 60% of salary or Company owned fully furnished residential accommodation, along with all amenities, facilities and utilities, reimbursement of expenses incurred on gas, electricity, water, services of watchman and gardener etc. medical reimbursement for self and family incurred in India and/or abroad, leave travel concession for self and family, reimbursement of expenses incurred at clubs, company maintained vehicles with driver, premium towards personal accident insurance, telephone communication facilities at residence etc.
2. Other Perquisites
Contribution to the Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company and as applicable to the senior Executives of the Company or as may be modified by the Government from time to time.
- One full month's leave for every eleven months of service and encashment of unavailed leave, if any, subject to the rules as applicable to the Senior Executives of the Company.
- 3 : Commission
The Executive Chairman will also be entitled to, over and above the existing remuneration, a commission of not exceeding 1% of net profits of the Company computed under Section 349, 350 of the Companies Act, 1956, as may be decided by the Board of Directors in its absolute discretion such that the total remuneration and commission do not exceed the limits described in Section 198 and 309 of the Companies Act, 1956.

Where in any Financial Year during the currency of tenure as Executive Chairman, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances etc. to the Chairman not exceeding the limits specified under part II of Schedule XIII to the Companies Act, 1956

Sitting Fees

The Chairman shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof from the date of their appointment.

Others

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the company's business and/or allowances as per the Company's Rules.

Mr. Vikram B. Sharma

1. Mr. Vikram B. Sharma is appointed as Managing Director of the Company with effect from 1st April 2005 for period of five years.
2. Mr. Vikram B. Sharma will be entitled to salary and perquisites viz:
- A. Salary Rs. 125000/- (Rupees One lakh Twenty five thousand per month (inclusive of all the perquisites as mentioned in Clause B hereafter)
- B. Perquisites The Managing Director shall be entitled to Following perquisites and shall form part of the Salary

1. House rent allowance @ 60% of salary or Company owned fully furnished Residential Accommodation, along with all amenities, facilities and utilities, reimbursement of expenses incurred on gas, electricity, water, services of watchman and Gardner etc. medical reimbursement for self and family incurred in India and/or abroad, leave travel concession for self and family, reimbursement of expenses incurred at clubs, company maintained vehicles with driver, premium towards personal accident insurance, telephone communication facilities at residence etc.

2. Other Perquisites

Contribution to the Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company and as applicable to the senior Executives of the Company or as may be modified by the Government from time to time.

One full month's leave for every eleven months of service and encashment of unavailed leave, if nay, subject to the rules as applicable to the Senior Executives of the Company.

- 3 : Commission

The Managing Director will also be entitled to, over and above the existing remuneration, a commission of not exceeding 1% of net profits of the Company computed under Section 349, 350 of the Companies Act, 1956, as may be decided by the Board of Directors in its absolute discretion such that the total remuneration and commission do not exceed the limits described in Section 198 and 309 of the Companies Act, 1956.

Where in any Financial Year during the currency of tenure as Managing Director, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances etc. to the Managing Director not exceeding the limits specified under part II of Schedule XIII to the Companies Act, 1956.

Sitting Fees

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof from the date of their appointment.

Others

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the company's business and/or allowances as per the Company's Rules.

– **Mr. Vikas B. Sharma**

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1. Mr. Vikas B. Sharma is appointed as Wholetime Director of the Company with effect from 1st April 2005 for period of five years.
2. Mr. Vikas B. Sharma will be entitled to salary and perquisites viz:

- | | |
|----------------|--|
| A. Salary | Rs. 125000/- (Rupees One lakh Twenty five thousand per month (inclusive of all the perquisites as mentioned in Clause B hereafter) |
| B. Perquisites | The Wholetime Director shall be entitled to following perquisites and shall form part of the Salary |

1. House rent allowance @ 60% of salary or Company owned fully furnished Residential Accommodation, along with all amenities, facilities and utilities, reimbursement of expenses incurred on gas, electricity, water, services of watchman and Gardner etc. medical reimbursement for self and family incurred in India and/or abroad, leave travel concession for self and family, reimbursement of expenses incurred at clubs, company maintained vehicles with driver, premium towards personal accident insurance, telephone communication facilities at residence etc.

2. Other Perquisites

Contribution to the Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company and as applicable to the senior Executives of the Company or as may be modified by the Government from time to time.

SUPREME INFRASTRUCTURE INDIA LIMITED

One full month's leave for every eleven months of service and encashment of unavailed leave, if nay, subject to the rules as applicable to the Senior Executives of the Company.

3 : Commission

The Wholetime Director will also be entitled to, over and above the existing remuneration, a commission of not exceeding 1% of net profits of the Company computed under Section 349, 350 of the Companies Act, 1956, as may be decided by the Board of Directors in its absolute discretion such that the total remuneration and commission do not exceed the limits described in Section 198 and 309 of the Companies Act, 1956.

Where in any Financial Year during the currency of tenure as Wholetime Director, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances etc. to the Wholetime Director not exceeding the limits specified under part II of Schedule XIII to the Companies Act, 1956.

Sitting Fees

The Wholetime Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof from the date of their appointment.

Others

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the company's business and/or allowances as per the Company's Rules.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to the Company at the time of seeking in-principle approval for listing of the Company's Equity Shares on the Stock Exchanges. The Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. At present, the following committees of the Board, *interalia* have been formed:

The Company believes in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority for investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of the Company.

Audit Committee

Company has an Audit Committee, which has been constituted pursuant to provisions of the Companies Act. The Audit Committee was approved and constituted and formed by a meeting of the Board of Directors held on 3rd November 2006.

The audit committee comprises of three Board members namely, Mr. Sandeep Ajmera (Chairman of the Committee), Mr. Hari Das Sharma and Mr. Mukul M. Agarwal. The Committee was constituted on 3rd November 2006.

The terms of reference of the Audit Committee are as follows:

1. to oversee the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible;
2. to recommend appointment or removal of statutory auditor and to recommend remuneration payable to the auditors;

3. to review with management the financial statements before the board in the context of change in accounting policies, qualifications in the audit report, compliance of accounting standards, significant adjustments, arising out of audit and any related party transactions that may have potential conflict with the interest of the Company;
4. to review the adequacy of internal audit function including structure, staffing reporting structure, coverage and frequency of internal audit, discussion with the internal auditor for any significant findings and follow up thereof;
5. to review findings of any internal investigations by the internal auditors where there is suspected fraud or irregularity or failure of internal control system of material nature which require reporting to the board; and
6. to look into any other matters as may be required by the Companies Act, 1956 or by rules framed thereunder.

Investor Grievance Committee

Company has constituted the Share Allotment/Share Transfer/Transmission and Shareholders' Grievance Redressal Committee. The Committee was constituted on 3rd November 2006. The members of the Committee are Mr. Mukul M. Agarwal (Chairman), Mr. Sandeep Ajmera, and Mr. Vikram B. Sharma, Directors of the Company.

The features of the Committee are as follows:

- The Committee shall have powers to approve/authenticate all the Share transfers/transposition/transmission requests received from the Shareholders. However requests for issue of duplicate share certificates shall be passed on to the Board of Directors of the Company.
- The Committee shall resolve all the complaints received from the Investors/Shareholders within 7 days of receipt of the same.
- The Secretary shall place before the Board the status of various complaints received by the Committee in every Board meeting.
- The Committee shall have powers to delegate their powers to any two officers of the Company at their sole discretion.

The Committee shall meet at least once in every quarter of the year.

Remuneration Committee

Company has constituted the Remuneration Committee at the Board Meeting held on 3rd November 2006. The members of the Committee are Mr. Hari Das Sharma (Chairman), Mr. Mukul M. Agarwal and Mr. Sandeep Ajmera.

SHAREHOLDING OF THE DIRECTORS

As per the Articles, the Directors are not required to hold any Equity Shares in the Company. Save and except as below, the Directors do not hold any Equity Shares in the Company as on the date of filing of the Draft Red Herring Prospectus.

Sr. No.	Names of the Directors	No. of Equity Shares
1	Mr. Bhawanishankar H. Sharma	3600000
2	Mr. Vikram B Sharma	1800000
3	Mr. Vikas B Sharma	1800000
4	Mr. Hari Das Sharma	10000
5	Mr. Mukul M. Agarwal	Nil
6	Mr. Sandeep Ajmera	Nil
TOTAL		7210000

INTEREST OF PROMOTERS, DIRECTORS AND SIGNIFICANT SHAREHOLDERS

Interest of Directors (Other than promoter directors)

The Director, other than Promoter directors are independent directors and apart from their compensation and the shares of the Company held by them have no interest in the Company.

SUPREME INFRASTRUCTURE INDIA LIMITED

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company/firm in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Interest of Promoter Directors

The Company has entered into a MoU on 8th November 2005 with the Promoter of the Company Mr. Bhawanishankar H. Sharma for developing the land owned by him. The company signed an amendment to the MoU on 30th December 2006 wherein Supreme Housing and Hospitality Pvt. Ltd. was made a confirming party. The salient features of the MoU are as under :-

Land	The MoU is in respect of 27 acres of land at Village Powai, Mumbai owned by the Promoter. As per the municipal rules, the owner of the land is entitled to develop the land for IT and allied use.
Area proposed to be developed	(a) The owner is entitled to develop the said plot for IT user and allied user to the extent of 4,90,000 square feet approximately. (b) The transit camp tenements proposed to be constructed in accordance with the Slum Rehabilitation Scheme of the Slum Rehabilitation Authority, Government of Maharashtra will be for an area admeasuring about 5,71,874 square feet. (c) In lieu of the construction of the transit camp tenements, the owner is entitled to further construct 5,71,874 square feet as a saleable area.
Other Terms	The owner of the land shall pay to the company as under:- (a) A sum of Rs.1650/- per square feet to the Company for the construction of building for IT user and allied user aggregating Rs.7179.02 lakhs. (b) A sum of Rs.700/- per square feet to the Company for the construction of the tenements aggregating Rs.3150 lakhs. (c) A sum of Rs.1200/- per square feet to the Company for the saleable area aggregating Rs.13500 lakhs.
Duration	The company to complete the development of the land within a period of 36 months from the date getting the commencement certificate.
Responsibility	The Company shall be responsible for putting up the proposal for the development with the Slum Rehabilitation Scheme, Mumbai Municipal Corporation and all other statutory authorities and to take all necessary permissions for the development of the said plot for other purposes.
	The Company shall be entitled to appoint their own Architect, Structural Engineer, Contractor and Workers.

As per the addendum, the work on construction on the IT building is proposed to commence from March 2007.

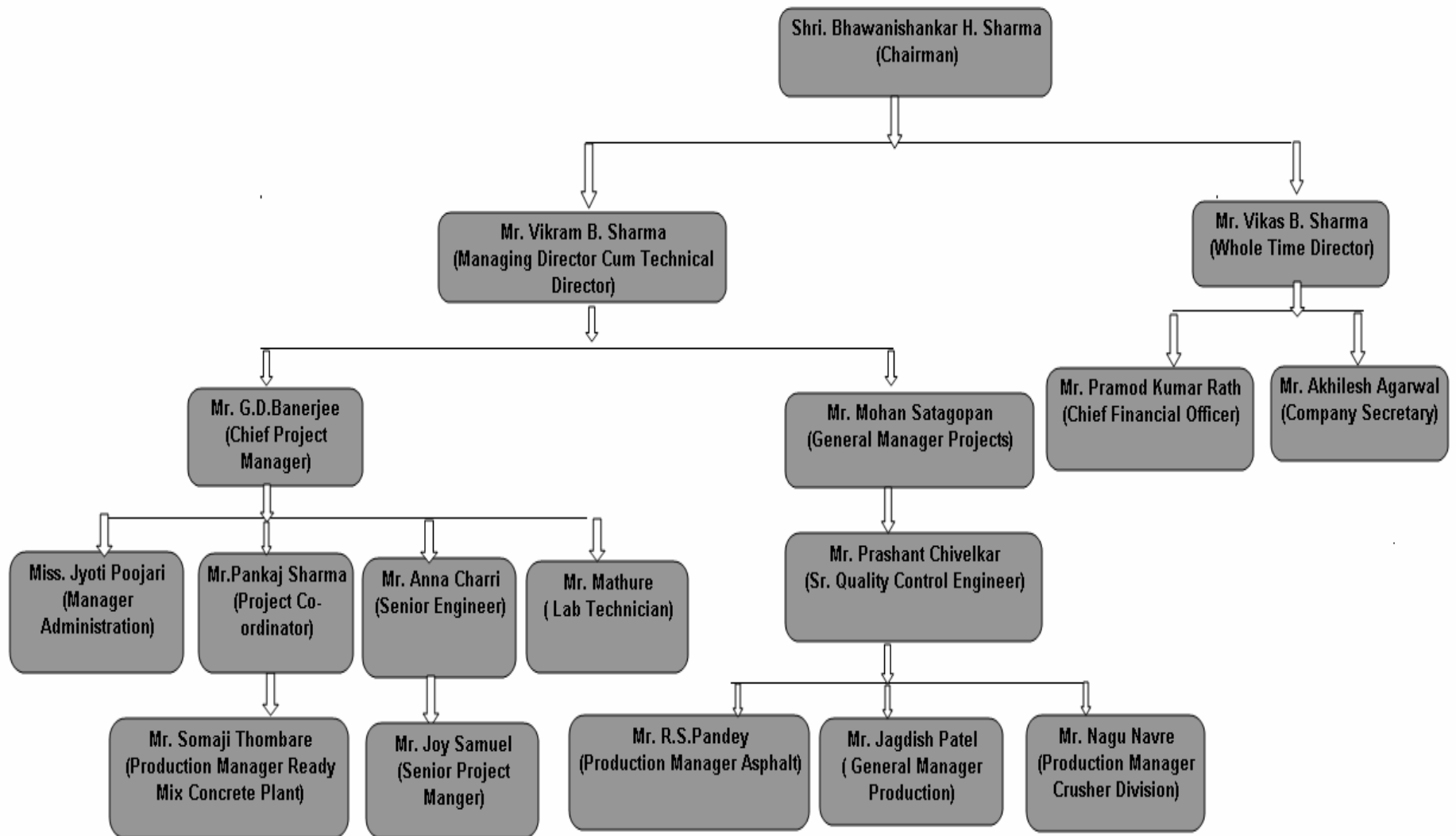
Except as stated on page [•] of the Draft Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The following changes have taken place in the Board of Directors of the Company during the last three years.

Name of Director	Date of Appointment	Date of Resignation	Nature of Change	Reason for Change
Mr. Vimal Kumar Sharma	19-12-1993	15.11.2005	Resigned	Personal Reasons
Mr. Hari Das Sharma	15-11-2005	- -	Appointed	Strengthen the Board
Mr. Mukul M. Agarwal	15-11-2005	- -	Appointed	Strengthen the Board
Mr. B.D. Gupta	15-11-2005	- -	Appointed	Strengthen the Board
Mr. B.D. Gupta	- -	03-11-2006	Resigned	Personal Reasons
Mr. Sandeep Ajmera	03-11-2006	- -	Appointed	Strengthen the Board

Organizational Chart



SUPREME INFRASTRUCTURE INDIA LIMITED

THE KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company other than the Directors are as follows:

Sr. No.	Name	Designation & Functional area	Age (yrs)	Qualification	Experience (years)	Details of Previous employment
1	Mr. Pramod Kumar Rath	Chief Financial Officer	36	B.Com, AICWA, ACA, CISA	9 yrs	Scientific Pharmacy (Muscat)
2	Mr. G.D.Banerjee	Chief Project Manager	65	B.E. Civil	32 yrs	BARC Retired Chief Engineer
3	Mr. Anna Chari	Senior Engineer	53	B.E. Civil	28 yrs	PWD Retired Dy. Engineer
4	Mr. Mathure	Lab Technician	54	B.S.C	28 yrs	Worked as Lab Technician at B.M.C Bandra Lab
5	Mr. Mohan Satagopan	General Manager-Projects	38	B.Sc., MBA	15 Yrs	Ultra Tech Cement Ltd.
6	Mr. Prashant Chivelkar	Senior Quality Control Engineer	31	Diploma of Diploma Engineering,	6 Yrs	Santosh Enterprises
7	Mr. Jagdish Patel	General Manager Production	52	B.A.	23 Yrs	He is working with the firm ever since incorporation
8	Mr. R. S. Pandey	Production Manager Asphalt Plant	42	Diploma in Civil	9 yrs.	Was employed in a infrastructure company in state of U.P
9	Mr. Nagu Navre	Production Manager Crusher Division	56	Under Graduate	23 yrs	He is working with the company ever since incorporation.
10	Mr. Somaji Thombare	Production Manager Ready Mix Concrete Plant	30	Diploma in Mechanical Engineer	6 Yrs	Worked with Qmax Consultants as Plant In-Charge for 2 Yrs.
11	Mr. Joy Samuel	Senior Project Manager	48	B E Civil	14 yrs	Joined the company immediately after Graduation from state of Kerala.
12	Mr. Pankaj Sharma	Project Co-ordinator	31	B.E Civil	8 yrs	None
13	Ms. Jyoti Poojari	Manager Administration	23	B. Com	7 yrs	M/s. Bombay Engg Ind.
14	Mr. Akhilesh Agarwal	Company Secretary	29	M.com, A.C.S.	7 yrs	Hemanshu Kapadia and Associates

The key managerial personnel whose names appear above are permanent employees and are on the rolls of the Company.

Brief Profile of Key Managerial Personnel

1. **Mr. Pramod Kumar Rath** is working as a Chief Financial Officer. He is a Chartered Accountant, Cost Accountant and CISA by qualification and has 9 years of experience. He has worked with organizations such as Voltas Limited, GTL limited and Scientific Pharmacy (Muscat). He has gained experience in conducting control evaluation, systems review, compliance testing, transactional audit, risk management and accounting functions. He joined Supreme

Infrastructure India Ltd in August 2006. his areas of responsibility include financial planning, control, execution, budgets, review, tax planning & compliance, design, implementation and review of internal control systems. The Gross Remuneration payable to him is Rs.8.50 Lakhs per annum.

2. **Mr. G.D. Banerjee** is working as a Chief Project Manager. He is a civil engineer and has 32 years of experience in the industry. He has worked with BARC as a chief engineer. He joined Supreme Infrastructure India Ltd in November 2005. Under his administration, company has been completing various projects which includes widening and resurfacing of Western Express Highway a MMRDA project. The Gross Remuneration payable to him is Rs.3.75 Lakhs per annum.
3. **Mr Anna Chari** is working as a Senior Engineer. He is a civil engineer and has 28 years of experience in this field. He is the retired Chief Engineer from P.W.D. He joined Supreme Infrastructure India Ltd in Feb 2003. Company has successfully completed the project of widening and resurfacing of Eastern Express Highway from R.C.F circle to J.V.L.R junction under his supervision. The Gross Remuneration payable to him is Rs 2.00 Lakhs per annum.
4. **Mr. Mathure** is working as a Lab Technician in Supreme Infrastructure India Ltd. He has done his Bachelors in Science. He joined Supreme Infrastructure India Ltd in June 2002. He has worked with BMC as a Lab technician for 26 years. He has been instrumental in setting up the Lab at Ready Mix Concrete Plant and Asphalt Plant where all the materials purchased and produced are tested under his supervision. The Gross remuneration payable to him is Rs 1.00 Lakhs per annum.
5. **Mr. Mohan Satagopan** is working as a General Manager - Projects. He holds a diploma in civil engineering and is also an MBA by qualification and has 15 years of experience. He has worked with organizations such as Cyanamid India Limited, Usha International Limited and Ultra Tech Cement Limited. He joined Supreme Infrastructure India Ltd in July 2006. The Gross Remuneration payable to him is Rs.7.50 Lakhs per annum.
6. **Mr. Prashant Chivelkar** is working as a Senior Quality Control Engineer at the RMC unit in Powai, Mumbai. He holds a diploma in civil engineering and has 6 years of experience in the industry. He has worked with construction firms in Mumbai and was working as quality control Engineer at a RMC plant prior to joining Supreme. He joined Supreme Infrastructure India Ltd in September 2006. The Gross Remuneration payable to him is Rs.3.50 Lakhs per annum.
7. **Mr. Jagdish Patel**, is working as the General Manager Production. He is having 23 years of experience in the Infrastructure Industry. He joined Supreme Infrastructure India Ltd. in 1983. He is responsible for installation and functioning of every production unit of the company in past and present. As on date, he is overall In-Charge of all the three production units and their management The Gross Remuneration to him is Rs.1.40 Lakhs per annum.
8. **Mr. R S Pandey** is the Production Manager and is in Charge of Asphalt Division. He is a Diploma Holder in Civil Engg. He was appointed in Supreme Infrastructure India Ltd. in June 2001. He is having total 9 years of experience. Mr. Pandey manages Day to day orders and productions for captive requirements as well as outside sales in his daily schedule. His gross remuneration is Rs.1.10 Lakhs per annum.
9. **Mr. Nagu Navre** is the Production Manager in the Crusher Division. He is associated with the Company since the inception. He is responsible for successful running of the Stone Crusher Division of company. Obtaining required permission for blasting quarrying and conducting the same for procurement of stone, metal is done under his supervision. His gross remuneration is Rs.1.20 Lakhs per annum.
10. **Mr. Somaji Thombare** is the Production Manager in Ready Mix Concrete Plant. He has diploma in Mechanical Engineering and has 6 years of experience. He joined Supreme Infrastructure India Ltd in October 2003. He has worked with Qmax Consultants as Plant in charge for 2 years. He is responsible for the production of R.M.C unit. His gross remuneration is Rs.1.20 Lakhs per annum.
11. **Mr. Joy Samuel** is the Senior Project Manager in Supreme Infrastructure India Ltd. and is a B.E. Civil by Qualification. He is associated with the Company since 1995. He is having total 14 years of work experience. He is a vital link between Chief project manager and project co-ordinator procurement of raw material for individual site, their supply on those particular sites any required documentation and any other requirements related to man power is also taken care by him The gross remuneration to him is Rs.1.20 Lakhs per annum.

SUPREME INFRASTRUCTURE INDIA LIMITED

12. **Mr. Pankaj Sharma** is also a Project In Charge and is a B.E. Civil by Qualification. He is associated with the Company since 1995. He is having total 8 years of work experience. He supervises the schedule and there related implementation on various sites. Company has recently completed the project of P.W.D (Coastal) at Marine Drive under his supervision. The gross remuneration to him is Rs.1.20 Lakhs per annum.
13. **Ms. Jyoti Poojari**, Manager-Administration, is working in Supreme Infrastructure India Ltd. since 1997. Her total work experience is more than 7 years. Prior to SIIL, she was working in Bombay Engg. Ind. She manages the documentation work relating to filing of new tenders or any documentation related to banking. Her annual remuneration is Rs.1.10 Lakhs.
14. **Mr. Akhilesh Agarwal**, Company Secretary has a work experience of 7 years. He has been associated as a company secretary in companies like Phoenix Mills Limited.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

The above mentioned Key Managerial Personnel do not hold any shares in the Company.

BONUS OR PROFIT SHARING PLAN AND INTEREST OF KEY MANAGERIAL PERSONNEL

The Company does not have any bonus or profit-sharing plan for Key Managerial Personnel. No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of the key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

Changes in Key Managerial personnel

Following have been the changes in the key managerial personnel during the last three years

Name	Date of joining	Date of resignation	Designation	Reason
Mr. P A. Francis	15 th October 2005	1 st August 2006	Senior Manager	Personal reasons
Mr. G.D. Banerjee	15 th December 2005	---	Chief Project Manager	For Project administration and execution
Mr. Navin T. Shah	15 th November 2005	05 th September 2006	Company Secretary	Personal Reasons
Mr. Mohan Satagopan	5 th July 2006	---	General Manager Projects	For Project administration and execution
Mr. Pramod Kumar Rath	31 st July 2006	---	Chief Financial Officer	For Accounts Department
Prashant Chivelkar	1 st September 2006	---	Senior Quality Control Engineer	For Quality Control
Mr. Akhilesh Agarwal	1 st September 2006	---	Company Secretary	For Secretarial Matters
Mr. Nitin Chavan	---	1 st April, 2006	Accounts Manager	Personal Reasons

Manpower

Company has 183 employees working as on 30th November 2006. The details of manpower employed by us are as follows:

Sr. No.	Unit	No. of Employees
1	wet mix plant	13
2	Asphalt Plant	28

3	RMC Plant	42
4	HO	18
5	Crushing unit	20
6	Sites	62
	Total	183

Manpower required for the construction business in real estate business- manpower requirement for this activity will depend upon the commencement and progress of the work in hand. Pursuant to an Order passed by the Bombay High Court, the Company has stopped the operations of the RMC plant at Powai for the time being. However, the personnel who were engaged in the RMC plant are being deployed at the other plants / sites of the Company except a few who were required specifically for the operation of the RMC plant. For details on the above Court Order and the Litigation thereto, please refer to the Chapter on “ Outstanding Litigations, Material Developments and Other Disclosures” under the section titled “ Legal and Other Information” beginning on page [●] of the DRHP.

Disclosures regarding the Employee stock option scheme

There is no employee Stock Option Scheme as on date in the Company.

Payment or benefit to officers of the Company

There is no payment or benefit to be given to the officers of the Company other than their remuneration or salary.

THE PROMOTERS AND THEIR BACKGROUND

Mr. Bhawanishankar H. Sharma, Mr Vikram B. Sharma and Mr. Vikas B. Sharma are the promoters of Supreme Infrastructure India Limited. A brief profile of the promoters is given herewith:



Mr. Bhawanishankar H. Sharma Executive Chairman
Voter ID No. :- Not Available
Driving License No.90RJ-14/DL/1342 (88110230)
Passport No.B 0144211
PAN Number- ANUPS9315F
Bank Account No. Savings A/C-50092010056693, Syndicate Bank, Chembur Branch.

Mr. Bhawanishankar H. Sharma, Executive Chairman aged 58 years is Graduate in Science from Rajasthan University. After completion of education in 1964, he shifted to Bombay and worked for seven years in the family owned Petrol Pump at Powai. After gaining the commercial and business knowledge, he commenced the quarrying business at his land at Powai. He was one of the first 100 Quarry Owners in Bombay. After successfully establishing and running of quarrying activities he also started activities of manufacturing of Silica Sand and Edible Oil manufacturing units in Jaipur.

In 1983, he along with the other promoters formed the Company and commenced the activities of quarrying and asphaltting. In 1988, he took over the management and ownership of the Company and transformed into a successful company from an ailing unit which was inherited from its predecessors. Under his guidance and supervision, the Company has made substantial progress in a span of 16 years. The Company has progressed well and today the Company is registered with BMC and with PWD, Maharashtra thereby making it eligible to bid for tenders of these departments and other authorities accepting the eligibility criteria set by these departments.

He had implemented many schemes in manufacturing operations to make the unit independent and efficient such as converting the manual Crushing Unit into automatic machine operated unit by installation of imported Crushing Machine from USA. After successful implementation of automization of crushing process, an automatic Asphalt Plant was also installed. He has been instrumental for completing successfully Tenders awarded to the Company by Bombay Municipal Corporation of concretization of roads of approximately 10675 Cu. Mtrs in period of twelve months time where there was no concept of Ready Mix Concrete. This has immensely increased the technical bid capacity of the Company.

He has also worked for 20 years as President of Quarry Manufacturers Association, Bombay during the period from 1980 to 2000.



Mr Vikram B. Sharma Managing Director

Voter ID No. : Not Available

Driving License No.MH 03 92 11481

Passport. A6323883

PAN Number. ANZPS6085M.

Bank Account No.- Savings A/C-50092010054908, Syndicate Bank, Chembur Branch

Mr. Vikram B. Sharma, Managing Director aged 32 years, having qualification of Bachelor of Engineering in Civil from Bombay University. He joined the Company as a Director in August 1998. Before completion of graduation he started working with the Company and gained the experience of construction activities. After completion of graduation in 1999 he joined the Company on full fledged basis and took over the responsibility of procurement and execution of projects. In the year 1999 construction of solid approach road from Mahim Junction to Bandra Worli Sealink awarded to the Company by Maharashtra State Road Development Corporation was his first project after joining the Company which was successfully completed under his guidance and supervision. Since, then the Company has completed and carried out various prestigious projects of many Government Organisation viz. Public Works Department, Maharashtra State Road Development Corporation, Bombay Municipal Corporation and Mumbai Metropolitan Regional Development Authority under his supervision.

With the successful execution and completion of 45 contracts under his expertise, the Company has become eligible for the handling of new contracts like construction of bridge work, sewerage systems and large contract work of concretization.

He played an important role in implementing the plans for upgradation and removal of bottlenecks in order to improve the production capacity of the Asphalt Plant of the Company. He has been instrumental in successfully installing and commissioning of Ready Mix Concrete Plant in October 2003.

The steps taken by him for enabling the company to enter into joint ventures with other infrastructure companies has resulted in the enhancement of the company's bidding capacity.



Mr. Vikas B. Sharma, Wholetime Director

Voter ID No. Not Available

Driving License No.MH03/2000/4809

Passport. B0144225

PAN Number. AMWPS2364P

Bank Account No.- Savings A/C-113/23502, State Bank of India, Powai Branch.

Mr. Vikas B. Sharma Wholetime Director aged 27 years is a Commerce Graduate from Bombay University and also holds a Masters in Management Studies (MMS) Degree with specialization in Finance. He joined the Company in August 1998 as a Director of the Company to support and further expand the operations of the Company. He completed his studies in 2003 and immediately joined the Company on full time basis by taking over responsibility of Accounts, Administration and Finance Departments. He has introduced certain systems and policies in the Company such as segment wise reporting, daily reporting from the manufacturing units and project sites. Such measures introduced by him have helped better co-ordination among the various departments of the Company. The timely completion of projects need availability of finance and towards this end his efforts have resulted the credit facilities being increased from Rs.1 crore three years ago to the present level of Rs.51.24 crores.

Company confirm that the Permanent Account Number and Bank Account Numbers have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus. Further, the Promoters have not been identified as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

SUPREME INFRASTRUCTURE INDIA LIMITED

Mr. Bhawanishankar H. Sharma (Executive Chairman) is father of Mr. Vikram B. Sharma (Managing director) and Mr. Vikas B. Sharma (Director). They are also the Promoters of the company. None of the key managerial Personnel is relative of any of the Promoter or director of the company.

Common Pursuits

The promoters have incorporated a new company “Supreme Housing and Hospitality Private Limited” with the objective of infrastructure development as contractors and also to run and carry on the businesses of hotels, restaurants etc. For further details, please refer to the “Related Party Transactions” under the section titled “Financial Statements” beginning on page [•] of the Draft Red Herring Prospectus

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company.

The Promoters are not interested in any property acquired by Supreme within two years of the date of the Draft Red Herring Prospectus except as stated under the section on Business on page [•].

The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

Except as disclosed above and Related party transaction on Page [•], the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to promoters of the Company

There is no payment or benefit to be given to the Promoters of the Company other than being a shareholder or remuneration as a Director.

Currency of Presentation

Throughout the Draft Red Herring Prospectus unless the context otherwise requires all references to “Rupees” / “Rs.” is the legal currency of the Republic of India.

E. DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and shareholders of the company, in their discretion, and will depend on a number of factors, including but not limited to the company's earnings, capital requirements and overall financial condition. The details of dividend paid by the Company are as follows:

Year/ Period ended	Dividend %	Dividend Amount (Rs. In lakhs)
2004-05	10%	15
2005-06	10%	100

V. SECTION: FINANCIAL STATEMENTS

A. AUDITORS' REPORT

SHAH & KATHARIYA
CHARTERED ACCOUNTANTS
ROOM NO.6, KERMANI BUILDING,
4TH FLOOR, 27, SIR P.M.
ROAD, FORT, MUMBAI – 400001
Tel: 56315562 Fax : 22856615

AUDITOR'S REPORT

To,

The Board of Directors,

Supreme Infrastructure India Ltd.

8, Bhawani Service Industrial Estate

IIT Powai, Andheri (East)

Mumbai – 400 076

Dear Sirs,

We have examined the financial information of Supreme Infrastructure India Ltd. (formerly Supreme Infrastructure (India) Private Limited) ('the Company') as attached to this report stamped and initialed by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") - Disclosure and Investor Protection Guidelines, 2000 as amended ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarifications and in accordance with your instructions dated December 12, 2006 requesting us to carry out work in connection with the Offer Document to be issued by the Company in connection with its proposed Initial Public Offering of Equity Shares ("the Issue"). The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

1. Financial Information As Per Audited Financial Statements:

We have examined:

The attached "Summary Statement of Assets and Liabilities, as restated" of the Company as at September 30, 2006 and as at March 31, 2006, 2005, 2004, 2003 and 2002 (Annexure I) and the attached "Summary Statement of Profits and Losses, as restated" of the Company for the financial period ended September 30, 2006 and years ended March 31, 2006, 2005, 2004, 2003 and 2002 (Annexure II).

The Summary Statements have been extracted from the financial statements of the respective period / years audited by us and adopted by the Board of Directors / Members for the respective period / years.

Based on our examination of these summary statements, we state that:

- The restated profits have been arrived at after making such adjustments and regrouping which in our opinion are appropriate in the period / years to which they relate, as shown in Annexure II to this report.
- The summary statements of the Company have been restated with retrospective effect to reflect the effect of the accounting policies adopted by the Company as at September 30, 2006 as given in Annexure IV to this report.

- There were no extraordinary items that need to be disclosed separately in the summary statements.

2. Other Financial Information

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

- a) Statement of Cash Flows in respect of the period ended September 30, 2006 and years ended March 31, 2006, 2005, 2004, 2003 and 2002 as given in Annexure IIIB to this report.
- b) Summary of accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as given in Annexure V to this report.
- c) Details of Unsecured Loans as at March 31, 2006 and September 30, 2006 as given in Annexure – III A to this report.
- d) Statement of age-wise analysis of Sundry Debtors as at September 30, 2006 and March 31, 2006 as given in Annexure IIIC to this report.
- e) Capitalisation statement of the Company as at September 30, 2006 and March 31, 2006 as given in Annexure – VII to this report.
- f) Statement of tax shelter as given in Annexure – VI to this report.
- g) Details of related party transactions as given in Annexure – IIIF to this report.
- h) Details of contingent liabilities as given in Annexure – IIIG to this report.
- i) Statement of Other Income as given in Annexure – IIID to this report.

In our opinion the financial information of the Company, attached to this report as mentioned in Paragraph 1 and 2 above, read with respective significant accounting policies and notes as given in Annexure IV to this report and after making adjustments and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Offer Documents in connection with the specific Initial Public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For SHAH & KATHARIA
CHARTERED ACCOUNTANTS**

**SD/-
(P.M Katharia).
Partner**

**Membership No.: 31315
Place: Mumbai**

Date: 22nd December, 2006

INDEX OF FINANCIAL INFORMATION

Annexure I	:	Summary of Statements of Assets and Liabilities as restated.
Annexure II	:	Summary Statement of Profits and Losses as restated.
Annexure III	:	Financial Statement Schedules:
		A. Schedule of Unsecured Loans
		B. Statement of Restated Cash Flows
		C. Statement of Age Wise Analysis of Sundry Debtors
		D. Details of Other Income
		E. Statement of Investments
		F. Schedule of Related Party Transactions
		G. Schedule of Contingent liabilities
Annexure IV	:	Significant Accounting Policies and Notes on restated Financial Statements.
Annexure V	:	Summary of Accounting Ratios
Annexure VI	:	Tax Shelter Statement
Annexure VII	:	Capitalisation Statement of the Company

SUPREME INFRASTRUCTURE INDIA LIMITED

Annexure 'I' – Summary Statement of Assets and Liabilities as restated:

(Rs in Lakhs)

As at	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
A. Fixed Assets						
Fixed Assets- gross block	395.97	473.01	1183.14	1271.32	1489.92	1861.46
Less: Depreciation	115.12	170.23	227.58	315.99	411.73	459.06
Net Block	280.85	302.78	955.56	955.33	1078.19	1402.40
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	280.85	302.78	955.56	955.33	1078.19	1402.40
B. Investments	7.81	2.98	99.53	-	-	-
C. Current assets, loans and advances						
Inventories	4.88	153.70	198.61	139.81	322.16	602.03
Receivables	181.71	118.38	1142.70	1904.70	2283.69	1929.72
Cash and bank balances	2.40	4.38	5.70	2.27	92.14	4.87
Other current assets	228.77	191.48	281.90	474.13	623.72	1066.24
Loans and advances	200.51	218.87	110.94	201.61	152.02	450.74
Total assets (A+B+C)	906.93	992.57	2794.94	3677.85	4551.92	5456.00
D. Liabilities and provisions						
Loan funds						
Secured loans	322.63	326.91	1126.59	1394.85	1312.54	1698.81
Unsecured loans	21.05	52.61	72.19	29.28	78.76	61.96
Deferred tax Liability (Net)	-	19.11	25.83	41.62	38.57	50.68
Current liabilities and provisions						
Sundry Creditors	221.47	193.93	1087.84	973.98	463.27	592.78
Provisions	34.00	77.08	40.05	193.21	254.98	171.27
Total (D)	599.15	669.64	2352.50	2632.94	2148.12	2575.50
E. Net worth						
Represented by:						
Shareholders funds						
Share capital	102.50	102.50	102.50	150.00	1000.00	1000.00
Reserves and surplus	205.28	220.43	339.94	903.68	1403.80	1880.50
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	205.28	220.43	339.94	903.68	1403.80	1880.50
Less: Miscellaneous expenditure not written off	-	-	-	8.77	-	-
Net worth (E)	307.78	322.93	442.44	1044.91	2403.80	2880.50
Total Liabilities(D+E)	906.93	992.57	2794.94	3677.85	4551.92	5456.00

SUPREME INFRASTRUCTURE INDIA LIMITED

Annexure II – Summary Statement of Profit and Loss as Restated

(Rs. In lakhs)

Period ended on	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
Income						
Sales:						
Of Products manufactured by the company	991.02	614.14	2172.83	4628.39	5140.60	3700.01
Of products traded by the Company	-	-	-	-	-	-
Other Income	27.05	34.73	11.98	14.96	16.26	35.09
Increase/(Decrease) in inventory	-	150.24	198.61	32.45	322.16	602.03
Total Income	1018.07	799.11	2383.42	4675.8	5479.02	4337.13
Expenditure						
Raw materials & goods consumed	593.77	448.82	1798.84	3412.4	4017.46	3428.01
Staff Costs	11.81	5.68	6.20	15.67	50.82	37.22
Other Manufacturing & Operating expenses	157.23	128.58	242.89	264.8	117.95	123.87
Selling & Administrative expenses	69.99	54.85	76.81	38.52	101.27	28.49
Interest	34.44	63.99	68.06	209.22	297.57	132.72
Depreciation	35.95	55.10	61.50	88.41	95.73	47.33
Miscellaneous expenditure written off						
Total expenditure	903.19	757.02	2254.30	4029.02	4680.80	3797.64
Net Profit before tax and extraordinary items	114.88	42.09	129.12	646.78	798.22	539.49
Provision for taxation						
Current Tax	-	3.40	2.50	50.00	116.57	50.68
Deferred Tax	-	4.96	6.86	15.82	(3.30)	12.11
Net Profit after tax & before extraordinary items	114.88	33.73	119.76	580.96	684.95	476.70
Extraordinary items (net of tax)	-	-	-	-	-	-
Net Profit after Extra Ordinary Items	114.88	33.73	119.76	580.96	684.95	476.70
TDS Written off	-	4.40	-	-	-	-
Short Provision for tax (F.Y.1999-2000)	-	2.69	-	-	-	-
Net profit as per audited accounts	114.88	26.64	119.76	580.96	684.95	476.70
Deferred tax Liability of Earlier Years as per accounts	-	(14.23)	-	-	-	-
Total Net Profit available for appropriations as per audited accounts	114.88	12.41	119.76	580.96	684.95	476.70
Adjustments						
Adjustment on account of Deferred tax Asset of earlier year (Refer Note No. 2(b) in Annexure IV)	-	0.06	-	-	-	-
Adjustment on account of Prior Period Item being Provision for tax of F.Y. 1999-2000 (Refer Note No. 2(c) of Annexure IV)	-	2.69	-	-	-	-
Adjustments on account of failure to make provision for gratuity (Refer Note No. 2(a) in Annexure IV)	(0.02)	(0.02)	(0.39)	(0.17)	-	-
Adjustment on account of Deferred Tax (Refer Note No. 2(b) in Annexure IV)	-	0.01	0.14	0.04	-	-
Net Profit/(Loss) as restated	114.86	15.15	119.51	580.83	684.95	476.70
Balance of P&L B/f (Refer Annexure IIB)	90.42	205.28	220.43	242.12	131.34	680.98
APPROPRIATIONS						
Transfer to general reserve	-	-	97.82	675.00	100.00	-
Proposed dividend	-	-	-	15.00	30.97	-
Tax on proposed dividend	-	-	-	2.10	4.34	-
Balance carried to Balance sheet	205.28	220.43	242.12	130.85	680.98	1157.68

Annexure IIIA - Schedule of Unsecured Loans

- a) The following table represents the break up of outstanding unsecured loan in respect of the Supreme Infrastructure India Ltd. as on March 31, 2006.

(Rs. In Lakhs)

Sr No.	Name of the Lender	Amount
1	Vikas B. Sharma	16.29
2	Vikram B. Sharma	15.30
3	Barkha V. Sharma	2.52
4	Chitranjan Sharma	3.00
5	GHP Corp	3.03
6	Suncity Housing	2.50
7	Star Distributor	2.50
8	Retention Money	33.62
	TOTAL	78.76

Note:-

- i) All the aforesaid Unsecured loans from Promoters/Shareholders and Others have no fixed repayment schedule.
 ii) The above unsecured loans are repayable on demand.
 iii) All the above loans have been received from parties which whom the company and its directors enjoy a personal relationship and therefore no interest is payable on these loans. No interest is payable on the Retention Money.

- b) The following table represents the break up of outstanding unsecured loans in respect of Supreme Infrastructure India Limited as on September 30, 2006

(Rs. in Lakhs)

SR. NO.	NAME OF THE LENDER	AMOUNT
<u>1</u>	BHAWANISHANKAR H. SHARMA	<u>7.68</u>
<u>2</u>	VIKAS B. SHARMA	<u>21.49</u>
<u>3</u>	BARKHA V. SHARMA	<u>2.52</u>
<u>4</u>	CHITRANJAN SHARMA	<u>3.36</u>
<u>5</u>	GHP CORP	<u>2.00</u>
<u>6</u>	STAR DISTRIBUTOR	<u>2.50</u>
<u>7</u>	SUNCITY HOUSING	<u>2.50</u>
<u>8</u>	VIKRAM B. SHARMA	<u>19.91</u>
	<u>TOTAL</u>	<u>61.96</u>

Note:-

- i) All the aforesaid Unsecured loans from Promoters/Shareholders and Others have no fixed repayment schedule.
 ii) The above unsecured loans are repayable on demand.
 iii) All the above loans have been received from parties which whom the company and its directors enjoy a personal relationship and therefore no interest is payable on these loans.

SUPREME INFRASTRUCTURE INDIA LIMITED

Annexure IIIB - Restated Cash Flow Statement

(Rs. In Lakhs)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30-09-06
Cash Flows from Operating Activities						
Net Profit Before Taxation	114.88	42.09	129.12	646.78	798.22	539.49
Adjustments for:						
Depreciation	35.95	55.10	61.50	88.41	95.73	47.33
Provision for Gratuity	-0.02	-0.02	-0.39	-0.17	-	-
Interest/Dividend Income	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
(Profit)/loss on sale of assets	-	-	-	-	-	-
Interest paid	34.44	63.99	68.06	209.22	297.56	132.72
Depreciation written back	-	-	-	-	-	-
Exchange Gain/(loss)	-	-	-	-	-	-
Operating profit before Working Capital Changes	185.25	161.16	258.29	944.24	1200.28	719.54
Change in Debtors	-93.68	63.33	1024.32	-762.00	-378.99	353.97
Change in Inventories	16.55	-148.82	-44.91	58.80	-182.35	-279.87
Change in Other Current Assets	-155.15	18.94	17.51	-282.90	-99.51	-741.24
Change in Current Liabilities	46.42	34.65	863.60	55.09	-451.99	57.91
Fixed Deposits	-	-	-	-	-	-
Misc. Expenditure	-	-4.40	-	-8.77	-	-
Tax paid	-	-22.52	-9.22	-65.78	-113.27	-62.68
Net Cash Flow from Operating Activities (A)	-0.61	102.34	60.95	-61.31	-25.83	47.63
Cash Flow from Investing Activities						
Purchase of Fixed Assets	-132.14	-77.04	-714.28	-88.18	-218.60	-371.54
CWIP	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Interest / Dividend Income	-	-	-	-	-	-
Sale of Investments	-7.81	4.83	-96.55	99.53	-	-
Net Cash Flow used in Investing Activities (B)	-139.95	-72.21	-810.83	11.35	-218.60	-371.54
Cash Flows from Financing Activities						
Changes in Borrowings	175.83	35.84	819.26	225.35	-32.83	369.47
Proceeds from Issuance of Capital	-	-	-	47.50	700.00	-
Interest paid	-34.44	-63.99	-68.06	-209.22	-297.56	-132.72
Exchange Gain	-	-	-	-	-	-
Dividend Paid	-	-	-	-17.10	-35.31	-
Movement in reserves	-	-	-	-	-	-
Net Cash Flow from Financing Activities (C)	141.39	-28.15	751.20	46.53	334.30	236.75
Net increase in cash and cash equivalents (A+B+C)	0.83	1.98	1.32	-3.43	89.87	-87.16
Cash and Cash Equivalents (opening Bal)	1.57	2.40	4.38	5.70	2.27	92.14
Cash and Cash Equivalents (Closing)	2.40	4.38	5.70	2.27	92.14	4.98
Add: Fixed Deposits placed with various Banks	-	-	-	-	-	-
Cash and Bank Balance as per Balance Sheet	2.40	4.38	5.70	2.27	92.14	4.98

Annexure IIIC - Statement of Age wise analysis of Sundry Debtors

Age-wise break-up		Amount (Rs. In Lakhs)
30 th September, 2006		
	Less than six months	1597.21
	More than six months	332.51
Total		1929.72
2005-06		
	Less than six months	1872.62
	More than six months	411.07
Total		2283.69
2004-05		
	Less than six months	1550.78
	More than six months	353.92
Total		1904.70
2003-04		
	Less than six months	1142.70
	More than six months	-
Total		1142.70
2002-03		
	Less than six months	46.22
	More than six months	72.16
Total		118.38
2001-02		
	Less than six months	130.06
	More than six months	51.65
Total		181.71

Annexure IIID- Details of Other Income

Particulars	Rs. In Lakhs					
	Years			Six Months		
	2002	2003	2004	2005	2006	30.09.2006
Profit on Sale of Assets	-	-				
Discount Received	-	0.03				
Misc. Receipts	5.50	-				
Interest Received	21.04	5.79				
Rent Received	0.51	2.20				
Sale of Scrap	-	0.62				
Hire Charges Received	-	0.81				
Transportation Charges Received	-	25.27				
	27.05	34.73	11.98	14.97	16.26	35.09

Note :- For the years 2004 and 2005 and for the six month period ended 30th September, 2006, as the figures of other income do not exceed 20% of the Net Profit (before Tax) of the respective years and period, the necessary break up for those years and period is not furnished.

Annexure IIIE - Certificate regarding quoted investments

Sr No.	Details of Investments	Aggregate Book value (Rs)	Aggregate Market value/quoted value (Rs)	Diminution in the value (Rs)
-----	-----	-----NIL-----	-----	-----

SUPREME INFRASTRUCTURE INDIA LIMITED

Annexure IIIF - Statement of Related Party Transactions

Information on Related Party Disclosures as per Accounting Standards (AS-18) on Related Party Disclosures is given below: -

List of related parties with whom transactions have taken place during the year ended 31st March, 2006.

(A) Associates

1. Chitrarth Studios
2. Vikram Enterprises

(B) Key Managerial Person

1. Mr. Bhawanishankar H. Sharma
2. Mr. Vikram B. Sharma
3. Mr. Vikas B. Sharma

(C) Relatives of key Managerial Person

1. Mrs. Rita Sharma
2. Mr. Vimalkumar Sharma
3. Mrs. Phoolkuvar Sharma
4. Mrs. Barkha V. Sharma
5. Mrs. Shweta V. Sharma

(D) Enterprises over which persons described in (B) above and their relatives are able to exercise significant influence:

-----Nil-----

Amount (Rs. Lakhs)

Sr. No.	Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Total
		A	B	C	D	(A TO D)
A)	Share Capital					
	Share Capital raised	-	750.00	-	-	750.00
B)	Loans Taken:					
	Balance as at 1 st April,2005	-	19.53	0.10	-	19.63
	Taken during the year	-	10.53	-	-	10.53
	Repaid during the year	-	(61.65)	(0.10)	-	(61.75)
	Balance as at 31 st March,2006	-	(31.59)	-	-	(31.59)
	Loans Given:					
	Balance as at 1 st April,2005	58.52	10.00	15.25	-	83.77
	Given during the year	216.63	52.72	30.33	-	299.68
	Recd during the year	(275.15)	(62.72)	(41.95)	-	(379.82)
	Balance as at 31 st March,2006	-	-	3.63	-	3.63
C)	Receivables as on 31.03.2006				-	
D)	Payables as on 31.03.2006	-			-	-
E)	INVESTMENT					
	DEBENTURE	-			-	-
F)	SALES	-			-	-
G)	PURCHASES	-			-	-
H)	INCOME					
	Job Work Income	-			-	-
	Service Charges Received	-			-	-

SUPREME INFRASTRUCTURE INDIA LIMITED

I)	Expenses:					
	Job Work Charge	-			-	-
	Processing Charges	-			-	-
	Managerial Remuneration		38.40		-	38.40
	Dividend				-	
J)	CONTINGENT					
	LIABILITIES					
	Corporate Guarantee given					
	Security given					

List of related parties with whom transactions have taken place for the period ended 30th September, 2006.

Amount (Rs. Lakhs)

Sr. No.	Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Total
		A	B	C	D	(A TO D)
A)	Share Capital					
	Share Capital raised				-	
B)	Loans Taken:					
	Balance as at 1 st April,2006		(31.59)		-	(31.59)
	Taken during the Period	-	24.30		-	24.30
	Repaid during the year	-	(31.79)		-	(31.79)
	Balance as at 30 th September, 2006	-	(39.08)		-	(39.08)
	Loans Given:					
	Balance as at 1 st April,2006	-		3.63	-	3.63
	Given during the period	144.08		14.82	-	158.90
	Recd during the period	(154.08)		(22.15)	-	(176.23)
	Balance as at 30 th September, 2006	(10.00)		(3.70)		(13.70)
C)	Receivables as on 30.09.2006	-			-	
D)	Payables as on 30.09.2006	-			-	
E)	INVESTMENT					
	DEBENTURE	-			-	
F)	SALES	-			-	
G)	PURCHASES	-			-	
H)	INCOME					
	Job Work Income	-			-	
	Service Charges Received	-			-	
I)	EXPENSES:					
	Job Work Charge	-				
	Processing Charges	-				
	Managerial Remuneration	-	22.46			22.46
	Dividend	-				
J)	CONTINGENT LIABILITIES					
	Corporate Guarantee given	-				
	Security given					

Annexure IIIG - Schedule of Contingent Liabilities

(Rs. In Lakhs)

Particulars	31/03/2006	30/09/2006
Guarantees given by the bank	741.19	687.66
Outstanding Letters of Credit	187.97	37.39

Annexure IV – Notes on Significant Accounting Policies and Notes on Adjustments for Restated Financial Statements

(1) Significant Accounting Policies

(i) Method of Accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting practices in India.

(ii) Use of Estimates

The Preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates. The Actual results could differ from those estimates.

(iii) Revenue Recognition

1. The Company follows the Percentage of Completion Method of accounting for all contracts. The revenue from the execution of the contracts is recognised proportionately with the degree of completion achieved under each contract, matching revenue with expenses incurred and after considering the total contract value and associated cost.

2. Contract prices are either fixed or subject to price escalation clause. Amounts due in respect of price escalation and/or variation in contract work approved by the contractees are recognised as revenue only when there are conditions in the contract for such claims or variations and/or evidence of the acceptability of the same from the contractees.

3. The Unbilled work in progress is recognised as revenues and is valued at the lower of cost or net realisable value upto the stage of completion.

4. The work completed but not certified is accounted at the rates mentioned in the contracts (i.e. at Contract prices).

5. In case of joint ventures/consortium executed wholly by the company, the revenue from the execution of the contracts is recognised proportionately with the degree of completion achieved under each contract, matching revenue with expenses incurred and after considering the total contract value and associated cost and profit/(loss) arising from the operation are recognised in which such profit /(loss) arise.

(iv) Fixed Assets

The Fixed Assets are stated at cost less accumulated depreciation. The Costs of Fixed Assets comprises of its purchase price and directly attributable cost if any for bringing the asset in operational condition for its intended use.

(v) Depreciation

The Company follows the written down value method of depreciation at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956.

(vi) Investments

Current Investments are carried at lower of cost and fair value. Long Term investments are carried at cost. Provision for diminution in the value of long term investments is made, if such decline is other than temporary in the opinion of the management.

(vii) Accounting for taxes on Income

Provisions for current income-tax is made after taking into considerations benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from “timing differences” between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a virtual/reasonable certainty that the assets will be realised in future.

(viii) **Accounting of Employee Benefits**

The Company makes contribution to Provident Fund and the same is charged to Profit and Loss account. Provision for gratuity is made as per Payment of Gratuity Act, on the assumption that all the employees retire at the year end and charged to profit and loss account.

(ix) **Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

(x) **Miscellaneous Expenditure**

Miscellaneous Expenditure is amortised over a period of ten years in ten equal instalments.

(xi) **Inventories**

Inventories are valued at cost or net realisable value whichever is less. The Cost is being determined on First in First out basis (FIFO). Work in Progress is valued at cost inclusive of material, labour and related overheads.

(xii) **Joint Venture**

- A. The Assets, Liabilities and expenditure arising out of the contract executed wholly by the company pursuant to the joint venture contract are accounted under the respective heads in these financial statements. Income from contract is accounted net of Joint Venture Shares under turnover in these financial statements.
- B. The Joint venture project at Amravati was jointly undertaken by the Company with M/s. Dee Dee Infrastructural Engineers Pvt. Ltd. In the financial year ending March 31, 2005, M/s. Dee Dee Infrastructural Engineers Pvt. Ltd. Suo moto quit from the joint venture abdicating its rights and other benefits which had accrued to it. Thus, the company is now the sole and only company left to complete the project. All the assets, liabilities, income and expenses of the joint venture have thus been accounted for in the separate financial statements of the company during the financial year ending March 31, 2005.

(2) Notes on Adjustments

i. Gratuity

The Company adopted the practise of accounting of gratuity on cash basis. Accordingly, the financial statements have been restated to include therein the Provision of Gratuity calculated as per the Payment of Gratuity Act, on the assumption that all the employees retire at the year end.

ii. Deferred Tax

The Company adopted the Accounting Standard 22, “Accounting for taxes on Income” issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended March 31, 2003. Accordingly, the deferred tax asset/liability (Rs. 0.06 lakhs) arising on account of the adjustment on account of provision of gratuity for the years prior to financial year ending March 31, 2003 has been accounted from the reserves and surplus as on 1st April, 2002 and the deferred tax asset/liability pertaining to the years ended March 31, 2003, 2004 and 2005 (i.e. Rs. 0.01, Rs.0.14 and Rs.0.04 respectively) have been accounted for in the respective years giving corresponding effect to the statement of profits of those years. The same has been correctly accounted for in the subsequent periods.

iii. Prior Period Item

In the financial statements for the year ended March 31, 2003, the company had recognised/charged off Rs.2.69 Lakhs as prior period. For the purpose of this statement, the said expense, have been appropriately adjusted.

Annexure V - Accounting ratios

	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
Earning per Share (EPS) (Rs)	11.21	3.29	11.66	38.73	6.85	4.77
Cash earning Per share (Rs)	14.72	8.67	17.69	44.62	7.80	5.24
Return on net worth (%)	37.32	4.69	27.01	55.12	28.49	16.55
Net Asset Value per share (Rs)	30.02	31.51	43.16	70.25	24.04	28.81

Note:- The shares have been split in Rs.10/- face value from Rs.100/- face value with effect from 28/08/2005. However, for the sake of comparison the EPS has been calculated based on Rs.10/- face value for all the years.

1. EPS represents basic earnings per share calculated as Net Profit after Tax before extraordinary items (PAT) divided by number of equity shares at the end of the fiscal year
2. Cash EPS represents PAT for the year plus non-cash charges divided by the number of equity shares at the end of the fiscal year. Non-cash charges comprise depreciation, amortization of business development expenses, loss on sale of fixed assets, and loss on sale of investments
3. Return on net Worth is arrived at by dividing PAT by total shareholder's funds (Net Worth) at the end of the year
4. Net Assets value per share, computed as per net equity method, is arrived at as Equity net worth at the end of the year miscellaneous expenses not written off and divided by the number of equity shares at the end of the fiscal year.

Annexure VI – Tax Shelter Statement**(Rs. In lacs)**

Year ending March 31	2002	2003	2004	2005	2006	30.09.06
Tax at Notional Rate	41.01	15.47	44.01	236.67	270.00	181.59
Adjustments:						
Export Profits	-	-	-	-	-	-
Difference Between Tax depreciation and book depreciation	7.11	13.49	19.12	43.24	(9.81)	35.97
Other adjustments	104.88	21.66	99.37	538.11	544.88	447.26
Net adjustments	111.99	35.15	118.49	581.35	535.07	483.23
Tax saving thereon	39.98	12.92	43.55	212.73	180.99	136.19
Total taxation	1.03	2.55	0.46	23.94	89.01	45.40
Taxation on extraordinary items	-	-	-	-	-	-
Tax on profits before extraordinary items.	1.03	2.55	0.46	23.94	89.01	45.40

Year ending March 31	2002	2003	2004	2005	2006	30.09.06
Tax rate	35.70%	36.75%	36.75%	36.5925%	33.825%	33.66%
Tax at actual rate of profit	41.01	15.47	44.01	236.67	270.00	181.59
Adjustments						
Permanent Differences:						
i) 80 IA	104.90	22.99	159.77	539.10	545.54	447.26
ii)						
iii)						
Timing Differences:						
i) Depreciation Difference	7.11	13.49	19.12	43.24	(9.81)	35.97
ii) Delayed Payment of PF. ESIC		1.31	9.64	0.82	0.66	-
iii) Provision for Tax						
iv) Provision for gratuity	0.02	0.02	0.39	0.17	-	-
v) Other			50.37			
Net Adjustments	111.99	35.15	118.49	581.35	535.07	483.23
Tax saving thereon	39.98	12.92	43.55	212.73	180.99	136.19
Total Taxation	1.03	2.55	0.46	23.94	89.01	45.40

SUPREME INFRASTRUCTURE INDIA LIMITED

Annexure VII - Capitalisation Statement

(Rs. In lakhs)

	Pre-issue as at 30 th September '06	As adjusted for the issue
Borrowing		
Short term debt (Bank O/D)	1275.07	1275.07
Long term debt (Term Loan)	247.69	247.69
Other Debt	238.01	238.01
Total debt	<u>1760.77</u>	<u>1760.77</u>
Shareholders' funds		
Share Capital		
-Equity	1000.00	1335.00
Less: Calls in arrears	-	-
-Preference	-	-
Share Premium	-	-
Reserves & surplus	1880.50	[•]
Less: Miscellaneous Expenditure not written off	-	-
Total Shareholders' funds	<u>2880.50</u>	[•]
 Long term debt/Equity ratio	 <u>1 : 11.63</u>	 [•]

Note: Reserves and Surplus post issue can be calculated only on the conclusion of book building process.

B. FINANCIAL INFORMATION OF GROUP COMPANIES**Companies under the same management**

Except as stated in this section of the Draft Red Herring Prospectus, there are no companies under the same management within the meaning of section 370(1) (B) of the Companies Act, 1956.

The following are the details of our Group Companies/ firms and other ventures of the Promoters:

1.) Supreme Housing and Hospitality Pvt. Ltd.

Constitution: Private Limited Company

Date of Incorporation: 20 November, 2006

Board of Directors:

1. Bhawanishankar H. Sharma
2. Vikram B. Sharma
3. Vikas B. Sharma

Nature of Activity: Company is involved in the business of infrastructure development as contractors and also to run and carry on the businesses of hotels, restaurants etc.

Shareholding Pattern as on 30th November 2006:

Name of the shareholders	No. of shares	Shareholding
Bhawanishankar H. Sharma	5000	50%
Vikram B. Sharma	2500	25%
Vikas B. Sharma	2500	25%

Brief Financials: The company was incorporated on 20th November 2006 and yet to commence operations.

The group company above has not made any public issue since incorporation and its Equity Shares are not listed on any stock exchange.

Group Firms

1) Mr. Vikas B. Sharma Promoter is the Proprietor of a firm known as Chitrarth Studios which is in the business of providing infrastructure facilities for media and entertainment industry viz. Television programmes, serials, film and advertisements since the year 2000.

Financial performance

(Rs. in Lakhs)

Particulars	For the year ended		
	Audited		
	31-3-2004	31-3-2005	31-3-2006
Sales	47.10	73.15	128.06
Other Income	13.38	1.94	3.68
PBT	8.15	6.75	11.77
PAT	8.15	6.75	11.77
Capital	17.76	24.21	32.08
Net Worth	17.76	24.21	32.08

SUPREME INFRASTRUCTURE INDIA LIMITED

2.) Mr. Vikram B. Sharma, Promoter is the Proprietor of Vikram Enterprises, a firm in the business of quarrying & crushing since 1996.

Financial performance

(Rs. in Lakhs)

Particulars	For the year ended		
	Audited		
	31-3-2004	31-3-2005	31-3-2006
Sales	2.84	23.95	88.73
Other Income	35.28	0	0
PBT	1.04	1.98	4.47
PAT	1.04	1.98	4.47
Capital	-1.68	0.50	3.69
Net Worth	-1.68	0.50	3.69

The Promoters of the Company have not disassociated themselves from any company/firm during the preceding three years.

None of the Promoters or Group Companies have been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

Except as stated herein above in this section titled “Financial Information of Group Companies” beginning on page [●] of the Draft Red Herring Prospectus, no other company promoted by the Promoters have been struck off from the records of the Registrar of Companies in the last three years.

Companies of the Promoter/Promoter Group referred to BIFR/ under winding up/having negative net worth

None of the Group Companies have been referred to BIFR, are under winding up process or have negative net worth.

Common Pursuits

The promoters have incorporated a new company “Supreme Housing and Hospitality Private Limited” with the objective of infrastructure development as contractors and also to run and carry on the businesses of hotels, restaurants etc. **For further details, please refer to the “Related Party Transactions” in the Auditors’ Report on page [●] of the Draft Red Herring Prospectus**

Related Business transactions within the Group

Except as mentioned in the section titled “Financial Statements” beginning on page [●] of the Draft Red Herring Prospectus there are no related business transactions within the group.

Sales or Purchases between Companies/Firms in the Group

There have been no sales or purchases between companies in the Group exceeding in value in the aggregate 10% of the total sales or purchases of the Company, except those transactions mentioned under the section titled “Financial Statements” on page [●] of the Draft Red Herring Prospectus.

Changes in Accounting Policies in the last three years

There have been no changes in accounting policies in the last three years

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(All the figures used in this section, unless stated otherwise, have been derived from the financial statements of the Company)

I. Overview of the business of the Company:

Supreme Infrastructure is a medium sized company in the infrastructure sector and is engaged in the following activities:-

- Construction of Roads, Highways, widening of Highways and execution of contracts awarded to it (based on tenders / bids submitted by it) by various agencies such as National Highway Authority of India (NHAI), Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra State Road Development Corporation (MSRDC), Public Works Department (PWD), Municipal Corporation of Greater Mumbai (MCGM), Mumbai Port Trust (MPT), Mumbai Transport Project, Railway (MTP), Airports Authority of India (AAI), Bombay Municipal Corporation (BMC), RCF Ltd. and also from some private sector companies.
- Owns and operates a Ready Mix Concrete (RMC) Plant for captive consumption and also for sale to other parties.
- Owns and operates an Asphalt Plant for captive consumption and also for sale to other parties
- Crushing Plant for crushing the stones / boulders into aggregates to be used in the building and road construction.

Supreme Infrastructure has completed 55 projects in the last few years valued at Rs. 17651 Lakhs till 4th January 2007.

II. Significant developments subsequent to the last financial year:

The Directors of the Company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus and which materially and adversely affects or is likely to affect the business or profitability, or value of the assets, or the ability to pay the liabilities within the next twelve months except for the following.

- New projects received from NHAI and Sadbhav Engineering worth Rs. 18851 Lakhs
- Increase in Fixed Assets by purchase of land in Bhiwandi for set up of new production units
- Purchase of new machinery such as Wet Mix Paver, Diesel Generator Set and Concrete Pump.
- Public Interest Litigation (PIL) filed by the Bombay Environmental Action Group (BEAG) for stoppage of work of quarrying and RMC facilities in the Powai Unit. The matter is currently in the court of law and no prosecution proceedings against the Company and/or its officials have been launched by the concerned authorities.

III. Factors that may affect results of the Operations:

- A. **Changes in government policies relating to Construction Industry.** – The Government has been constantly reviewing the policies and regulations relating to the construction industry which plays a major role in the infrastructure sector. In view of the importance of the infrastructure sector to the Indian economy, the policies have been becoming more and more favourable towards this sector. Any changes in the rules, laws, regulations and policies that may result in a slow down in spending on the infrastructure development may adversely impact the operations of the Company.
- B. **Power tariff and fuel charges-** Power and Fuel charges form an important cost component in the construction sector. Any increase or decrease in the power tariff and fuel charges will have an impact on the operations of the company.
- C. **Impact of the Fiscal Budget on the Construction Sector.** – The tax proposals in the Fiscal Budget will have an impact on the Construction Sector and in turn on the operations of the company. Any proposals which may have an adverse impact on the Infrastructure Sector will also have an adverse impact on the operations of the Company and similarly any favourable proposals shall have a favourable impact on the operations of the Company.

- D. **Variation in price of Raw Materials-** The main business of the Company is that of bidding for projects and completing the same when awarded the contracts. In the event of an increase in prices of raw materials such as Cement, Bitumen and Steel, the escalation clause in the contract may not cover the entire increase in prices and hence the operations of the Company may be adversely affected to the extent of the increase in costs not covered by the escalation clause

SUPREME INFRASTRUCTURE INDIA LIMITED

IV. Discussion on Results of Operations:

A summary of the past financial results based on the Restated Accounts are given below:

(Rs. in Lakhs)

Period ended on	2002-03	% to Total Income	2003-04	% to Total Income	2004-05	% to Total Income	2005-06	% to Total Income	30/09/06	% to Total Income
Income										
Sales:										
Of Products manufactured by the company	614.14	76.85	2172.83	91.16	4628.39	98.99	5140.6	93.82	3700.01	85.31
Of products traded by the Company	-	-	-	-	-	-	-	-	-	-
Other Income	34.73	4.35	11.98	0.50	14.96	0.32	16.26	0.30	35.09	0.81
Increase/(Decrease) in inventory	150.24	18.80	198.61	8.33	32.45	0.69	322.16	5.88	602.03	13.88
Total Income	799.11	100.00	2383.42	100.00	4675.8	100.00	5479.02	100.00	4337.13	100.00
Expenditure										
Raw materials & goods consumed	448.82	56.16	1798.84	75.47	3412.4	72.98	4017.46	73.32	3428.01	79.04
Staff Costs	5.68	0.71	6.2	0.26	15.67	0.34	50.82	0.93	37.22	0.86
Other Manufacturing & Operating expenses	128.58	16.09	242.89	10.19	264.8	5.66	117.95	2.15	123.87	2.86
Selling & Administrative expenses	54.85	6.86	76.81	3.22	38.52	0.82	101.27	1.85	28.49	0.66
Interest	63.99	8.01	68.06	2.86	209.22	4.47	297.57	5.43	132.72	3.06
Depreciation	55.1	6.90	61.5	2.58	88.41	1.89	95.73	1.75	47.33	1.09
Miscellaneous expenditure written off	-	-	-	-	-	-	-	-	-	-
Total expenditure	757.02	94.73	2254.3	94.58	4029.02	86.17	4680.8	85.43	3797.64	87.56
Net Profit before tax and extraordinary items	42.09	5.27	129.12	5.42	646.78	13.83	798.22	14.57	539.49	12.44
Provision for taxation		0.00		0.00		0.00		0.00		0.00
Current Tax	3.4	0.43	2.5	0.10	50	1.07	116.57	2.13	50.68	1.17
Deferred Tax	4.96	0.62	6.86	0.29	15.82	0.34	-3.3	-0.06	12.11	0.28
Net Profit after tax & before extraordinary items	33.73	4.22	119.76	5.02	580.96	12.42	684.95	12.50	476.7	10.99
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net Profit after Extra Ordinary Items	33.73	4.22	119.76	5.02	580.96	12.42	684.95	12.50	476.7	10.99

SUPREME INFRASTRUCTURE INDIA LIMITED

Performance Review of the period ended September 30, 2006

Significant development during the period was

- Increase in Fixed Assets by purchase of land in Bhiwandi for setting up of new production units

This period saw our sales figure touch Rs.3700 Lakhs on account of improved position of work orders on hand and better quantum of project execution on site. The closing stock was also higher at 13.88% to total income because purchases were made in bulk for the requirement at various sites in order to avail of bulk discounts.

The Raw Materials consumed to Total Income has also gone up from 73.32% during the last year to 79.04% during this period due to purchase from outside parties in addition to in-house production. The other expenses have more or less remained unchanged as a percentage to Total Income. Net profit after Tax during the period was around 11%.

Comparison of Fiscal Year 2006 with Fiscal Year 2005.

Significant developments during the year were

- The company has completed its project under PWD for beautification of Marine Drive, Mumbai valued at Rs 4 crores for the first 650 mtr patch starting from Hotel Hilton Towers to Hotel Marine Plaza.
- The company installed its new computerized Asphalt Plant which increased its capacity of production from 50 MT to 85 MT per hour.
- The company has declared its maiden dividend @ 10% per equity share in AGM on 30-07-2005.
- This year company received an assessment from Tax department of its claim under Section 80IA of the Income Tax Act of 1961. This has benefited the company as its profits from infrastructure development projects will be tax free.
- The company has declared bonus shares in the ratio 5:1 on 26-8-2005
- The company has completed concretization of extended import yard at MPH Octroi Check Naka, Mankhurd, Mumbai for MCGM worth Rs 272 Lakhs
- Company had made a private placement of 10,00,000 equity shares to Hexagram Investments (P) Ltd.
- The company was awarded the project of widening and resurfacing the Western Express Highway from Andheri to Santacruz Airport Junction for the value of 1565.00 lakhs.

Total Income

This year saw a high increase in total income from Rs. 4675.8 lakhs to Rs 5479.02 lakhs. This was mainly because of completion of couple of contracts. At the same time there has been an increase in capacity utilization of RMC and Asphalt plants.

Operating Expenditure

This year saw the company achieved better operating efficiency from 79.80% as a percentage to Total Income to 78.25%. This is due to substantial decrease in other manufacturing and operating expenses. The main reasons for the decline of these manufacturing expenses is stabilization of production of recently installed RMC plant.

Interest

This year the interest cost grew from Rs 209.22 lakhs to Rs 297.57 lakhs. As a percentage to income also it has gone up from 4.47% to 5.43%. This is due to increase in bank borrowings due to enhanced working capital limits and increase in term loan facilities for purchase of new machinery.

Depreciation

This year depreciation cost was a bit higher from Rs 88.41 lakhs to Rs 95.73 lakhs. This was due to purchase of fixed assets of Rs. 218.60 Lakhs during the year.

Profit after Tax.

This year there was a leap in the Profit after Tax from Rs 580.96 lakhs to Rs Rs 684.95 lakhs. This was achieved because of due to increase in turnover and margins.

Discussion on Results of Operations

Comparison of Fiscal Year 2005 with Fiscal Year 2004.

Some significant developments during the Year were

- The company was awarded the project of widening and resurfacing the Western Express Highway from Andheri to Jogeshwari in Joint Venture with Maheshwari Brothers Limited for the value of 4057 lakhs.
- The company increased the capacity of its readymix concrete (RMC) unit with a fleet of 3 new transit mixers to the existing 4 transits mixers and also purchased a concrete pump for the purpose of pumping the concrete material from ground level upto an extent of 7 to 8 floor of an under construction site.
- This year the term loan and working capital limits were raised by the banker i.e. Syndicate Bank from Rs. 10.05 Crores to Rs.11.25 Crores.

Total Income

This year saw a high increase in total income from Rs. 2383.06 lakhs to Rs 4675.8 lakhs. This year also saw that the operations generated 98.99% of the total Income. This was mainly because of execution of large contracts and increase in capacity utilization of RMC and Asphalt plants.

Operating Expenditure

This year saw the company achieved better operating efficiency from 89.15% as a percentage to Total Income to 79.80%. This is mainly due to substantial decrease in selling and distribution expenses and stabilization of production of recently installed RMC plant.

Interest

This year the interest cost grew from Rs 68.06 lakhs to Rs 209.22 lakhs. As a percentage to income also it has gone up from 2.86% to 4.47%. This is due to increase in bank borrowings due to enhanced working capital limits and increase in term loan facilities for purchase of new machinery.

Depreciation

This year depreciation cost was a bit higher from Rs. 61.5 lakhs to Rs. 88.41 lakhs. This was due to purchase of fixed assets of Rs. 88 Lakhs during the year.

Profit after Tax.

This year there was a leap in the Profit after Tax from Rs 119.76 lakhs to Rs 580.96 lakhs. The PAT ratio to total income increased from 5.03% to 12.42%. This was achieved because of due to increase in turnover and margins.

Comparison of Fiscal Year 2004 with Fiscal Year 2003.

Some significant developments during the Year were

- The company has installed a RMC plant of 30 cubic meter/ hour at its Powai site.
- This year the term loan and working capital limits were raised by the banker i.e. Syndicate Bank from Rs. 2 Crores to Rs.10.05 Crores. At the same time Bank Guarantee & Letter Of Credit limits were raised to Rs.12 Crores.
- This year the company has added Rs. 740.50 in the Fixed Assets which includes RMC Plant.

SUPREME INFRASTRUCTURE INDIA LIMITED

Total Income

This year saw an increase in total income to Rs. 2383.06 lakhs from Rs 799.11 lakhs. This year also saw that the operations generated 91.18% of the total Income from 76.95%. This was mainly because of execution of large contracts like Concretization of Arnik Wadala Link Road at Mumbai.

Operating Expenditure

This year the Operating Expenditure increased from 79.83% to 89.15% as a percentage to Total Income. This is because of increase in the cost of material & labour.

Interest

This year the interest cost marginally increased from Rs 63.99 lakhs to Rs 68.06 lakhs. This was due to utilization of increased credit facility from the bank at the end of the year.

Depreciation

This year depreciation cost was a slightly higher from Rs 55.1 lakhs to Rs 61.50 lakhs. This was due to addition to Plant & machinery.

Profit after Tax.

This year there was a leap in the Profit after Tax from Rs 19.50 lakhs to Rs 119.76 lakhs. This was achieved because of increase in turnover & margins.

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected or are likely to affect income from continuing operations

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Nil

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 revenues are by and large linked to increases in volume of business activity carried out by the Company.
The Company operates in only one industry segment – Construction industry

Status of any publicly announced new products or business segment

The Company is presently engaged in the business of Road Construction.. As defined under the terms of this issue, the Company intends to foray in Real Estate business as a contractor.

The extent to which business is seasonal:

The business is not seasonal; however during monsoon the progress on site gradually decreases due to rains.

Competitive conditions

For details on Competition, please refer page no. [●] of the Draft Red Herring Prospectus

VI. SECTION : LEGAL AND OTHER INFORMATION**A. OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES**

There are no outstanding litigations against the Company, the Directors, the Promoters and the Group Companies or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against the Company, the Directors and the Promoters, except the following:

i. Outstanding litigation and contingent liabilities of the Company**CONTINGENT LIABILITY AGAINST THE COMPANY**

As on September 30, 2006 the contingent liability outstanding against the Company is as follows:

(Rs. in Lakhs)	
Particulars	As at 30th September 2006
Bank Guarantee	687.66
Letters of Credit	37.39

1. Bombay Environmental Action Group (BEAG) & Ors. Vs. State of Maharashtra & Ors.

BEAG had filed a Public Interest Litigation (PIL) in the year 2005 (Writ Petition No. 140 of 2005) before the Bombay High Court for an order and injunction of the Court in relation to certain construction activities leading to pollution in certain areas of Mumbai, including Powai.

The Company was not a party to above proceedings and became an interested party only after the Maharashtra Pollution Control Board (MPCB) filed an Affidavit dated October 3, 2006 before the Court, making certain allegations against the Company.

In the Affidavit annexing a report, MPCB informed the Hon'ble Bombay High Court that it had found the Company carrying out quarrying and stone crushing activities and was also running a RMC Plant at Powai without permission from them. Upon considering the affidavit filed by MPCB, the Court passed an Order dated October 11, 2006 restraining the Company from carrying on the activities of quarrying, stone crushing and from running ready mix concrete (RMC) plant in Powai. The Court has further directed the MPCB to take suitable action, including launching of prosecution proceedings, against the persons engaging in illegal activities.

Since the Company was not effectively represented before the Court during the hearing of the matter, Company filed an Affidavit dated December 14, 2006 before the Court putting on record before the Court that the Company had in fact received permissions from the relevant authorities to operate the RMC plant and Asphalt Mix (Hot Mix) plant situated at Powai. Regarding the allegation of carrying out stone crushing plant, the Company has stated in the Affidavit that it was only operating the RMC Plant and Asphalt Mix (Hot Mix) Plant which was confusingly taken as stone crushing activity. Regarding the allegation on quarrying activities, the Company have disputed the claim made by MPCB and has stated that it was not carrying out any quarrying activity in Powai and was only operating the RMC and Asphalt Mix (Hot Mix) plants.

The matter came up for hearing before the Hon'ble High Court on December 14, 2006 and has been adjourned to January 18, 2007. No further orders have been passed in the matter. No prosecution proceedings against the Company and/or its officials have been launched by the concerned authorities.

For a list of all the Government Approvals please see the Section "Government Approvals and Licensing" on page [•] of the Draft Red Herring Prospectus.

Civil Disputes

1. One Arpan Leasing Company Limited has filed a Summary Suit (Summary Suit No. 1488 of 1999) in the Bombay High Court against the Company claiming an amount of Rs. 12.82 Lakhs with interest for default made by the Company in repayment of lease rent for certain vehicles leased to the Company in the year 1995. The Company has filed its Written Statement on December 20, 2004 and has disputed the claim of the Plaintiff. The Company has stated in its Written Statement that it had already paid an amount of Rs. 14.64 Lakhs to the Plaintiff prior to the filing of this suit and the fact was the Plaintiff had taken a loan from Bank of Baroda in order to lease a vehicle to the Company. The Plaintiff in turn had defaulted in the repayment of the said loan in relation to which the Bank of Baroda had also filed a suit. The Company has further stated in its reply that the entire claim towards the loan taken by the Plaintiff from the Bank had been repaid by the Company to the Plaintiff but the Plaintiff had defaulted in forwarding the payment to the Bank. The matter shall come for hearing in the Court in the normal course.

Apart from the above, there are no other civil, criminal, securities, statutory or other proceedings filed against the Company.

Outstanding Litigation against the Promoters/ Directors

1. In the above suit filed by Arpan Leasing Company Limited i.e. (Summary Suit No. 1488 of 1999) in the Bombay High Court against the Company, a Promoter Mr. Bhawanishankar H. Sharma has also been made a party to the suit.

Other than what is mentioned herein above, there are no other cases/ suits / disputes/ penalties levied against the Promoters / the Company/ the Directors/ the Group Companies for violation of any statutory or regulatory law.

MATERIAL DEVELOPMENTS

Except as stated under the section titled “Management’s Discussion and Analysis of Financial Statements and Results of Operations” on page [•] of the Draft Red Herring Prospectus and the financial statements included herein, no material developments have taken place after September 30, 2006, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of the Company. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

B. GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by us for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed. In view of the approvals listed below, Company can undertake this Issue and the current business activities and no further major approvals from any statutory authority are required to continue those activities.

Government Approvals /Licensing Arrangements

Company have received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by us for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, Company can undertake this Issue and the current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following are the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

1. The Company has registered its asphalt plant with the BMC by a certificate no. Dy.Ch.E./1981/Rds/City dated 30th August 2006 which is valid upto March 31, 2007.
2. The Company has registered its Readymix concrete plant with the BMC by a certificate no. Dy.Ch.E./5149/Rds/E.S. dated August 1, 2006 which is valid upto 2007.
3. The Company has obtained a certificate no. C-C-926 from Maharashtra Pollution Control Board, Mumbai dated September 30, 2003 to establish its Readymix concrete plant and Asphalt plant, both situated at Powai, Mumbai. The certificate is valid upto March 31, 2007.
4. The Company has obtained sales tax registration no. 400076/S/423 by a certificate dated August 13, 1998 issued by the Sales Tax Department, Maharashtra under Section 22/22A of The Bombay Sales Tax Act, 1959.
5. The Company has obtained registration under the Shops and Establishment Act, 1948 for its readymix and concrete plant and a certificate dated June 22, 2005 has been issued by the Government of Maharashtra. The registration is valid up December 31, 2007.
6. The Company has been registered as A class contractor by the BMC under its certificate no. 046 dated July 27, 1983 with regard to road construction . The certificate has been renewed from time to time by the Company and is valid upto 31ST Dec 2007.
7. The Company has obtained registration under the Employee's Provident Funds and Miscellaneous Provisions Act, 1952 on February 12, 1991 under registration no. 37386/PF/APP/SB/1001 issued by the Office of the Regional Provident Fund Commissioner, Bandra, Mumbai.
8. The Company has obtained registration under Section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 on March 12, 1999 under the registration no. PTR1/32/8134 issued by the Sales Tax Officer, Registration Branch, Mumbai.
9. The Company has obtained registration under the Employees State Insurance Act, 1948 bearing no. R44048 (31-47897-48) dated March 29, 2000 issued by the Regional Office, Maharashtra.
10. The Company has obtained Tax Deduction Account Number (TAN) MUMS52792F .

11. The Company has obtained TIN for registration under VAT. The VAT TIN is 27870504403V and the CST TIN is 2787054403C.
12. The Company has been allotted the PAN : AAACS7320J.
13. The Company has applied for permission to quarry the Bhiwandi land to the mandal official in the gram sachivalay of Tahsil Bhiwandi and the Sub Divisional Officer, Bhiwandi. The Company has received permission dated November 15, 2006 for quarrying 80,000 MT of building stone and murrum at the Bhiwandi land from the mandal official in the gram sachivalay of Tahsil Bhiwandi.
14. The Company has obtained registration vide registration number Regd-DYCH/CLA/Regn.Pvt./0202/Mumbai 2728 dated December 28, 2006 from Government of Maharashtra under the Contract Labour (Regulation and Abolition) Act, 1970 which is valid till January 31, 2008.

Applied For

1. The Company has applied for the blasting license for the proposed quarrying activity at Bhiwandi.

Permissions to be applied for

1. The Company has to apply to the relevant authorities for pollution clearance certificate and other licenses in respect of the new Ready Mix Concrete Plant proposed to be installed, as and when necessary.

VII. SECTION: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on August 4, 2006, authorised this Issue, subject to the approval of the shareholders of the Company under Section 81 (1A) of the Companies Act.

The shareholders have authorised this Issue by a special resolution adopted under to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on August 31, 2006.

Company has also obtained all necessary contractual approvals required for this Issue. For further details, please refer section titled “Government/Statutory and Business Approvals” beginning on page [•] of the Draft Red Herring Prospectus.

Prohibition by SEBI

The Company, the Directors, the Promoters, other companies promoted by the Promoters and companies with which the Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, the Promoters or their relatives have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Entities of the Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

ELIGIBILITY FOR THIS ISSUE

In terms of the Clause 2.2.1 of the SEBI (DIP) Guidelines, 2000 an unlisted company may make an initial public offering (IPO) of equity shares or any other securities which may be converted into or exchanges with equity shares at a later date, only if it meets all the following conditions:

(a) The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;

(b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;

Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

(c) The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);

(d) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and

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

In terms of the certificate issued by M/s. Shah & Kathariya, Chartered Accountants, dated 25th September 2006, the Company satisfies the above eligibility criteria as follows:

Rs. in lakhs					
Financial Year	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Net Tangible Assets	906.93	992.57	2794.94	3677.85	4551.92

Monetary Assets	2.40	4.38	5.70	2.27	92.14
Monetary Assets(%)	0.26%	0.44%	0.20%	0.06%	2.02%
Distributable Profit After Tax	114.88	12.41	119.76	580.96	684.95
Networth	307.78	322.93	442.44	1044.91	2403.80

Net tangible assets are defined as the sum of all the net assets of the company, excluding intangible assets as defined in Accounting Standard (AS 26) issued by Institute of Chartered Accountants of India.

Monetary Assets are defined as the sum of Cash on Hand, Liquid Investments, Balance with Scheduled Bank in Current accounts and Fixed Deposits and balance with Post Office Savings account.

The Company undertakes that the number of allottees in this Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 15, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

“WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT’S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM that:

- a) the Draft Red Herring Prospectus forwarded to SEBI is in conformity with the documents, materials and papers relevant to the Public Issue;**
- b) all the legal requirements connected with the said Issue as also the guidelines, instructions, etc. issued by SEBI, the Government, and any other competent authority in this behalf have been duly complied with; and**

- c) the disclosures made in the 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 Public Issue.
- 3. We confirm that besides ourselves, all the intermediaries named in the Draft Red Herring Prospectus are registered with SEBI and that till date such registration is valid.
- 4. When underwritten we shall satisfy ourselves about the worth of the underwriters to fulfill their underwriting commitments.
- 5. We certify that written consent from shareholders has been obtained for inclusion of their securities as part of promoters' contribution subject to Lock-in and the securities proposed to form part of promoters' contribution subject to lock-in, will not be disposed / sold/ transferred by the promoters during the period starting from the date of filing the Draft Red Herring Prospectus with the Board till the date of commencement of Lock-in period as stated in the Draft Red Herring Prospectus.

All legal requirements pertaining to this issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai, in terms of Section 56, Section 60 and Section 60b of the Companies Act.

The filing of the Draft Red Herring Prospectus does not, however, absolve the company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up at any point of time, with the BRLM, any irregularities or lapses in the Draft Red Herring Prospectus.

Disclaimer Statement from the Company and the BRLM

Investors that Bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The Company and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above, mentioned entities and anyone placing reliance on any other source of information, including the website, www.Supremeinfra.com, would be doing so at his or her own risk.

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

The Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

GENERAL DISCLAIMER

Investors may note that the Company and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and the Company.

All information shall be made available by the Company and the BRLM to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including in research or sales reports.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares). The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Red Herring Prospectus has been filed with Registrar of Companies, Maharashtra as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("BSE") has given by its letter dated [●], permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. 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 BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter No. [●] dated [●] permission to the Company to use the NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 Lakhs and market capitalization shall not be less than Rs. 250 Lakhs at the time of the listing). NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by

SUPREME INFRASTRUCTURE INDIA LIMITED

NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the Registrar of Companies, Maharashtra situated at 2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Parel, Mumbai. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Maharashtra. A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Plot No. C4-A, 'G' Block, Sebi Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Listing

Applications have been made to Bombay Stock Exchange Limited and The National Stock Exchange of India Limited for permission to deal in and for an official quotation of the Equity Shares. BSE shall be the Designated Stock Exchange.

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

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company, Refund Banker and Bankers to this Issue; and (b) Book Running Lead Manager to this Issue and Syndicate Members, Escrow Collection Banks, Registrar to this Issue and legal advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra.

M/s. Shah & Katharia., Chartered Accountants, the Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra.

M/s. Shah & Katharia., Chartered Accountants, have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of the Draft Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra.

Expert Opinion

Company has received expert opinion from the following expert:

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 Issue expenses are as follows:

(Rs. in Lakhs)

Activity	Expenses	% of Issue Expenses	% of Issue Size
Lead management, underwriting and selling commission*	[•]		
Advertisement and marketing expenses**	[•]		
Printing, stationery including transportation of the same	[•]		
Other (Registrar's fees, legal fees, listing fees, etc.)**	[•]		
Total Estimated Issue Expenses	[•]		

* Will be incorporated after finalization of the Issue Price

** Will be incorporated at the time of filing Red Herring Prospectus with the RoC.

Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager including brokerage and selling commission for this Issue will be as stated in the Memorandum of Understanding executed between the Company and the BRLM dated 9th January 2007, copy of which is available for inspection at the Registered Office.

Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue will be as per the memorandum of understanding dated _19th December 2005, a copy of which is available for inspection at the Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

The Underwriting Commission and Selling Commission for this Issue is as set out in the Syndicate Agreement amongst the Company, the BRLM and Syndicate Members. The Underwriting Commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and amount underwritten in the manner mentioned in the Draft Red Herring Prospectus.

Previous Rights and Public Issues

Company has not made any previous rights or public issues during the last five years.

Issues otherwise than for Cash

Except as stated in the section titled "Capital Structure" beginning on page [•] of the Draft Red Herring Prospectus, Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since inception.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956, which made any capital issue during the last three years.

There are no listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956, which has made any capital issue during the last three years.

Promise versus Performance – Previous Issues of Group Companies.

The Company has not made any public issue of shares since its incorporation. None of the Group Companies have made any public issues in the past.

Outstanding Debentures, Bonds and Preference Shares

There are no outstanding debentures or bonds of the Company

Stock Market Data for the Equity Shares

This being an initial public offering of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Other Disclosures

The Promoters, Group Companies, or the directors of the Group Companies or the Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with RoC, except as disclosed in section titled “Notes to Capital Structure” beginning on page [•] of the Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

The agreement between the Registrar to this Issue and the Company will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

The average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has formed an Investor Grievance Committee on 3rd November 2006 chaired by Mr. Mukul M. Agarwal with Mr. Sandeep Ajmera, and Mr. Vikram B. Sharma as members. The Company has also appointed Mr. Pramod Kumar Rath as the Compliance Officer for this Issue.

Disposal of Investor Grievances by the Company

Company estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, Company will seek to redress these complaints as expeditiously as possible.

The Committee was constituted on 3rd November 2006. The members of the Committee are Mr. Mukul M. Agarwal (Chairman), Mr. Sandeep Ajmera, and Mr. Vikram B. Sharma, Directors of the Company.

The Company has appointed Mr. Pramod Kumar Rath, as the Compliance Officer and he may be contacted at Supreme Infrastructure India Limited, 8, Bhawani Service Industrial Estate, IIT Powai, Mumbai- 400 076. Investors may contact him in case of any pre-Issue or post-Issue problems.

Changes in Auditors during the last three financial years and reasons therefor

There have been no changes of the Auditors of the Company in the last three years.

Capitalisation of Reserves or Profits

Except as stated in the section titled “Capital Structure” the Company has not capitalised its reserves or profits at any time since inception. For details on Capitalisation of Reserves and Profits please refer to section titled “Capital Structure” beginning on page [●] of the Draft Red Herring Prospectus.

Revaluation of Assets

The Company has not revalued its assets since inception

VIII. SECTION: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Issue of 38,75,000 Equity Shares of face value Rs. 10/- each at a price of Rs. [●]/- for cash aggregating Rs. [●] Lakhs (hereinafter referred to as this “Issue”), and the Issue would constitute 27.93% of the post Issue paid-up capital of the Company. This Issue will comprise 38,75,000 Equity Shares of face value Rs.10/- each at a price of Rs. [●]/- per Equity Share, aggregating Rs. [●] Lakhs.

The Issue is being made through the 100% Book Building Process:

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 19,37,500 Equity Shares shall be available for allocation to QIBs.	Not less than 5,81,250 Shares shall be available for allocation.	Not less than 13,56,250 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Upto 50% of the Issue (of which 5% shall be reserved for Mutual Funds) * Mutual Funds participating in the 5% reservation in the QIB Portion (i.e. 96,875 Equity Shares) will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue. *	Not less than 35% of the Issue.*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000/- and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000/- and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000/-
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public Financial Institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, Mutual Funds, Foreign Institutional Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs in the name of karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000/- in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	Development Authority, provident funds with minimum corpus of Rs. 250 Lakhs and pension funds with minimum corpus of Rs. 250 Lakhs in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-Institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Guidelines.

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

If the aggregate demand by Mutual Funds is less than 96,875 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	[●]
BID / ISSUE CLOSES ON	[●]

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

The Price Band will be decided by the Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten 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 NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of the Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, 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.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled “Main Provisions of the Articles of Association of the Company” beginning on page [●] of the Draft Red Herring Prospectus for a description of the Articles of Association.

Mode of Payment of Dividend

Company shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of the Red Herring Prospectus at a price of Rs. [●]/- per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For further details on the main provisions of the Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of the Articles of Association of the Company” beginning on page [●] of the Draft Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of allocation and allotment, see “Statutory and Other Information” on page [●] of the Draft Red Herring Prospectus.

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

"If the Company does not receive the minimum subscription of 90% of the Issue to public including devolvement of Underwriters within 60 days from the date of closure of this Issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956."

If the number of allottees in the proposed Issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

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

SUPREME INFRASTRUCTURE INDIA LIMITED

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restriction On Transfer And Transmission Of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

Application by Non Residents/NRIs/FIIs

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

ISSUE PROCEDURE

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. However, the Bids by QIB shall be submitted only to the BRLM. In case of QIB Bidders, the 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 rejecting the same shall be provided to such Bidder in writing. In case of Bids under the Non-Institutional Portion and Bids under the Retail Portion, Bids would not be rejected except on technical grounds listed in the Red Herring Prospectus.

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

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are now required to pay 10% Margin Amount upon submission of their Bid. For details see the chapter titled “Terms of the Issue” on page [●] in the Draft Red Herring Prospectus.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note (“CAN”), and filing of the Prospectus with the Registrar of Companies, Maharashtra, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the Registrar of Companies, Maharashtra and as would be required by Registrar of Companies, Maharashtra after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian public or NRI applying on a non-repatriation basis	White
Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue

Who can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: “Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;

SUPREME INFRASTRUCTURE INDIA LIMITED

5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Multilateral and bilateral development financial institutions;
10. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws; and
11. Insurance companies registered with the Insurance Regulatory and Development Authority;
12. Provident funds with minimum corpus of Rs. 250 Lakhs and who are authorised under their constitution to hold and invest in Equity Shares;
13. Pension funds with minimum corpus of Rs. 250 Lakhs and who are authorised under their constitution to hold and invest in Equity Shares;
14. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares; and
15. Scientific and/ or industrial research organizations authorised to invest in Equity Shares.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

HOW TO APPLY – AVAILABILITY OF FORMS, RED HERRING PROSPECTUS AND MODE OF PAYMENT

APPLICATION BY MUTUAL FUNDS

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund portion. In the event that the demand is greater than 96,875 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB portion, after excluding the allocation in the Mutual Fund portion.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, Bidders may bid as per the limits prescribed above.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the Bids clearly indicate the name of scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

APPLICATION BY NRIs

Bid-cum-Application Forms have been made available for NRIs at the Registered Office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying Bids shall be payable in Mumbai only.

APPLICATION BY FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company (i.e. 10% of 13,875,000 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24 % of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

BIDS BY NRIs OR FIIs ON A REPATRIATION BASIS

Bids and revision to Bids must be made:

- On the Bid-cum-Application Form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In single or joint names (not more than three).
- Bids by NRIs for a Bid Amount of up to less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than or equal to Rs. 1,00,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Amount exceeds Rs. 100,000; for further details, please refer to the sub-section titled “Maximum and Minimum Bid Size” beginning on page [•] of the Draft Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCBs.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Indian VCFs:

The SEBI (Venture Capital Funds) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital investor registered with SEBI, should not exceed 25% of the Company's paid up capital. The aggregate venture capital funds registered with SEBI could, however go up to 100% of the Company's paid up equity capital. In addition, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund / foreign venture capital investor.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Resident, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.

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 the maximum Bid amount is more than Rs. 100,000 due to revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 100,000/- and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of this Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000/-. In case the Bid Amount reduces to Rs. 100,000/- or less, due to a revision in Bids, the same would be considered for allocation under the Retail Investors Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

Information for Bidders

- (a) The Company will file the Red Herring Prospectus with the Registrar of Companies, Maharashtra at least 3 (three) working days before the Bid / Issue Opening Date.
- (b) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from the corporate office or from any of the BRLM/Syndicate Members.
- (c) Investors who are interested in subscribing for the Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bid.
- (d) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- a) The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Maharashtra and also publish the same in one English national newspaper, one Hindi national newspaper and one regional language newspaper. This advertisement shall contain the disclosures as prescribed in Schedule XX-A of the SEBI Guidelines, as amended from time to time. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) Investors who are interested in subscribing for the Equity Shares should approach any of the members of the Syndicate or their authorized agent (s) to register their Bid.
- c) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional language newspaper by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.

- d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below on page [●] of the Draft Red Herring Prospectus) 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.
- e) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids” beginning on page [●] of the Draft Red Herring Prospectus.
- f) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- g) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment” beginning on page [●] of the Draft Red Herring Prospectus.
- h) The BRLM and Syndicate Member 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. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. [●]/- to Rs. [●]/- per Equity Share of Rs. 10/- each, 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/-. In accordance with SEBI Guidelines, the Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidders can bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. **Retail Individual may Bid at “Cut-off” where the value of the Bid is less than Rs. 100,000/-.** However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (c) Retail Individual Bidders, who bid at the Cut-Off, agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing a press release and making available this information on the Bidding terminals.

- (f) 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/-.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, 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. 100,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Option to Subscribe

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Escrow Account for the Issue

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account for this Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account for this Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payments of refunds to the Bidders shall also be made from the Refund Banks as per the terms of the Escrow Agreement with the Company and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue and BRLM, and Syndicate Members to facilitate collection from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page [●] of the Draft Red Herring Prospectus and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid-cum-Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, each QIB shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for 10% of the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank. The balance amount shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected and the Margin Amount will be refunded. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where Bids are accepted
- (b) NSE and BSE will offer a screen-based facility for registering Bids for this Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate members shall upload the Bids till such time as may be permitted by the Stock Exchanges
- (c) Aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form).
 - Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid Price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin Amount; and
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company;

- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind;
- (g) The members of the Syndicate have the right to review the Bid. The Syndicate Members have the right to reject a bid received from a QIB at the time of receipt of Bids. However, a Syndicate Member(s) shall disclose the reason for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders, bids under the Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on page no. [●] in the Draft Red Herring Prospectus;
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, and BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company;
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE; and
- (j) Bids not uploaded to the online IPO system of BSE / NSE shall not be considered for allocations / allotment.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) The Company, BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted.
- (c) The allocation for QIBs, upto 50% of the Issue, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders, and Retail Individual Bidders of not less than 15% and 35% of the Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 96,875 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- (e) Allocation to NRIs, FIIs, foreign venture capital funds, Multilateral and Bilateral Development Financial Institutions registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by RBI while granting permission for allotment of Equity Shares to them.
- (f) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel this Issue any time after the Bid/Issue Opening Date but before allotment.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with Registrar of Companies, Maharashtra

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, Company would update and file the updated Red Herring Prospectus with Registrar of Companies, Maharashtra, which then would be termed ‘Prospectus’. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, Maharashtra situated at 2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Parel, Mumbai, 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, the Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national newspaper with wide circulation, one Hindi national newspaper with wide circulation and a regional language newspaper with wide circulation in Mumbai.

Issuance of Confirmation of Allocation Note (CAN)

After the determination of Issue Price, the following steps would be taken

- (a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that the Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, Company would ensure allotment of the Equity Shares to the allottees within two days of the finalisation and adoption of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Company would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment. In case the Company fails to make allotment or transfer within 15 days of the Bid / Issue Closing Date, interest would be paid to the investors at the rate of 15% p.a.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within Price Band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum- Application Form;
- i) If your Bid is for Rs. 50,000/- or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card with the Bid-cum-Application Form. In case the PAN has not been allotted, mention "Not Allotted" in the appropriate place. (See section titled "Issue Procedure – PAN" on page [●] of the Draft Red Herring Prospectus.
- j) If you have mentioned "applied for" or "not applicable" in the Bid-cum-Application Form in the section dealing with PAN number ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof; and
- k) 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/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not provide your GIR number instead of your PAN.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;

SUPREME INFRASTRUCTURE INDIA LIMITED

- g) Do not Bid at Cut Off price (for QIBs and non-institutional bidders);
- h) Do not Bid at Bid amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- i) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- j) Do not submit Bid accompanied with Stock invest; and
- k) Do not submit Bid without the QIB Margin Amount incase of a Bid by a QIB.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Member.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians and blue for Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis.)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 100,000/-.
- (d) For Non-Institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 100,001/- and in multiples of [●] Equity Shares thereafter. All individual Bidders whose maximum Bid Amount exceed Rs. 100,000/- would be considered under this category. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) **By NRIs** – For a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs.100,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.100,000 would be considered under Non Institutional Category for the purposes of allocation. For more details please refer to section titled “Maximum and Minimum Bid Size” on page [●] of the Draft Red Herring Prospectus.
- (g) **By FIIs** – for a minimum of such number of Equity Shares and in multiples of [●] that the Bid Amount exceeds Rs. 100,000. For more details please refer to section titled “Maximum and Minimum Bid Size” on page [●] of the Draft Red Herring Prospectus.
- (h) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but **not** in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB’s.
- (i) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids and revision to Bids must be made:

On the Bid-cum-Application Form or the Revision Form, as applicable, and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

For further details see section titled “Issue Procedure - Maximum and Minimum Bid Size” on page [•] of the Draft Red Herring Prospectus.

Bidder’s Depository Account Details and Bank Account Details

Bidders must note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant’s Identification Number, Beneficiary Account number provided by them in the Bid-Cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders’ bank account details, including the nine digit Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf.

Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders’ sole risk and neither the Company, the Registrar, the Escrow Collection Bank (s), Bankers to the Issue, Refund Banker nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (“Demographic Details”). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The demographic details given by Bidders in the Bid-cum-Application Form would not be used for any other purposes by the Registrar.

Hence, Bidders are advised to update their demographic details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required demographic details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the demographic details received from the Depositories. Bidders may note that receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

SUPREME INFRASTRUCTURE INDIA LIMITED

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in the absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice / refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In 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 lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to reject such Bid in whole or in part, without assigning any reasons therefore.

In case of Bids made pursuant to a power of attorney by Mutual Funds registered with SEBI, Venture Capital fund registered with SEBI and Foreign Venture Capital Fund registered with SEBI, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to reject such Bid in whole or in part, without assigning any reasons therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 Lakhs and pension funds with minimum corpus of Rs. 250 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Company, in the absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application form, subject to such terms that Company may deem fit.

Payment Instructions

Company and the BRLM shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in this Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- (a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLM.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (i) In case of Resident Bidders: **"Escrow Account- Supreme Infrastructure India Limited"**
 - (ii) In case of Non Resident Bidders: **"Escrow Account- Supreme Infrastructure India Limited - NR"**
 - (iii) In case of Resident QIBs: **"Escrow Account – Supreme Infrastructure India Limited – QIB – R"**
 - (iv) In case of Non-Resident QIBs: **"Escrow Account – Supreme Infrastructure India Limited – QIB – NR"**
- (d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad, cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (e) In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) 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 Escrow Account.
- (g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

SUPREME INFRASTRUCTURE INDIA LIMITED

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or demand drafts for payment of bid money has been withdrawn.

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 Syndicate Member at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIB Bidders, prescribed however, that for QIB Bidders the Syndicate member shall collect the QIB Margin and deposit the sum in a specified Escrow Account.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the first Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000/- or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/first Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/Cir- 13/ 2005. However, in a press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1 Lac to Rs. 500000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Draft Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

The Right to Reject Bids

In case of QIB Bidders, the Company, in consultation with the BRLM/Syndicate Members may reject bids at the time of submission of the bid provided that the reasons for rejecting the same shall be provided for such bidder in writing. In case of QIB Bidders, Non Institutional Bidders and Retail Individual Bidders who Bid, the Company has the right to reject bids on technical grounds. Consequent refunds shall be made as set out in 'Letter of Allotment or refund' and 'Mode of making refunds' on page [•] of the Draft Red Herring Prospectus.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the amount payable for the highest number of Equity Shares Bid for;
- 2) Age of first Bidder not given;
- 3) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN photocopy / PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration not given if Bid is for Rs. 50,000/- or more and GIR number given instead of PAN number;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of [•];
- 10) Category not ticked;
- 11) Multiple bids as defined in the Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock Invest/ money order/postal order/cash;
- 14) Signature of sole and / or joint Bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;

- 16) Bid-cum-Application Form does not have Bidder's Depository Account details;
- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
- 19) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same at page [●] of this Red Herring Prospectus;
- 20) Bids by OCBs;
- 21) Bid by U.S. residents or U.S persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
- 22) In case 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;
- 23) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations; and

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) A tripartite agreement dated 2nd May 2006 with NSDL, us and Bigshare Services Private Limited, Registrar to the Issue;
- b) A tripartite agreement dated 10th May 2006 with CDSL, us and Bigshare Services Private Limited, Registrar to the Issue.

All Bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her Depository Account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.

- f) If incomplete or incorrect details are given under the heading ‘Bidders Depository Account Details’ in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

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

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) **otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allotment or Allocation

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 13,56,250 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 13,56,250 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, please refer to “Method of Proportionate Basis of Allotment” hereinbelow.

B. For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 5,81,250 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 5,81,250 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment please refer to “Method of Proportionate Basis of Allotment” hereinbelow.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in this 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 5% of the QIB Portion shall be determined as follows;
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for 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 all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be upto 19,37,500 Equity Shares.

Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category by the Company and the BRLM.

Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM

PROCEDURE AND TIME SCHEDULE FOR ALLOTMENT OF EQUITY SHARES

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and end on [●]. Following the end of the Bidding Period, the Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus has been filed with SEBI on [●] and the Registrar of Companies on [●] and will be made available to investors. SEBI Guidelines require the Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding 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. This typically takes three trading days from the date of crediting the investor’s demat account, subject to final approval by the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under “Issue Structure”.

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of [●] Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than [●] 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 category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- f) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- g) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

Company shall give credit to the beneficiary account with depository participants and submit the documents pertaining to the allotment of Equity Shares to the Stock Exchanges within 2 working days of finalization of the basis of allotment of Equity Shares by the Designated Stock Exchange. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Clearance Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, Company 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 15 days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through "Under Certificate of Posting" within 15 days of closure of the Issue, intimating them about the mode of credit of refund, the bank where the refunds shall be credited along with the amount and the expected date of electronic credit of refund.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders / credit intimation are not dispatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credits are not made to investors within the 15 day prescribed time period as mentioned above provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Refund Bank nor the Company nor the Registrar shall have any responsibility and undertake any liability for the same.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

- (a) **ECS:** Payment of refund would be done through ECS for applicants having an account at one of the 15 centres, where clearing houses for ECS are managed by Reserve Bank of India namely 1) Ahmedabad 2) Bangalore 3) Bhubaneswar 4) Kolkata 5) Chandigarh 6) Chennai 7) Guwahati 8) Hyderabad 9) Jaipur 10) Kanpur 11) Mumbai 12) Nagpur 13) New Delhi 14) Patna and 15) Thiruvanthapuram. This would be subject to availability of complete Bank Account Details including MICR code from the depository. The payment of refund through ECS is mandatory for applicants having bank account at any of the 15 centres named herein above, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS. .

- (b) **Direct Credit:** Investors having their bank account with the Escrow Bankers, i.e. ICICI Bank Limited, HDFC Bank Limited, the Hongkong and Shanghai Banking Corporation Limited, Deutsche Bank AG and Punjab National Bank, shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their bank account with the Escrow Banker.
- (c) **RTGS:** Applicants having a bank account at any of the 15 centres detailed above, and whose Bid amount exceeds Rs. 1 Lakhs, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Bid-cum-Application Form. In the event of failure to provide IFSC code in the Bid-cum-Application Form, the refund shall be made through ECS or Direct Credit, if eligibility is disclosed;
- (d) **NEFT (National Electronic Fund Transfer):** Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost, and process efficiency.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b) and (c) hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would 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.

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 15 days of the closure of the public issue. The Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of closure of the Issue. However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centers where Bidding terminals was set-up to receive Bids from Bidders.

Issue Program

BID / ISSUE OPENS ON	[●]
BID / ISSUE CLOSES ON	[●]

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

The Price Band will be decided by the Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

SUPREME INFRASTRUCTURE INDIA LIMITED

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten 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 NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.

Undertaking by the Company

The Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Modes of making refunds” on page [●] of the Draft Red Herring Prospectus, shall be made available to the Registrar to the issue by the Issuer.
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue giving the details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.
- that no further issue of Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Company will provide adequate funds required for dispatch of refund orders / electronic transfer of funds for refunds or allotment advice to the Registrar to the Issue.

Utilisation of Issue proceeds

The Board of Directors of the Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilised out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilised monies have been invested; and
- (c) Details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.
- (d) The details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which unutilized monies have been invested.

The Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Rectification of Register of Members

The Company, under Section 111A of the Companies Act will have the right to rectify the register of members to comply with the Companies Act.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in the Company is restricted to 24% of the total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by the shareholders; however, as of the date hereof, no such resolution has been recommended to Board or the shareholders for adoption.

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 Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, and Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

IX. SECTION: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

B. MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the important provisions of the Articles of Association of the Company relating to members, voting rights, lien on the Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below.

No regulations contained in Table 'A' of Schedule I of the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulation by Special Resolution, as prescribed by the said Companies Act, be such as are contained in these Articles of Association. The provisions of the Companies Act, 1956 override the Articles of the Company.

Particulars

5. Increase in Capital

The Company in General Meeting may from time to time by Ordinary Resolution increase the capital by the creation of new shares, the increases to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe, subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or a qualified right to dividends, and in the distribution of the assets of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

10. Reduction of Capital

The Company may from time to time by Special Resolution, subject to the provisions of Section 78, 80, 100 to 104 inclusive of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or Securities 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:

- a) extinguish or reduce 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 any 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.

11. Sub-division, consolidation and cancellation of shares

A. The Company in general meeting may subject to the provisions of Section 94 of the Act by Ordinary Resolution alter the capital clause condition of its Memorandum as follows, that is to say, it may:

- a) Consolidate and divide any of its Share Capital into Shares of larger amounts than its existing shares;
- b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid-up 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 or otherwise over the others or any other such share.

- c) Convert all or any of its fully paid-up shares in to stock and reconvert that stock into fully paid-up shares of any denomination.
- d) Cancel shares which, on 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 shares so cancelled;
- B. The cancellation of shares in pursuance of this Article shall not be deemed to be reduction of Share Capital.

12. Modification of rights

- A. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each calls may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at separate general meeting of the holders of shares of that class. The provision of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting. This Article shall not derogate from any power which the Company would have if this Article were omitted.
- B. Subject to and in accordance with the applicable provisions of the Companies Act, 1956 and all other applicable provisions of law (including any statutory modification or re-enactment thereof for the time being in force or as may be enacted from time to time) and subject to such other approvals/permissions or sanctions as may be required, the Company shall have power to acquire, purchase, sell, dispose off, provide finance for the purchase of any of its own fully/ partly paid shares whether or not they are redeemable and to make the payment out of Capital Reserves or otherwise in respect of such acquisition, purchase, financing.

34. DEMATERIALISATION OF SECURITIES

- a) For the purpose of this Article :-

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository ;

‘SEBI’ means the Securities & Exchange Board of India ;

‘Depository’ means a company formed and registered under the Companies Act, 1956 , and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992 ; and

‘Security’ means such security as may be specified by SEBI from time to time.

- b) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a Company in a dematerialised form pursuant to the Depositories Act, 1996.
- c) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the

details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security.

- d) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

- e) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) 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.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner 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.

- f) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.

- g) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

- h) Notwithstanding anything in the Act or these Articles, where securities dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

- i) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

- j) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.”

35. Issue of Shares without Voting Rights

Subject to provisions of Section 86(a)(ii) and the notified rules thereunder, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

36. Buy-Back of Shares and Securities

Notwithstanding anything contained in these articles, the Board of Directors may, if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits under Section 77A and such other applicable provisions of the Act and the rules thereunder.

Postal Ballot

39. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

LIEN

- 55. Company to have lien on shares**

The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (Whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 30 hereof is to have full effect. In the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. Provided that the Board Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

56. Outsider's claim not to affect Company's lien

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 order by a Court of Competent Jurisdiction or by statute required) be bound to recognize 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.

57. As to enforcing lien by sale.

For the purpose of enforcing such lien the Board may sell the shares subject hereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

58. Transfer of share sold under lien

- a) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchase thereof.
- b) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- c) The purchaser 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 same

59. Application of proceeds of sales

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 for sums not presently payable as existed upon the shares before the sale) be paid to person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARE

60. If money payable on shares not paid notice to be given to member

If any Member fails to pay the whole or any part of any call or installments or any money due in respect of any shares 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 installment or any part thereof or the other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, send a notice on such Member or on the person (if any) entitled to the share by transmission, requiring him to pay such call or installment 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.

61. Form of Notice

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such calls or installments and such interest thereon at such rate not exceeding 18

percent per annum as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the calls was made or installment is payable, will be liable to be forfeited.

62. **Default in payment, shares to be forfeited**

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which, such notice has been given, may at any time thereafter before payment of all calls or installments, Interest and expenses due in respect thereof be forfeited by a ordinary resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the date of forfeiture which shall be the date on which the ordinary resolution of the Directors is passed forfeiting the shares.

63. **Notice of Forfeiture to Member**

When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

64. **Forfeited share to be property of the company and may be sold etc.**

Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit and at any time before a sale or disposal as aforesaid the board may cancel the forfeiture on such terms as it thinks fit.

65. **Surrender of forfeited shares**

Upon forfeiture of shares, the member shall forthwith surrender the shares to the Company.

66. **Liability on forfeiture**

Any member whose shares have been forfeited shall cease to be a member in respect of those shares but shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum or as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

67. **Effect of forfeiture**

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

68. **Evidence of forfeiture**

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

69. **Validity of Sale under these Articles**

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers therein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the Purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

70. **Cancellation of share certificate in respect of forfeited shares**

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it on them in such manner as they think fit from the certificates not so delivered.

71. Power to annul forfeiture

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

72. Surrender of shares

The Directors may subject to the provisions of the Act, accept a surrender of any share or by any member desirous of surrendering on such terms as the Directors may think fit.

73. Provisions to apply to debentures also

The provisions of the Articles under this chapter to the extent applicable, shall mutatis mutandis apply to debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES

74. Register of Transfer

The Company shall keep a book to be called "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form.

75. Instrument of Transfer

Shares in the Company may be transferred by instrument in writing in such form and by such procedure as may from time to time be prescribed by law. Subject thereto the directors may prescribe a common form of for instruments of transfer which may from time to time be altered by the Directors.

76. Transfer by Joint Holders

In the case of transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

77. Transfer form to be completed and Presented to the Company

The Instrument of Transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board, The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of the transfer, the certificate or certificates of the shares must be delivered to the Company.

78. Transfer Books and Register of Members when closed

The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulation 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 a year.

79. Directors may refuse to register Transfers

- a) Subject to the provisions of Section 111 of the Act and Section 22 A of the Securities Contracts (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares, debentures, debenture warrants,

whether fully paid or not (notwithstanding that the proposed transferee be already a Member) but in such cases it shall within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal to register such transfer. The Board shall not refuse the registration of transfer 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.

- b) Without prejudice to the generality of provisions of Articles 79 (a), the Board may refuse to register transfer of shares, debentures or debenture warrants, listed on any of the registered Stock Exchanges, in the name of the transferee on any one or more of the following grounds, namely:-
 - i) That the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the share/s, debenture/s, debenture warrant/s, has not been delivered to the company, or that any other requirement under the law relating to registration of such transfer has not been complied with;
 - ii) That the transfer of shares, debentures or debenture warrants is in contravention of any law;
 - iii) That the transfer of shares, debentures or debenture warrants is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the company or to Articles 172;
 - iv) That the transfer of shares, debentures or debenture warrants is prohibited by any order of any Court, Tribunal or other Authority under any law for the time being in force;
- c i) The Board shall before the expiry of two months from the date on which the instrument of transfer is lodged with the company for the purposes of such transfer, form its opinion as to whether such registration ought not to be refused on any of the grounds mentioned in Articles 79 (b);
- ii) If the Board has formed the opinion that such registration ought to be refused on the grounds, mentioned in Clause (i) of Article 79 (b), it shall intimate the transferor and transferee by notice;
- iii) If the Board forms an opinion that such registration ought to be refused on any of the grounds mentioned in Clause (i) of Article 79 (b), it shall intimate the transferor and transferee by notice.
- iv) If the Board forms an opinion that such registration ought to be refused on any of the grounds mentioned in Clause (ii) to (iv) of Article 79 (b), it shall make a reference to the Tribunal, if required, under the Law.
- d) The Board shall not issue debenture/bonds with the right to allotment or conversion into shares without sanction of the company in the general meeting.

80. Transfer of shares

- i) 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 of Members the name of the transferee in the same manner and subject to same conditions as if the application for registration was made by the transferee.
- ii) For the purpose of Clause (i) 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.
- iii) It shall be 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 along with the Certificate relating to the Shares and if no such Certificate is in existence, along with 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 signed by the transferor and the transferee has been lost, the company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

iv) Nothing in Clause 80 (iii) above shall prejudice any power of the company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

v) Nothing in this Article shall prejudice any power of the company to refuse to register the transfer of any share.

81. Custody of instrument of transfer

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.

82. Notice of application when to be given

Where, in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provision of Section 110 of the Act.

83. Death of one or more Joint holders of shares

Subject to Article 30 hereof in the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any shares, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liabilities on shares held by him jointly with any other person.

84. Title to Shares of Deceased Member

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one or two or more joint-holders) shall be the only persons recognised by the Company 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 holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 83 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.

85. Nomination

i) Every holder of shares in, or holder of debentures of, a company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.

ii) Where the shares in, or debentures of, a company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company 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, in respect of such shares in, or debentures of the company, where a

nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall, on the death of the shareholder or holder of debentures of the company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- iv) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures of the company, in the event of his death, during the minority.
 - v) Any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
 - (a) to be registered himself as holder of the share or debenture, as the case may be; or
 - (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
 - vi) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself as the case may be, he shall deliver or send to the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
 - vii) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.
 - viii) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:
 Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.
86. **No Transfer to Minor etc.**
 Only fully paid-up 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.
87. **Registration of Persons entitled to shares otherwise than by transfer, "The Transmission Article.**
 a) Subject to the provisions of the Act and Articles 79 to 85 any person becoming entitled to shares 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 Articles may, with the consent of the Board (which is 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 title as the Board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the 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 freed from any liability in respect of the share. This Article is hereafter called "The Transmission Article".

- b) A transfer of the share 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 has been a member at the time of the execution of the instrument of transfer.

88. Refusal to register on transmission

The Board shall have the same right to refuse 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.

89. Person entitled may receive dividend without being registered as member

A person entitled to a share by transmission shall, subject to the right of the Directors, retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the shares.

90. Claimant to be entitled to same advantage

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 the shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonus or other moneys payable in respect of the shares until the requirements of the notice have been complied with.

91. Fee on registration of transfer probate etc.

- a) No fee shall be charged for:
- i) Registration of transfer of the Company's shares, debentures and Detachable warrants;
 - ii) Sub-division and consolidation of share certificates, debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading;
 - iii) sub-division of renounceable letters of right;
 - iv) issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized;
 - v) registration of any power of attorney, probate, letters of administration or similar other documents.
- b) Fees as agreed upon with the Stock Exchanges will be charged for :
- i) issue of new certificate in replacement of those that are torn, defaced, lost or destroyed;
 - ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation renewal and pucca transfer receipts into denominations other than those fixed for the market unit of trading.

92. Fee on transfer or transmission

The company may charge such fees (as may be decided by the Directors from time to time and for any period of time) in respect of transfer or transmission of the shares, subject to the stipulations, rules, regulations of stock exchange or the statute concerned in this regard.

93. Company not liable for disregard of a notice, prohibiting registration of a transfer

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 in the said shares, notwithstanding that the Company may

have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or 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, thought it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

94. **Directors may require evidence of transmission**
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

95. **Transfer of shares in Dematerialised form**
In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

96. **Transfer or transmission of debentures and/or detachable warrants**
The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures and / or detachable warrants of the Company.

Votes of Members

Restrictions on voting

- 149 No member shall be entitled in respect of any shares registered in his name to be present or to exercise any voting right on any question at any General Meeting or be reckoned in a quorum whilst any call or other sum presently payable to the company in respect of such shares, shall remain or in regard to which the company has exercised any right of lien; and no member shall be entitled to be present or to vote in respect of any shares that he has acquired by transfer at any meeting unless his name has been entered as the registered holder of such share in respect of which he claims to vote.

- 151 **Number of votes to which a member is entitled**
Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every Member present in person or by proxy shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however if any preference Shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

- 154 **Votes of joint members**
If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting that one of the said person so present whose name stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand for the purpose of these Articles be deemed as joint holders thereof.

- 155 **Voting in person or by proxy**
Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holders all holders) shall not appoint more than one person as proxy.

- 164 **Time for objections of votes and inspection of proxies**
a) 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 not disallowed at such meeting or poll shall be deemed valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the

meeting whose decision shall be final and conclusive.

- b) Every Member entitled to vote at a meeting of the Company or on any resolution to be moved thereat shall be entitled, during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.

DIVIDENDS

210

Division of profits

Subject to the provision of Section 205 of the act and the rules made there under, the profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provision of these Articles, shall be divisible among Members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

211

The Company in General Meeting may declare a dividend

The Company in General Meeting may declare dividends to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

212.

Dividends only to be paid out of profit

No dividend shall be declared or paid except in accordance with Section 205 and Section 205 A of the Act and no dividend shall carry interest as against the Company. The declaration of the Board as the amount of profits of the Company shall be conclusive. Where a dividend has been declared, either the dividend shall be paid or the warrant in respect thereof shall be posted to the shareholder entitled to the payment of the dividend within time prescribed under Section 207 of the Act.

213.

Dividend payable to Registered holders

No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

214.

Interim Dividend

Subject to the provision of the Act, the Board may, from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies.

215

Capital paid-up in advance at interest, not to earn dividend

Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

216

Dividends in proportion to amount paid up

All dividends can be apportioned and paid proportionately to amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share rank for dividend accordingly.

217

Right to dividend rights / Bonus shares to be held in abeyance pending registration of transfer

Subject to the provisions of the Act, where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the company, notwithstanding anything contained in any other provisions of the Act, the company shall: (a) transfer the dividend in relation to such shares to the special account referred to in Section 205-A unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instruments of transfer, and (b) keep in abeyance in relation to such shares any offer of rights shares under section 81 (1) (a) and any issue of fully paid bonus shares in pursuance of section 205 (3) of the Act.

218

Transfer of shares must be registered

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

219. **Dividend etc. to joint holders**
Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
220. **No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out**
No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise on any other account whatsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.
221. **Dividend how Remitted**
Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant or through an electronic clearing system (ECS), sent through the post of the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holding. Every such cheques or warrant or pay-slip shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. When a dividend cheque, warrant, pay slip or receipt is so posted the Company shall be deemed to have paid the dividend to the person entitled to it.
222. **Unclaimed dividend**
The Company shall not forfeit any unpaid or unclaimed dividend and such dividends shall be dealt with according to the provisions of Section 205A, 205B and, 205C of the Companies Act, 1956.
223. **Dividend and call together**
Any General Meeting declaring a dividend, may, on the recommendation of the dividend, make a call on the Member of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Member be set off against the calls.
224. **Penalty for failure to distribute dividends**
The Company shall pay interest at such rate stipulated under Section 207 for failure to distribute dividend within 30 days.
225. **Unpaid dividend**
Where a dividend has been declared by a Company but has not been paid, or the warrant in respect thereof has not been posted, within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of expiry of the said period of 30 days transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of 30 days, to special account to be opened by the Company in that behalf in any scheduled Bank to be called "Unpaid dividend account of SUPREME INFRASTRUCTURE INDIA LIMITED.
226. **Dividend to be payable in cash**
Save as stated in Article 255, no dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.
227. **Special provisions in respect of dividend**
Subject to the provisions of Section 205 of the Act and if and in so far as may not be prohibited by that

Section or any of the Provisions of the Act, any General Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend, wholly or in part, by the distribution of partly or fully paid up, shares and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates or that fractions of less value than Rupee one may be disregarded, in order to adjust the right of the parties and may vest any such shares, in trustees upon such trusts for the person entitled to the dividend as may seem expedient to the Directors. When required the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby requires on behalf of the persons entitled to the dividend and such appointment shall be effective.

228.

Capitalisation of profits and reserves

a)

The Company in General meeting may, upon recommendation of the Board resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends on any Preference shares (including profits carried and standing to the credit of any reserve or reserves or other special account and profit arising from the realization of any capital assets or the issue of shares at a premium) and accordingly that the Directors be authorised to the member who would have been entitled to receive the same had such sums been distributed by way of dividends in accordance with their rights, and to apply such profits on their behalf on the footing that they become entitled thereto as capital either in or towards paying up the amount, if any, for the time being unpaid on any shares by such members respectively, or in paying up in full un-issued shares, debentures or securities of the Company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited, as fully paid-up, to and amongst such members in the proportion aforesaid, or partly in one way and partly in other. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all the allotments and issues of fully paid shares, debentures or securities, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provisions by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fraction and also to authorise any person to enter on behalf of all the members in to an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as they case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any parts of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

b)

If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may by resolution of the Company be applied in paying up in full or in part any new shares or any shares then remaining un-issued to be issued such members of the Company or other persons as the Directors may resolve up to an amount equal to the nominal amount of the shares so issued.

X. SECTION: OTHER INFORMATION

A. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of filing of the Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus will be delivered to the Registrar of Companies, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 8, Bhawani Service Industrial Estate, IIT Powai, Mumbai- 400 076 from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Red Herring Prospectus until the Bid Closing Date / Issue Closing Date of this Issue.

Material Contracts for Inspection

1. Memorandum of Understanding dated 9th January 2007 entered into by the Issuer Company with the Book Running Lead Managers to the Issue
2. Memorandum of Understanding dated 19th December, 2005 entered into with Bigshare Services Pvt. Limited, to act as the Registrar to the Issue.
3. Escrow Agreement dated [•] between Escrow Collecting Bank, BRLM, Registrar and the Issuer company
4. Syndicate Agreement dated [•] between BRLM, The Registrar and the Issuer Company
5. Underwriting Agreement dated [•] between BRLM, Syndicate Member and the Issuer Company.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company as amended from time to time
2. Certificate of incorporation of the Company dated 8th April 1983.
3. Fresh Certificate of Incorporation consequent to change of name dated 10th April 2002 and 30th day of August 2005 respectively.
4. Certificate of Registration of Special Resolution passed for Alteration of Objects dated 15th March 2002 and 30th August 2005 respectively.
5. Copies of the Agreement dated 10th June, 2005 between the Company and Executive Chairman, Managing Director and Executive Director respectively.
6. Copy of the resolution passed at the meeting of the Board of Directors held on 4th August 2006 and a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 31st August 2006 pursuant to Section 81(1A) of the Companies Act
7. Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Book Running Lead Managers to the Issue, Legal Advisor, Bankers to the Company, Bankers to the Issue, Refund Banker and Registrars to the Issue to include their names in the Draft Red Herring Prospectus, to act in their respective capacities.
8. The report of the statutory auditors, M/s. Shah & Kathariya, Chartered Accountant dated 10th September 2006 mentioned in the Draft Red Herring Prospectus and copies of balance sheet and profit and loss account of the Company referred to therein.
9. A copy of the Tax Benefits Certificate dated 12th September 2006 issued by M/s Shah & Kathariya, Chartered Accountants.
10. A copy of the Auditors certificate dated 22nd December 2006 regarding the sources and deployment of funds.
11. Resolution of the Meeting of the Board of Directors held on 3rd November 2006 for the formation of the Company's Audit Committee and Remuneration Committee and Investor Grievance Committee.
12. Due Diligence Certificate dated on January 15, 2007 from Book Running Lead Manager Karvy Investor Services Limited
13. Copies of the Initial Listing Application made to BSE and NSE dated [•]
14. Copy of Tripartite agreement dated 2nd May 2006 between the Company, Bigshare Services Pvt. Ltd and NSDL, for offering depository services.
15. Copy of Tripartite agreement dated 10th May 2006, between the Company, Bigshare Services Pvt. Ltd and CDSL, for offering depository services.
16. SEBI Observation letter no [•] and reply dated [•]
17. In-principle listing approval dated [•] from BSE

18. In-principle listing approval dated [●]from NSE
19. Power of Attorney dated [●] executed by the directors for signing and making correction in the Red Herring Prospectus and Prospectus on their behalf
20. A copy of the Deed of Conveyance dated March 21, 2006 executed by the Company for the purchase of the Bhiwandi land.
21. A copy of the Memorandum of Understanding dated 8th November 2005 entered into between Mr. Bhawanishankar H. Sharma and the Company in respect of development of land owned by him.
22. Copy of the amendment to the MoU dated 8th November 2005 signed on 30th December 2006.
23. Copy of the Order issued by the Hon'ble High Court, Mumbai dated 11th October 2006.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SUPREME INFRASTRUCTURE INDIA LIMITED

B. DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement made in the Draft 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 guidelines issued, as the case may be. All the said legal requirements connected with this said issue as also the guidelines, instructions etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

Company, the directors of Supreme Infrastructure India Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of the Draft Red Herring Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. The Company further certifies that all the statements in the Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF SUPREME INFRASTRUCTURE INDIA LIMITED

Mr. Bhawanishankar H. Sharma Executive Chairman	Mr. Vikram B. Sharma Managing Director
Mr. Vikas B. Sharma Whole time Director	Mr. Hari Das Sharma Director
Mr. Mukul M Agarwal Director	Mr. Sandeep Ajmera Director
Mr. Akhilesh Agarwal Company Secretary	Mr. Pramod Kumar Rath Chief Financial Officer

Place: Mumbai

Date _____