



DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
May 23, 2006
(The Draft Red Herring Prospectus will be
updated upon ROC filing)
100% Book Building Issue

AHLUWALIA CONTRACTS (INDIA) LIMITED

(Incorporated under the Companies Act, 1956 on June 2, 1979 as Ahluwalia Contracts (India) Private Limited. On September 6, 1990 the word 'private' was deleted from the name and the Company became a public limited company under the Companies Act, 1956 with the name, Ahluwalia Contracts (India) Limited.

Registered Office: 4, Community Centre, Saket, New Delhi, 110 017, India. Tel: +91 11 2656 2676; Fax: +91 11 2685 2036.

(For details of changes in the name and registered office of the Company, please see the section titled "History and Certain Corporate Matters" beginning on page 88 of this Draft Red Herring Prospectus).

Corporate Office: B-4/205, Safdarjung Enclave, New Delhi 110 029, India. Tel: +91 11 2619 4643; Fax: +91 11 2619 4635.

Contact Person: Mr. Vipin Kumar Tiwari, Company Secretary and Compliance Officer; Tel: +91 11 2619 4643; Fax: +91 11 2619 4635; E-mail: publicissue@acilnet.com; Website: www.acilnet.com.

PUBLIC ISSUE OF 3,125,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] MILLION ("ISSUE"). THE ISSUE COMPRISES A RESERVATION FOR EMPLOYEES OF UP TO 156,250 EQUITY SHARES AGGREGATING RS. [●] MILLION (THE "EMPLOYEE RESERVATION PORTION") AND A NET ISSUE TO THE PUBLIC OF UP TO 2,968,750 EQUITY SHARES OF RS.10 EACH AGGREGATING RS. [●] MILLION (THE "NET ISSUE"). THE ISSUE WILL CONSTITUTE 19.93 % OF THE FULLY DILUTED POST-ISSUE EQUITY SHARE CAPITAL OF OUR COMPANY.

THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND. THE PRICE BAND WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ANNOUNCED AND ADVERTISED AT LEAST ONE DAY PRIOR TO THE BID/ISSUE OPENING DATE.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If at least 50% of the Net Issue is not subscribed to by QIBs, the entire application money will be refunded forthwith. Further, up to 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Net 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. Further, up to 156,250 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE ISSUE

We are listed on the Delhi Stock Exchange Association Limited ("Delhi Stock Exchange"), the Calcutta Stock Exchange Association Limited ("CSE") and the Jaipur Stock Exchange ("JSE"). The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. The market price of the existing Equity Shares of the Company could affect the price discovery through Book Building and vice versa. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 10 of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this 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 this 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 offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE, the NSE, the Delhi Stock Exchange, the CSE and the JSE. We have received in-principle approval from the BSE, the NSE, the Delhi Stock Exchange, the CSE and the JSE for the listing of our Equity Shares pursuant to letters dated [●], [●],[●],[●] and [●], respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
 SBI CAPITAL MARKETS LIMITED 202, Maker Tower "E" Cuffe Parade Mumbai 400 005, India Tel: +91 22 2218 9166 Fax: +91 22 2218 8332 Email: acil.fpo@sbicaps.com Website: www.sbicaps.com Contact Person: Ms. Rajini Vislavath	 UTI BANK LIMITED 111, Maker Towers 'F' Cuffe Parade, Colaba Mumbai 400 005, India Tel: +91 22 5507 4407 (Extn. 1725) Fax: +91 22 2216 2467 Email: utibmbd@utibank.co.in Website: www.utibank.com Contact Person: Mr. Vishal Sharan	 INTIME SPECTRUM REGISTRY LIMITED A-31, 3rd Floor Naraina Industrial Area, Phase-1 New Delhi 110 028, India Tel: +91 11 4141 0592 Fax: +91 11 4141 0591 Email: acil.fpo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Sanjeev Kapoor

ISSUE PROGRAMME

BID/ISSUE OPENS ON : [●]	BID/ISSUE CLOSES ON : [●]
---------------------------------	----------------------------------

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS.....	3
PRESENTATION OF FINANCIAL AND MARKET DATA	8
FORWARD-LOOKING STATEMENTS.....	9
RISK FACTORS	10
SUMMARY	20
THE ISSUE	24
SUMMARY FINANCIAL AND OPERATING INFORMATION.....	25
GENERAL INFORMATION.....	27
CAPITAL STRUCTURE	34
OBJECTS OF THE ISSUE	41
TERMS OF THE ISSUE	46
BASIS FOR ISSUE PRICE.....	48
STATEMENT OF TAX BENEFITS.....	53
INDUSTRY	56
OUR BUSINESS	61
FINANCIAL INDEBTEDNESS	79
REGULATIONS AND POLICIES	83
HISTORY AND CERTAIN CORPORATE MATTERS	88
OUR MANAGEMENT	92
OUR PROMOTERS AND PROMOTER GROUP	103
DIVIDEND POLICY	119
FINANCIAL STATEMENTS.....	120
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	163
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS.....	175
GOVERNMENT AND OTHER APPROVALS	191
ISSUE STRUCTURE.....	208
ISSUE PROCEDURE	212
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY	240
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	277
DECLARATION.....	279

DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
“Ahluwalia Contracts (India) Limited” or “ACIL” or “the Company” or “our Company” or “Issuer”	Ahluwalia Contracts (India) Limited, a public limited company incorporated under the Companies Act, 1956, with its registered office at 4, Community Centre, Saket, New Delhi, 110 017, India.
“we” or “us” or “our”	Refers to Ahluwalia Contracts (India) Limited.

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and the allotment of Equity Shares, pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are issued.
Articles/Articles of Association	Articles of association of our Company, as amended.
Auditors	M/s. Arun K. Gupta & Associates, Chartered Accountants.
Banker(s) to the Issue	The banks which act as such and with which the Escrow Account will be opened in terms of this Draft Red Herring Prospectus and the Escrow Agreement dated [●], being [●].
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The amount equivalent to the highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder pursuant to the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which date shall be notified in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares offered for subscription pursuant to this Issue, 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.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which the Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Book Building Process	The book-building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLMs/Book Running Lead Managers	The book running lead managers to the Issue, in this case being SBI Capital Markets Limited and UTI Bank 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 the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, as may be revised.
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLMs.
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.

Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Issue Account after the Prospectus is filed with the ROC.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of our Company, unless otherwise specified.
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
ECS	Electronic Clearing System
Employee	A permanent employee of the Company as of [●] and based and present in India as on the date of submission of the Bid cum Application Form; or a director of the Company, whether a whole-time director, part time director or otherwise as of [●] and based and present in India as on the date of submission of the Bid cum Application Form.
Employee Reservation Portion	The portion of the Issue, being up to 156,250 Equity Shares, available for allocation to Employees.
Equity Shares	Equity shares of our Company of face value of Rs. 10 each, unless otherwise specified.
Escrow Account(s)	Account(s) to be opened with an Escrow Collection Bank(s) and in whose favour the Bidders will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement dated [●] to be executed amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as banker to the issue with which the Escrow Account will be opened and in this case being [●].
FPO	Follow-on public offering.
Financial Year/fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
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 finalized and below which no Bids will be accepted.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 3,125,000 Equity Shares by the Company at a price of Rs. [●] each for cash aggregating up to Rs. [●] million.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with the BRLMs, on the Pricing Date and being Rs. [●].
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% to 100% of the Bid Amount depending on the category of the Bidder or such additional margin, not exceeding 100% of the Bid Amount, that may be called for by the Company, in consultation with the BRLMs.
Memorandum/Memorandum of Association	The memorandum of association of our Company, as amended.
Mutual Funds	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	At least 5% of the QIB Portion or at least 74,219 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.

Net Issue	The Issue of Equity Shares other than Equity Shares included in the Employee Reservation Portion, aggregating up to 2,968,750 Equity Shares.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being up to 445,312 Equity Shares available for allocation to Non-Institutional Bidders.
Non-Resident	NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions. Non-Residents are not permitted to participate in this Issue.
NRI/Non-Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
Pay-in Date	The date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
Pay-in Period	(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 Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and up to the date specified in the CAN.
Price Band	The price band will be decided by the Company in consultation with the BRLMs and announced and advertised at least one day prior to the Bid/Issue Opening Date.
Pricing Date	The date on which we will finalise the Issue Price in consultation with the BRLMs.
Promoters	Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal, Mr. Vikas Ahluwalia, Ms. Rohini Ahluwalia, Ms. Rachna Uppal, Ms. Mukta Ahluwalia, Mr. Paramjit Singh, Ms. Pushpa Rani, Mr. Yash Pal, Mr. Sat Pal, Mr. Vinay Pal, Ms. Ram Piari and Mr. Baldev Raj.
Promoter Company(ies)	Group Unless the context otherwise requires, refers to those companies mentioned as part of our Promoter group in the section titled “Our Promoters and Promoter Group” beginning on page 103 of this Draft Red Herring Prospectus.
Prospectus	The prospectus, to be filed with the ROC containing, among others, Issue Price and the size of the Issue.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Issue being at least 1,484,375 Equity Shares available for allocation to QIB Bidders.
Refund Account(s)	Account(s) to be opened with an Escrow Collection Bank(s), from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registered Office	4, Community Centre, Saket, New Delhi 110 017, India.
Registrar/Registrar to the Issue	Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs, in the name of <i>karta</i>) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000, in any of the bidding options in the Issue.

Retail Portion	The portion of the Issue, being up to 1,039,063 Equity Shares, available for allocation to Retail Individual Bidders.
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).
RHP or Red Herring Prospectus	The document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue and which will be filed with the ROC at least three days before the Bid/Issue Opening Date.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
Stock Exchanges	BSE, NSE, the Delhi Stock Exchange, CSE and JSE.
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	[●]
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement dated [●] to be executed amongst the members of the Syndicate and the Company to be entered into on or after the Pricing Date.

Abbreviations

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BOCWA	Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CESTAT	Customs, Excise and Service Tax Appellate Tribunal.
CPM	Critical path method.
CSE	Calcutta Stock Exchange Association Limited.
Companies Act	The Companies Act, 1956, as amended from time to time.
DDA	Delhi Development Authority.
DMRC	Delhi Metro Rail Corporation Limited.
DNV	Det Norske Veritas.
Delhi Stock Exchange	Delhi Stock Exchange Association Limited.
EPS	Earnings per share.
FDI	Foreign Direct Investment.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board, Government of India.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under applicable laws in India.
GFCF	Gross Fixed Capital Formation.

GIN	General index number.
GoI	Government of India.
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India.
IFCI	Industrial Financial Corporation of India.
IPC	Indian Penal Code, 1860.
IT Department	Income Tax Department, Government of India.
JSE	Jaipur Stock Exchange.
MF	Mutual Fund.
NEFT	National Electronic Funds Transfer.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
Negotiable Instruments Act	Negotiable Instruments Act, 1881.
p.a.	Per annum.
PAN	The permanent account number allotted under the I.T. Act.
PAT	Profit after tax.
PBT	Profit before tax.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime lending rate.
RBI	The Reserve Bank of India.
REF	Real Estate Fund(s).
REIT	Real Estate Investment Trust.
ROC	The Registrar of Companies, National Capital Territory of Delhi and Haryana.
RoNW	Return on Net Worth.
RTGS	Real time gross settlement.
sq. ft.	Square feet.
sq. mts.	Square meters.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985.
VCF	Venture capital fund registered with SEBI.

Industry Related Terms

Term	Description
BOT	Build, own and transfer.
BOOT	Build own, operate and transfer.
FP Contracts	Fixed Price Contracts.
GCF	Gross Capital Formation.
GDP	Gross Domestic Product.
GNP	Gross National Product
HUDCO	Housing and Urban Development Corporation.
HVAC	Heating, ventilation and air conditioning.
ICRA	Investment Information and Credit Rating Agency of India.
IT/ ITES	Information Technology/Information Technology Enabled Services.
MCD	Municipal Corporation of Delhi.
NBO	National Buildings Organization.
NCAER	National Council of Applied Economic Research.
NCR	National Capital Region.
NDMC	New Delhi Municipal Corporation.
RCC	Reinforced cement concrete.
ULCA	Urban Land Ceiling Act, 1976.

PRESENTATION OF FINANCIAL AND MARKET DATA

The financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all figures have been expressed in millions, unless otherwise stated.

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India.

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been obtained from industry and Company sources including the following publications:

- Tenth Five Year Plan, Planning Commission, Government of India
- CRIS INFAC - *Cris Infac Construction Annual Review – February 2006, Section on Housing Finance; Construction (Infrastructure, industrial investments driving demand) - Oct 2005*

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

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements for example, under “Objects of the Issue”, “Our Business Strategy”. These forward-looking statements may include statements that address activities, events or developments that we anticipate may occur in the future.

Although we believe the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of risks, uncertainties and factors, domestically and internationally, could cause actual results to differ materially from those expressed in any forward-looking statement(s), whether oral or written, made by us or on our behalf.

Our business is subject to risks, uncertainties and factors beyond our control. Any one, or a combination, of these could materially affect our financial performance. These risks, uncertainties and factors include:

- economic changes nationally or in our local markets;
- volatility of interest rates, exchange rates and inflation;
- increased competition;
- shortages or increased prices of skilled labour or raw materials used in our business;
- the cost implications of disputes arising out of change orders;
- any delays in reacting to changing customer preference;
- terrorist acts and other acts of war;
- delays or difficulties in implementing initiatives to reduce our production and overhead cost structure;
- delays in construction resulting from adverse weather conditions;
- potential delays or increased costs in obtaining necessary permits/approvals as a result of changes to, or complying with laws, regulations or governmental policies and possible penalties for failure to comply with such laws, regulations and governmental policies;
- changes in accounting policies, standards, guidelines or principles, as may be adopted by regulatory agencies; and
- other factors over which we have little or no control.

Forward-looking statements that we make or that are made by others on our behalf are based on knowledge of our business and the environment in which we operate. Due to risks, uncertainties and factors listed above and other similar factors, actual results may differ from those in the forward-looking statements. Consequently, all of the forward-looking statements made are qualified by these cautionary statements. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or on our business or operations. For further discussion of the factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus.

Neither the Company, BRLMs, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and BRLMs will ensure that the investors are informed of material developments until such time as the grant of listing and trading permissions by the Stock Exchanges.

RISK FACTORS

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

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless otherwise mentioned we are not in a position to quantify the extent of the risks specified herein.

Internal Risks

There are certain criminal proceedings pending against us

There are ten criminal proceedings that have been initiated against our Company/ our employees under the Indian Penal Code, 1860 (“IPC”). These proceedings are in relation to the death/injury of certain labourers or employees as a result of accidents in the course of employment. These cases have been filed against employees who were supervising the construction site at the time of the accident. These proceedings have been initiated against certain of our employees, including, Mr. Anil Kumar, Mr. Harish Singh, Mr. Laxman Singh, Mr. Dev Narayan, Mr. Mahesh Pandey, Mr. Resham Singh, Mr. Suraj Singh, Mr. Mohammed Naseem and Mr. Anuj Gupta. Some of these employees are not in our employment as on date.

Additionally, a first information report has been filed against our Company and our labour contractors, Mr. Deepak Mandal and Mr. Malu under the IPC and the Juvenile Justice (Care and Protection of Children) Act, 2000 wherein our Company has been accused of employing children as bonded labour on their construction site.

Further, one criminal case under section 138 of the Negotiable Instruments Act, 1881 (the “Negotiable Instruments Act”) has also been filed against our Company and Mr. Rajesh Dudani for dishonour of cheque. Though, the dishonoured cheque was issued by Mr. Rajesh Dudani, we have been impleaded as co-accused on allegations of guaranteeing certain repayments by Mr. Rajesh Dudani.

For further details of the cases mentioned above, see the section titled “Outstanding Litigation and Material Developments” beginning on page 175 of this Draft Red Herring Prospectus.

There are certain criminal proceedings against our Directors, our Promoters and Promoter Group Companies

There is a criminal complaint under section 138 of the Negotiable Instruments Act filed against our Company as disclosed above wherein our Chairman and Managing Director has also been impleaded as a party.

There are two criminal complaints under section 138 of the Negotiable Instruments Act that have been filed against our independent Director, Mr. Arun Kumar Gupta. The aggregate claim in these cases is approximately Rs. 10,000,000.

For more information regarding criminal proceedings against our Directors, Promoters and Promoter Group Companies, see the section titled “Outstanding Litigation and Material Developments” beginning on page 175 of this Draft Red Herring Prospectus.

One of our Promoter Group Companies may have acted in violation of certain provisions of the Takeover Code

In 1997, Tidal Securities Private Limited (“TSPL”) acquired 82,500 Equity Shares in a series of transactions on dates July 7, 1997 (6,300 Equity Shares), October 10, 1997 (63,100 Equity Shares) and November 1, 1997 (13,100 Equity Shares). The acquisitions made by TSPL on July 7, 1997, October 10, 1997 and November 1, 1997 amounted to 0.2%, 2.01% and 0.42% of the shareholding of our Company

respectively. TSPL is a closely held company with substantial shareholding by our Promoters and other persons related to our Promoters. However, in our filings under the listing agreements and the Takeover Code, TSPL has been disclosed as a shareholder of the Company in the category of private corporate bodies holding more than 1% and not as part of the promoter or persons acting in concert. Thus, the shareholding of Promoters, Promoter group and persons acting in concert in our Company was 77.25% of the issued share capital of the Company after the acquisition of Equity Shares. Currently, the Promoters, Promoter group and persons acting in concert together hold 74.08% of the issued capital of our Company and TSPL is not a shareholder in our Company. Under the provisions of the SEBI Act, TSPL, our Promoter group may be liable with imprisonment or with fine, or with both.

Loss of key managerial personnel could materially affect our business

Our business substantially depends on the continued service of our key managerial personnel. The loss of the services of our key managerial personnel could have a material adverse effect on us. Our future success will also depend on our ability to attract and retain highly skilled personnel, such as engineering, project management and senior management professionals. We could experience difficulty from time to time in hiring and retaining the personnel necessary to support our business. If we do not succeed in retaining our current employees and attracting new high quality employees, our reputation may be harmed and our future earnings may be negatively impacted.

Any failure to accurately estimate the overall risks, revenues or costs in respect of a project, may affect our profits

Cost overruns, whether due to inefficiency, faulty estimates or other factors, result in lower profit or a loss on a project. A significant number of our contracts are based in part on cost estimates that are subject to a number of assumptions. If our estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, then we may incur a lower profit or a loss on the contract.

Fixed price contracts ("FP Contracts") are fixed unit price contracts and generally require us as the contractor to provide all the resources required to complete a project for a fixed sum or at fixed unit price, except for cost of steel and cement (which represents the major cost of construction material). In these contracts, in the event we are unable to control the costs (other than steel and cement) our profit margins could get affected, or we may suffer a loss.

In certain FP Contracts, even the cost of steel and cement may also be factored into the fixed price. In such contracts, an inability to control costs, including that of steel and cement being the primary raw materials for our operations, could affect our profit margins or cause us to suffer a loss.

We are subject to restrictive covenants under our credit facility that could limit our flexibility in managing the business

There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short-term loans and long-term borrowings. These restrictive covenants require us to seek the prior permission of these banks/financial institutions for various activities, including, amongst others, alteration of our capital structure, raising of fresh capital or any term loans/debentures, incurring major capital expenditure, making any investments either directly or through our subsidiaries, undertaking new projects, undertaking any merger/amalgamation/restructuring, creation of a subsidiary and change in management. Though, we have received approvals from all our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of dividends. For details of these restrictive covenants, see the section titled "Financial Indebtedness" beginning on page 79 of this Draft Red Herring Prospectus.

We may not be able to fully realize the contract value reported in our order-book

As of April 30, 2006, our order-book was approximately Rs. 13,864.29 million. We include a construction project in our order-book at such time as a contract is awarded or a firm letter of commitment is obtained. The contract value stated in our order-book may not be realized. For example, if a project reflected in our order-book is terminated, suspended or reduced in scope, it would result in a reduction to our order-book which may materially reduce our revenue and profits.

Some of our Promoter Group Companies have made losses during the last three financial years

Some of our Promoter Group Companies have incurred losses within the last three fiscal years, details of which are set forth below:

(Rs. in thousands)

Name of Company	Profit after Tax		
	Fiscal 2005	Fiscal 2004	Fiscal 2003
Ahluwalia Builders and Development Group Private Limited	(10)	(12)	(10)
Tidal Securities Private Limited	(19)	(23)	(19)
Capricon Industrials Limited	(23)	(23)	(34)
Procon One International Private Limited	(83)	0	(952)

For more details, see the section titled “Our Promoters and Promoter Group” beginning on page 103 of this Draft Red Herring Prospectus.

There were deviations in the performance vis-à-vis projections made by us in our initial public offering.

We were listed on the Delhi Stock Exchange, CSE and JSE with effect from July 9, 1996, July 1, 1996 and July 4, 1996 respectively, pursuant to our initial public offering of 800,000 Equity Shares of Rs. 10 each at a price of Rs. 40 per Equity Share aggregating to Rs. 32 million on April 30, 1996. Our initial public issue had contained certain projections. The following table provides a comparative analysis of the projections made in the offering document with our actual performance on these operational and financial parameters:

(Except as specified Rs. in millions)

Particulars	F.Y.1995-1996		F.Y.1996-1997		F.Y.1997-1998	
	Projected (12 months)	Actual (12 months)	Projected (12 months)	Actual (12 months)	Projected (12 months)	Actual (12 months)
Total Receipts	705.10	853.30	810.80	944.68	932.80	902.30
PBIDT	68.10	58.01	91.50	62.85	110.30	57.57
PBT	57.10	49.49	78.50	47.43	95.30	44.33
PAT	37.10	25.29	45.00	26.43	53.50	29.83
Cash Profits	41.30	31.11	51.40	39.32	59.70	38.89
Net Worth	119.32	120.46	161.06	139.82	210.06	169.49
Return on Net Worth (%)	31.09	20.99	27.94	18.90	29.79	17.60
Dividend (%)	15	15	15	20	15	0
EPS (Rs./Share)	11.82	8.05	14.34	8.42	17.05	9.51
CEPS (Rs./Share)	13.16	9.91	16.38	12.53	19.02	12.39
NAV (Rs./Share)	38.02	38.39	51.33	44.56	66.94	54.01

We have at times failed to make timely disclosure and/or filings with relevant stock exchanges.

Our Company is currently listed on the Delhi Stock Exchange, CSE and JSE. However, we have at times failed to make timely disclosures and/or filings with relevant stock exchanges on which our Equity Shares were listed, in relation to which we may have also received notices of default from these stock exchanges.

Post this Issue, our Promoters will continue to hold majority shares in our Company

Post this Issue, our Promoters will own 59.31 % of our fully diluted Equity Share capital. As long as the Promoters continue to own Equity Shares and voting rights representing more than 50% of the voting strength in our Company, they will be able to direct the election of the members of our Board of Directors and determine the outcome of all matters requiring a simple majority in the shareholders meeting.

We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition

In addition to the criminal proceedings as stated above, following are the pending legal proceedings against us.

There are two claims relating to excise duty pending before various courts and authorities of India. The aggregate amount of claims in these cases is approximately Rs. 6,175,428.

There are ten cases relating to sales tax against our Company. However, only seven of these cases are in relation to demands raised on our Company and the remaining three cases are in relation to refund of excess sales tax in favour of our Company. The aggregate amount of sales tax duty in these cases is approximately Rs. 58,054,052.

The Income Tax Department has issued a notice of demand of Rs. 3,271,830 under section 156 of the Income Tax Act in relation to assessment year 2003-2004 and has also issued a show cause notice on allegations of concealment of particulars of income/ furnishing inaccurate particulars of income. We have filed an appeal before the assessing authorities against the above demand and the appeal is still pending.

There are ten proceedings relating to statutory charges pending against us before various courts, tribunals and authorities in India. The aggregate claims in these proceedings, where financial claims have been made amounts to approximately Rs. 5,869,985. Seven of these cases relate to notices issued by the Cess Collector, Labour Department in relation to the levy of cess under the BOCWA, which amounts have not been presently quantified and are subject matter of dispute in writ petitions filed by our Company. Further, the DDA has issued a demand of Rs. 1,075,470 in relation to ground rent arrears. Our Company has deposited Rs. 947,465 pursuant to the above demand. The aggregate claim amount in this case is Rs. 128,005 approximately. Additionally, the Deputy Commissioner of Stamps, Meerut and the Chief Controlling Revenue Authority, Board of Revenue, Allahabad has imposed a demand of Rs. 5,741,980. We have filed a writ petition challenging these orders. Further, the ROC has issued a notice to our Company in relation to a complaint filed by Mr. Ranjit Mishra regarding the non-receipt of dividend. The claim amount has not been quantified in this case.

There are ten labour disputes pending against us relating to labour and service matters before various courts and authorities in India. The aggregate claim against us in these cases, where financial claims have been made, aggregates to approximately Rs. 1,209,820.

There are 12 civil suits pending against us. The aggregate of claims in these cases is approximately Rs. 6,216,479.

There are nine arbitration matters involving us. One arbitration claim has been filed against us wherein the claim is approximately Rs. 816,816. The remaining eight arbitration claims have been filed by our Company against various parties, against which certain parties have filed counter-claims. The aggregate of claims in cases where amounts have been quantified is approximately Rs. 8,760,268.

In addition, there is one consumer complaint alleging deficiency of service on part of our Company in relation to the sale of an apartment at Ghaziabad. The claim against us in this case amounts to Rs. 45,000 approximately. Further, there is one miscellaneous claim relating to compensation under the Motor Vehicles Act, 1988 pending against us. The claim against us in this case amounts to Rs. 2,500,000 approximately.

Our Company has also filed a suit and a writ petition against the DDA, which if decided against us, could entail aggregate claims of approximately Rs. 61,109,761. Additionally, we have filed six writ petitions

against, *inter alia*, the Union of India, the Labour Commissioner and the Cess Collector challenging the levy of cess under the Cess Act. The claims in these cases have not been quantified.

For more information on the above legal proceedings, see the section titled “Outstanding Litigation and Material Developments” beginning on page 175 of this Draft Red Herring Prospectus.

There are certain legal proceedings against our Directors, our Promoters and Promoter Group Companies

There is a suit for specific performance filed by Gammon India Limited against our Chairman and Managing Director and our Promoter Group Company, Capricorn Industrials Limited. The damages claimed in this case are approximately Rs. 564,000.

There is one civil suit filed against, *inter alia*, our Company and our Director, Mr. Shobhit Uppal for recovery of a sum of approximately Rs. 444,419.

A case has been instituted before the Debt Recovery Tribunal, Secunderabad against our independent Director, Mr. Arun Kumar Gupta. The claim in this case amounts to Rs. 7,600,000 approximately.

Additionally, a labour dispute has been filed by Mr. Chetan Prasad against our Company wherein the Directors of the Company have been impleaded as parties. The claim in this case amounts to Rs. 256,000 approximately.

For more information regarding legal proceedings against our Directors, Promoters and Promoter Group Companies, see the section titled “Outstanding Litigation and Material Developments” beginning on page 175 of this Draft Red Herring Prospectus.

As per the last audited accounts, the Company has not provided for certain contingent liabilities

As of December 31, 2005 contingent liability not provided for appearing in our financial statements aggregated to Rs. 1,204.99 million. In addition, there are various claims pending before various courts and tribunals, which were not provided for because the amount was indeterminate. In the event any of these contingent liabilities materialise, our financial condition may be adversely affected. For details of contingent liabilities, see the section titled “Financial Statements” beginning on page 120 of this Draft Red Herring Prospectus.

We have yet to receive consents/renewals of certain statutory approvals required in the ordinary course of our businesses, and if we are unable to obtain these approvals, our business could be adversely affected

We have yet to apply for grant/ renewal of two licences under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to labourers employed at our construction sites situated at Ludhiana and Kolkata.

We have applied for but are yet to receive grant/renewals of 24 licenses under the Contract Labour (Regulation and Abolition) Act, 1970, in relation to labourers employed at our various construction sites situated at Noida, Greater Noida, New Delhi, Gurgaon, Ludhiana, Navi Mumbai and Kolkata.

Further, we have not applied for registration of our establishments under the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (“BOCWA”). However, we have challenged the enforceability of the BOCWA and the Building and other Construction Workers Welfare Cess Act, 1996 (“Cess Act”) vide 13 writ petitions filed before the High Court of Delhi. For information on these writ petitions, please see the section titled “Outstanding Litigation and Material Developments” on page 175 of this Draft Red Herring Prospectus.

We have applied for but are yet to receive grant of factory license under the Factories Act, 1948 (“Factories Act”) for our RMC unit at Kirtinagar, New Delhi. We have yet to apply for factory licenses under the Factories Act for our RMC units situated at Loni, Ghaziabad and Bangalore.

We also have yet to apply for registration of our regional office at Kolkata under the West Bengal Shops

and Establishments Act, 1963.

If we do not receive, renew or maintain our statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

For further details, see the section titled “Government and Other Approvals” beginning on page 191 of this Draft Red Herring Prospectus.

Inability to raise funds or to meet our working capital requirements may have an adverse impact on our financial performance

Our business requires us to raise funds from various sources and we also have substantial working capital requirements. In the event we are unable to raise finances or to meet our working capital requirements on terms acceptable to us, it may have an adverse impact on the cost of executing our projects and our profitability.

Changes in the scope of work may result in disputes which could have a material adverse impact on the profits from that project

In certain cases, we may be required to perform additional work on a project that is beyond the stated scope of the contract. We may not receive any remuneration for the same, or payments in respect of the same may be delayed or inadequate, which may have a material adverse effect on our profits.

Further, in certain contracts we are required to execute extra or change work orders as directed by the client even if the scope or price of the work to be performed is not settled at the time of execution of the contract. This process may result in disputes and may result in delayed or inadequate payments, or in payments not being made at all. This could have an adverse effect on our profits.

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

Typically construction contracts are subject to specific completion schedule requirements with liquidated damages chargeable in the event the construction schedules are not adhered to. Failure to adhere to contractually agreed timelines could cause damage to our reputation within the construction industry and client base, and cause us to pay liquidated damages.

Our failure to compete effectively could reduce our market share and profits

New project awards are often determined through either a competitive bid basis or a negotiated basis. Bids or negotiated contracts with public or private owners are generally awarded based upon price, but many times other factors, such as shorter project schedules or prior experience with the owner, result in the award of the contract. Within our industry, we compete with many national, regional and local construction firms. Some of these competitors have achieved greater market penetration than we have in the markets in which we compete, and some have greater financial and other resources than we do. As a result, we may need to accept lower contract margins or more fixed price or unit price contracts in order for us to compete against competitors that have the ability to accept awards at lower prices or have a pre-existing relationship with the owner. If we are unable to compete successfully in such markets, our relative market share and profits could be reduced.

Our construction contracts are primarily dependent on adequate and timely supply of raw materials such as cement, steel and bricks at competitive prices

Timely and cost effective execution of our projects is dependant on adequate and timely supply of raw materials. In case we are unable to procure the requisite quantities of raw materials well in time and at competitive prices, our performance of the Company may be adversely affected.

Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business

Our significant insurance policies are the contractor's all risk policy in respect of a project and workmen's compensation policy to protect against losses caused to workmen through accident. While we believe that the insurance coverage that we maintain would be reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected.

There are certain irregularities in title in relation to some of our leased immovable properties

Some of our immovable properties where our offices, residences, branches, plumbing, electrical divisions are located which are in our possession or leased/licensed by us have one or more of the following irregularities in title including:

1. We do not possess the lease deed to our property located at khasra no. 39 and 40, village Chattarpur, tehsil Mehrauli, New Delhi;
2. Certain lease deeds have not been registered in the land records maintained by the concerned Sub Registrar of Assurances and/ or adequately stamped under the relevant law; or
3. Certain lease deeds have not been executed or have expired and have not been renewed.

We have not complied with certain conditions of various lease deeds where our offices are located

Some of our offices, including our registered office are situated on property leased from the DDA. We have not complied with certain mandatory terms and conditions in the lease deeds, although we have intimated the DDA that such non-compliance has occurred, DDA may still terminate these on account of our non-compliance. For details of non-compliance with respect to various lease deeds, please see the section titled "Our Business- Properties" beginning on page 74 of this Draft Red Herring Prospectus.

Risk relating to the non-registration of our logo as a trademark

We have applied for but not yet obtained registration of our logo and our RMC unit "Ahlcon Ready Mix Concrete" from the trade mark registry under the provisions of the Trade Marks Act, 1999. Until such registration is obtained for by us, we may not be able to prohibit other persons from using these trademarks, which may adversely affect our goodwill and business.

Work stoppages and other labour problems could adversely affect our business

We operate in a labour-intensive industry and hire casual labour in relation to specific projects. If we are unable to negotiate with the labour unions on acceptable terms, it could result in strikes, work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. In addition, we may not be able to procure required casual labour for our existing or future projects. These factors could adversely affect our business, financial position, results of operations and cash flows.

Adverse weather conditions can delay the implementation of our projects

Implementation of our projects may get delayed due to adverse weather conditions, such as heavy rains and flood. Though, we make adequate provisions for non-execution during certain seasons like monsoon, any unforeseen vagaries of nature and season may result in failure of our meeting the contractual obligations and affect our business.

The objects of the Issue have not been appraised

The objects of the Issue for which the funds are being raised have not been appraised by any bank or financial institution. In the absence of such independent appraisal, the requirement of funds raised through this Issue, as specified in the section titled "Objects of the Issue" are based on our estimates and deployment of these funds is at the discretion of our management and our Board of Directors. For further details, please refer to notes to capital structure under the section titled "Objects of the Issue" beginning on page 41 of this Draft Red Herring Prospectus.

Our inability to follow our business or growth strategy could have an adverse impact on our results of operations

Our growth and business strategy is dependant on market conditions, our ability to identify and take advantage of opportunities, abilities of our key managerial personnel to guide our policies appropriately and many other factors. In addition, our expansion in new and existing markets may present challenges that differ from those in our current operations. For instance, while we have over 25 years of experience in the construction industry and have executed certain real estate projects, we have limited experience in the real estate sector which may affect our ability to execute real estate projects. In the event that we are unable to implement our growth plans it could lead to delays and cost overruns and materially affect our results of operations.

Some of the members of our Promoter group are in a similar line of business

Three of our Promoter Group Companies and one sole proprietorship are in a line of business that is similar to ours and there may be a conflict of interest between their businesses and ours. For details on the business carried on by our Promoter Group Companies, please see the section titled “Our Promoter and Promoter Group” beginning on page 103 of this Draft Red Herring Prospectus.

Our Equity Shares have not been actively traded in the past in the stock exchanges where we are currently listed

Our Equity Shares are currently listed at the Delhi Stock Exchange, CSE and JSE. There has been no active trading in these equity shares since their listing. Although, we propose to list our Equity Shares on BSE and NSE as well, through this Issue, we cannot assure active trading of our Equity Shares in the future.

External Risk Factors

We are subject to adverse impact of economic and political conditions

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

Terrorist attacks or acts of war may seriously harm our business

Terrorist attacks may cause damage or disruption to our Company, our employees, our facilities and our customers, which could impact our results from operations. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict.

An active market for the Equity Shares may not develop which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares

The stock market in general and the market for shares of construction companies in particular, have from time to time experienced considerable price fluctuations. Often, these changes may have been unrelated to the operating performance of the affected companies. In addition, factors such as competition, general regional and national economic conditions, bulk deal in our stocks, and changes in our project mix, and lack of new initiatives to spur growth in sales may have an adverse effect on the market price of our Equity Shares. The Equity Shares are new issues of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading

market were to develop, the Equity Shares could trade at prices that may be lower than their initial offering price.

Future issues or sales of our Equity Shares may significantly affect the trading price of the Equity Shares

Future issue of Equity Shares /convertible instruments by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. Other than the lock-in of pre-issue capital as prescribed under SEBI Guidelines, none of our shareholders are subject to any lock-up arrangements restricting their ability to issue Equity Shares or the shareholders' ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, its shares. For details of lock-in of pre-issue Equity Share capital and Promoters' contribution, please see the section titled "Capital Structure" beginning on page 34 of this Draft Red Herring Prospectus.

Additionally, further issue of Equity Shares/convertible instruments by us may dilute your holding in the Company.

We are subject to risks arising from interest rate and exchange rate fluctuations, which could adversely affect our business, financial conditions and results of operations

Changes in interest rates could significantly affect our financial condition and results of operations. Our loans are denominated in Indian Rupees and we are exposed to fluctuations in domestic interest rates.

The interest rate that we will be able to secure in future debt financing that we may require for capital and other expenditures associated with our future requirements will depend on market conditions prevailing at that time and may differ from the rates of our existing debt. This may adversely impact results of our operations, planned capital expenditures and cash flows.

Additionally, vide the Annual Policy Statement for 2006-2007, the RBI has recently increased the risk weightage associated with exposure to real estate. Accordingly, this may affect our ability to avail loans on competitive terms.

Further, changes in exchange rates could significantly affect our ability to import plant and machinery and building materials.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agriculture sector recorded a negative growth of 5.2%. The erratic progress of the monsoon in 2004 has also adversely affected the sowing operations of certain crops. Further prolonged spells of rainfall below normal levels or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and results of operations.

Notes:

- 1 This is a public issue of 3,125,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million. The Issue will constitute 19.93 % of the fully diluted post-issue Equity Share capital of our Company.
- 2 The net worth of our Company as of March 31, 2005 was Rs. 343.08 million and as of December 31, 2005 was Rs. 450.78 million respectively based on the financial statements of our Company.
- 3 The average cost of acquisition of Equity Shares (excluding Equity Shares issued under bonus issue) by our Promoters is Rs. 10 per Equity Share and book value per Equity Share as of March 31, 2005 was Rs. 109.26 and as of December 31, 2005 was Rs. 143.56 respectively. For details, please see the section titled "Capital Structure" beginning on page 34 of this Draft Red Herring Prospectus.
- 4 Investors are advised to see the section titled "Basis for Issue Price" beginning on page 48 of this Draft Red Herring Prospectus.

- 5 In case of under-subscription in the Issue in any category, except in the QIB category, will be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If at least 50% of the Net Issue is not subscribed to by QIBs, the entire application money will be refunded forthwith.
- 6 In case of over subscription in the Issue, Allotment will be made on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders. For details please see the section titled “Basis of Allocation” beginning on page 231 of this Draft Red Herring Prospectus.
- 7 Investors may contact the BRLMs for any complaints, information or clarifications pertaining to the Issue.
- 8 Except, as disclosed in the section titled “Capital Structure” beginning on page 34 of this Draft Red Herring Prospectus, none of the persons listed in our Promoter or Promoter group, or our Directors have purchased or sold any Equity Shares, during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.
- 9 We had entered into certain related party transactions. For details, see the section titled “Financial Statements - Related Party Transactions” beginning on page 134 of this Draft Red Herring Prospectus.
- 10 Except as disclosed in the sections titled “Our Management” and “Our Promoters and Promoter Group” beginning on pages 92 and 103 of this Draft Red Herring Prospectus, none of our Promoters, Directors or key managerial personnel have any interest, other than reimbursement of expenses incurred or normal remuneration or benefits.
- 11 Except, as disclosed in the section titled “Financial Statements” beginning on page 120 of this Draft Red Herring Prospectus, there are no subsisting loans or advances that have been extended by our Company to any persons, firms or companies in which our Directors are interested.

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. Please read the following summary together with the “Risk Factors” beginning on page 10 of this Draft Red Herring Prospectus and our financial data in the section titled “Financial Statements” beginning on page 120 of this Draft Red Herring Prospectus.

Overview of the construction industry in India

The construction industry is an integral part of a country’s infrastructure and economic development and an essential contributor to the development process. Construction is one of the oldest industries, which provides infrastructure to all other industries. The output of the construction industry becomes the assets of a nation. Investment in the construction industry activates many other industries and it has the maximum linkage effect with the overall development. Its multiplier effect on the economy is one of the highest at 1.85 times the assets being created. According to a recent study by the Housing and Urban Development Corporation (HUDCO), a 10 percent increase in the final expenditure in construction would generate an increase of more than Rs 280 billion in Gross National Product (GNP), direct and indirect income of more than Rs 620 billion.

In India, construction is the second largest economic activity after agriculture. It contributes more than 6 per cent to the nation’s GDP. The investment in construction accounts for nearly 50 percent of its Gross Fixed Capital Formation (GFCF). It accounts for nearly 65 percent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. The investment in this segment over the financial year 2005 to 2010 is estimated at US\$124.65 billion. (Source: Quarterly Performance Analysis of Industries and Companies - Indian Construction and Infrastructure Industry-Oct-Dec 2005).

The Indian construction industry can be broadly divided into three segments:

1. Real Estate segment
2. Industrial segment
3. Infrastructure segment

Overall, the construction industry is highly fragmented; the industry’s low capital-intensity and low entry barriers are primarily responsible for this. The fragmentation is, however, limited in the infrastructure and industrial projects segments as compared to the real estate sector since the former require more specialised skill sets.

Overview of our Business

We are primarily engaged in the business of offering construction services and specialize in executing turnkey projects that comprise civil construction, electrical works, plumbing, fire-fighting, etc. Our associate company, Ahlcons India (Private) Limited is also engaged in the manufacturing and fabrication of aluminum doors, windows, curtain walls, facades, etc. We also have experience in construction of super structures, integrated townships, hospitals, hotels, commercial complexes, manufacturing facilities and pipelines. Our clientele includes government and semi-government organisations, foreign agencies, corporate houses like IFCI, HUDCO, Tata Projects, DCM Daewoo, Samtel Colour, J. K. Industries, etc. spanning various industries like hospitals, hotels, IT, retail, etc.

Broadly, our business activities could be categorized into the following segments:

1. **Commercial:** This segment includes the construction of buildings for malls, shopping complexes and exhibition facilities; healthcare services, educational facilities and hospitality sector; and corporate offices and buildings. Some of our major constructions in this segment include
 - *Malls and Shopping Complexes:* Ansal Plaza, New Delhi, India Exposition Mart, Greater Noida and DLF Mega Mall, Gurgaon
 - *Healthcare, Educational Facilities and Hospitality:* Trauma Centre for the All India Institute of Medical Sciences, New Delhi, ITC Grand Central, Mumbai, ITC Sonar Bangla, Kolkata, Grand Hyatt, New Delhi. We are currently constructing a new hotel complex for the Four Seasons group in Mumbai.

- *Corporate Offices and Buildings:* Signature Towers, Gurgaon, IFCI Tower, New Delhi, proposed headquarters of the Securities Exchange Board of India, Mumbai, local head office of State Bank of India, Mumbai, regional headquarters of the Asian Development Bank, New Delhi and the Chancery building for the High Commission of India, Dubai.
2. **Industrial Institutions:** This segment includes construction of buildings for manufacturing facilities with structural steel work, sheeting, specialized flooring, external and internal finishes. Some of our prominent constructions include factory premises for New Holland Tractors, Greater Noida, Hindustan Computers Limited, Noida, Mahindra and Mahindra, Rudrapur, Uttaranchal, Tata Chemicals Limited, Babrala, Uttar Pradesh and Moser Baer, Greater Noida.
 3. **Infrastructure:** This segment includes construction of airports, roads, highways, canals, urban infrastructure, stations, etc. We have constructed Seelampur, Rohini, Pritampura and Rithala stations for the Delhi Metro Rail Corporation Limited, multi-level basement parking at IFCI building, New Delhi etc. We plan to further expand our portfolio of infrastructure projects.
 4. **Housing (Residential):** This segment includes construction of buildings for group housing projects. Some of the prominent group housing projects undertaken by us include Richmond Park for DLF, Belvedere Towers for DLF, colonies for the housing boards of the Indian Air Force and Indian Navy in Noida, South City, Kolkata. We also have undertaken a number of projects for the DDA. We execute turnkey projects including civil, electrical, plumbing, fire-fighting, lifts, external and internal finishes, external landscaping.

Our Competitive Strengths

We offer single window solutions based on Design Build Model as well as possess turnkey construction capabilities

We are experienced in executing multi-disciplinary works, based on a design and build model, so as to offer a single window solution to suit client requirements in the building industry. We have been able to successfully execute turnkey projects on account of our in-house expertise for plumbing, fire-fighting, electrical and HVAC services and in-house production of RMC, as well as fixing of aluminium and glass facades, aluminium doors, windows and partitions. We also have in-house architectural support, which enables us to prepare detailed shop drawings, and detailed working drawings based on the architect's concepts. This synergistic combination of our competencies and services gives us an edge over our competitors. Our design and build process is advantageous because of following reasons: (i) single source planning, control and construction, (ii) elimination of conflict between key stake holders of the project, (iii) efficient and timely co-ordination of various activities, services and contractors and (iv) control of schedule, quality and cost minimizes "turn around time" of projects.

Our execution capabilities either on a turnkey basis or on a design build model alongwith our having attained a well diversified portfolio as well as desired turnover, working capital limits and networth, makes us prequalified for large values of work in the sectors we operate in. This enables us to selectively bid for projects with better returns. We are among the preferred players in this sector possessing one of the necessary prequalification in the country

Operations in diverse sectors with pan-India presence

We have developed expertise in construction of buildings in a wide range of sectors such as construction for consulates and government buildings, institutional construction, commercial construction, corporate construction, residential and industrial construction. Such expertise in various sectors enables us to diversify our business portfolio and reduces our dependence on any one sector or type of project. Further, our Company has a national presence and is currently executing projects in 12 states and union territories across India. We have developed the capability to simultaneously execute projects at geographically diversified locations, giving us the ability to access wider markets.

Adherence to high quality control standards and timely execution of projects

We have a sound quality assurance system approved under ISO 9001:2000 by Det Norske Veritas (DNV) of Netherlands. We maintain a comprehensive quality manual and for each project we have a fully equipped

laboratory at site under a senior quality control engineer. Regular inspections and quality audits are carried out both at sites and in the head office for quality assurance.

We have established a track record of efficient project management and execution skills with trained and skilled manpower, efficient deployment of equipment and strategic purchasing capabilities. This enables us to meet project targets on time. We follow CPM for allocation of the time used for completion of a project, thereby clearly demarcating the time lines for various activities. We have received appreciation from our clients for timely completion of our projects.

Long term relationship with clients

We have long standing relationships with several of our clients and have received repeat orders from them, despite increased competition. In this regard we have, over the past five years, received orders from and constructed four projects for ITC Limited, five projects for DLF, five projects for Ansal group and five projects for HCL. We enjoy such relations with our clients due to our flexible and accommodative attitude towards their needs.

Highly qualified and motivated employee base and proven management team

Our technical staff is well experienced in their respective line of activity and has built a dedicated team. As of April 30, 2006, we employed directly a work force of 756 employees, of which approximately 190 were engineers. In addition, as of such date, we employed more than 6,600 casual and temporary contract labourers on our project sites. The skills and diversity of our employees gives us the flexibility to cater to the needs of our clients effectively. We are dedicated to the development of the expertise and know-how of our employees and continue to invest in them to ensure that they have the training and tools needed to be successful in today's challenging environment.

Our founder Promoter Mr. Bikramjit Ahluwalia, having experience of over four decades in construction industry, has driven the strong growth that the Company has experienced since its inception. Our top management team has substantial experience and expertise in various aspects of the business of construction. Further, the prevalent organizational hierarchy of our Company enables the management to take quick and efficient decisions to execute construction projects within contracted timelines.

Ownership of large fleet of modern construction equipment

We own modern equipment such as ready mix transit mixers, tower cranes, shuttering materials, batching plants, concrete plants, etc. The long term cost implications of using leased equipment are adverse, and therefore, we believe that ownership and usage of modern concreting/ shuttering equipment results in a cost advantage for us. The availability of the ready mix transit mixers enables us to service multiple locations for our constructions from a single nodal point. This in turn helps us for timely servicing of our multi-locational requirements and helps generate additional revenue by sale of ready mix to third parties. The revenue generated from sale of ready mix concrete to third parties was Rs.187.38 million and Rs.297.21 million, which was 6.24 % and 10.65% of our total revenue in fiscal 2005 and the nine month period ended December 31, 2005, respectively.

Our Business Strategy

Our business objective is to consolidate our position as a leading construction company in India. We intend to diversify in to the construction of urban infrastructure facilities and real estate development. Towards achieving these objectives, we are working on the following strategies:

Thrust into real estate

We are in the process of expanding our presence in the real estate sector, either directly or through a subsidiary and we plan to focus on the residential and commercial sectors. We believe that we can use the expertise and knowledge gained in construction industry, in our proposed thrust into the real estate sector. Further, we believe that our reputation would aid us in the development and marketing of real estate projects. In the initial stages, we plan to primarily cater to markets in NCR and other parts of North India.

Venturing into urban infrastructure construction space through BOT, BOOT and annuity projects

We seek to further increase our operations into the construction of urban infrastructure facilities such as parking space, bus terminals and other such projects. With an increasing focus from the Government towards building such infrastructure, we believe, would provide us avenues to bid for BOT, BOOT and other annuity projects. Owing to our pre-qualifications, experience and recognition in the field of construction activities, we are hopeful of winning such projects. Annuity projects are expected to provide better operating margins and offer the possibility of higher revenues. We also expect that our balance sheet, post the Issue, will become an additional enabler in our participating in more of such projects.

Increasing the scope of work for each order and associating ourselves with larger projects.

As one of the leading players in the civil construction business, with a varied experience of construction projects such as residential buildings, corporate offices, shopping malls, hospitals etc., it is our constant endeavor to be associated with larger, technically more complex projects. For instance, we are focused on construction of residential complexes which are of a built up area of over 50,000 sq. ft. and in respect of which the contract value would typically exceed Rs. 100 million. We aim to continue to be associated with large projects in industrial construction.

The details of our order book in the last three fiscal years and as on April 30, 2006 may be summarized as below:

	As on April 30, 2006	As on March 31, 2005	As on March 31, 2004	As on March 31, 2003
Total Order Book (Rs. in million)	13,864.29	7,800	4,670	4,165.80
Number of Orders	37	31	20	19
Average Order Size (Rs. in million)	374.71	251.61	233.50	219.25

Undertaking projects in a variety of sectors

We have, in the past, catered to a range of sectors which has contributed to increasing our technical know how, capabilities and spectrum of service offerings. This has also enabled us to de-risk our business model and we plan to further enhance the diversity of our portfolio by extending our services to newer sectors. Using our design build model and turnkey capabilities, we intend to concentrate on projects and geographies where we can retain a competitive edge and seek better margins

Association with reputed corporates and prestigious projects

We have been associated with reputed corporates including Hughes Software Limited, GE Capital Limited, Moser Baer, Xansa India Limited, New Holland Tractors Limited, DLF group, Mahindra and Mahindra, etc. We are currently executing projects for corporates such as Four Seasons Hotel, Aman Resorts, Eros group, Ansal group, Brigade group, ITC group, MBD group, Leela group, Honda Sael, etc. Our growth strategy also involves continuing to service reputed corporate clients in the future since we believe it would enhance our brand image and credibility in the construction industry.

We believe that our philosophy of total engineering solutions, combined with a focus on quality, timely execution, a willingness to undertake challenging projects and an aim to maximize customer satisfaction, have resulted in our being one of the leading construction players in the country. We intend to capitalise further on these factors and also better our existing operations and systems.

THE ISSUE

Public Issue of Equity Shares by the Company:	
Which comprises a:	
Issue:	Up to 3,125,000 Equity Shares.
Of which:	
Employee Reservation Portion:	Up to 156,250 Equity Shares.
Net Issue:	At least 2,968,750 Equity Shares.
Of which: order	
Qualified Institutional Buyers Portion ⁽¹⁾ :	At least 1,484,375 Equity Shares
Of which:	
Reservation for Mutual Funds	74,219 Equity Shares (assuming QIB portion is 50% of the Net Issue)
Balance for all QIBs, including Mutual Funds	1,410,156 Equity Shares (assuming QIB portion is 50% of the Net Issue)
Non-Institutional Portion:	Up to 445,312 Equity Shares (allocation on proportionate basis).
Retail Portion:	Up to 1,039,063 Equity Shares (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue:	12,552,512 Equity Shares.
Equity Shares outstanding post the Issue:	15,677,512 Equity Shares.
Objects of the Issue:	See the section titled “Objects of the Issue” beginning on page 41 of this Draft Red Herring Prospectus.

⁽¹⁾ As per recent amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds registered with SEBI. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, if at least 50% of the Net Issue is not subscribed to by QIBs, the entire application money will be refunded forthwith.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following table sets forth our selected historical financial information derived from audited and restated financial statements for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, and for the nine month period ended December 31, 2005 prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Guidelines, and as described in the Auditors' Report of M/s. Arun K. Gupta & Associates, Chartered Accountants, included in the section titled "Financial Statements" on page 120 of this Draft Red Herring Prospectus and should be read in conjunction with those financial statements and the notes thereto.

STATEMENT OF PROFIT & LOSSES AS RESTATED

(Rs. in million)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
INCOME						
Sales:						
a)Of products manufactured by the company (contract receipt)	783.34	1406.89	1703.21	2537.04	2786.31	2484.00
b)Real Estate	43.16	7.51	2.62	4.10	8.35	5.52
c)Trading	-	-	25.54	59.28	22.47	5.16
d)Ready Mix concrete	-	-	-	-	187.38	297.21
Total	826.50	1414.40	1731.37	2600.42	3004.51	2791.89
Other income / Other Sale	2.75	10.52	4.87	9.82	14.70	14.34
Interest	6.19	5.88	4.82	6.36	12.21	10.77
Rent	1.54	1.89	1.88	1.61	2.75	4.60
Hire Charges	4.95	8.07	11.27	12.47	5.15	0.00
TOTAL (A)	841.93	1440.76	1754.21	2630.68	3039.32	2821.60
EXPENDITURE						
Works Cost	696.90	1203.44	1493.58	2362.36	2637.37	2345.74
Staff cost	37.43	56.22	65.05	68.18	89.65	88.81
Administrative & other expenses	44.20	65.16	60.69	80.74	139.52	119.89
Managerial remuneration	3.74	3.49	6.11	6.16	6.17	5.42
Interest & other financial Charges	9.06	19.61	25.34	32.97	33.40	29.00
Depreciation	15.24	35.58	23.66	38.63	47.21	66.36
Provision for Diminution in Value of investment	(3.58)	9.07	3.86	(0.30)	(13.28)	0.00
Total (B)	802.99	1392.57	1678.29	2588.74	2940.04	2655.22
Net profit before tax (A-B)	38.94	48.19	75.92	41.94	99.28	166.38
Taxation - Current	13.65	22.69	25.87	16.31	28.22	64.22
Deferred Tax Liability/ (Assets)	0.00	(0.88)	4.16	(0.73)	(0.73)	(6.25)
Profit After Tax	25.29	26.38	45.89	26.36	71.79	108.41

STATEMENTS OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in million)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
A. Fixed Assets:						
Gross Block	255.93	308.26	374.89	402.41	529.39	689.40
Less: Depreciation	71.88	106.29	129.32	154.42	191.80	257.19
Net Block	184.05	201.97	245.57	247.99	337.59	432.21
Less: Revaluation reserve	9.18	9.02	8.85	8.68	8.51	8.39
Net Block after adjustment for Revaluation Reserve	174.87	192.95	236.72	239.31	329.08	423.82
B. Investment:	31.79	19.00	19.77	25.46	28.74	31.33
C. Current Assets, Loans And Advances:						
Inventories	99.02	102.52	196.60	119.13	225.60	291.24
Sundry Debtors	81.46	139.42	338.53	449.09	557.72	644.99
Cash and Bank Balances	81.43	99.95	142.23	144.72	344.37	372.35
Loans and Advances	110.43	80.20	122.31	154.27	142.71	228.29
Other current Assets	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	372.34	422.09	799.67	867.22	1270.40	1536.88
D. Liabilities & Provisions:						
Secured Loans	62.36	52.60	94.09	127.82	219.64	230.49
Unsecured Loans	0.00	0.00	0.00	6.30	8.70	6.10
Deferred Tax Liability (net)	0.00	22.16	26.32	25.59	24.86	18.60
Current Liabilities And Provisions	316.41	355.47	685.85	695.85	1031.94	1286.07
TOTAL	378.77	430.22	806.26	855.56	1285.14	1541.25
NET WORTH	200.23	203.82	249.90	276.43	343.08	450.78
E. Networth Represented By:						
1. Share Capital	31.38	31.38	31.38	31.38	31.38	31.38
2. Reserves	179.07	182.25	227.97	254.16	320.41	428.70
Less: Revaluation Reserve	9.18	9.02	8.85	8.68	8.51	8.39
Reserves (Net of Revaluation reserve)	169.89	173.23	219.12	245.48	311.90	420.31
Less: Miscellaneous exp. Not written off	1.04	0.79	0.60	0.44	0.20	0.92
Reserve (Net of misc. expenses and Revaluation reserve)	168.85	172.44	218.52	245.04	311.70	419.39
Networth (excluding Revaluation Reserve)	200.23	203.82	249.90	276.43	343.08	450.78

GENERAL INFORMATION

Registered Office and Registrar of Companies

The registered office of our Company is 4, Community Centre, Saket, New Delhi 110 017, India and our corporate identification number is 'U45101DL1979PTC009654'. Our Company is registered with the following ROC:

The Registrar of Companies, NCT of Delhi and Haryana
Paryavaran Bhawan,
Block-B,
CGO Complex,
Lodi Road,
New Delhi 110 003
India.

Board of Directors

The following persons constitute our Board of Directors:

1. Mr. Bikramjit Ahluwalia, Chairman and Managing Director;
2. Ms. Sudershan Walia, whole-time Director;
3. Mr. Shobhit Uppal, whole-time Director;
4. Mr. Vikas Ahluwalia, whole-time Director;
5. Mr. Arun Kumar Gupta, independent Director;
6. Mr. Surinder K.Chawla, independent Director;
7. Mr. Virender Kumar Sachdeva, independent Director; and
8. Mr. Balbir Singh, independent Director

For further details of our Directors, please see the section titled "Our Management" beginning on page 92 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Vipin Kumar Tiwari
B-4/205, Safdarjung Enclave,
New Delhi 110 029, India.
Tel: +91 11 2619 4643
Fax: +91 11 2619 4635
E-mail: publicissue@acilnet.com

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

Book Running Lead Managers

SBI Capital Markets Limited

202, Maker Tower "E",
Cuffe Parade,
Mumbai 400 005, India.
Tel: +91 22 2218 9166
Fax: +91 22 2218 8332
E-mail: acil.fpo@sbicaps.com
Website: www.sbicaps.com
Contact Person: Ms. Rajini Vislavath

UTI Bank Limited

111, Maker Towers 'F',
Cuffe Parade, Colaba
Mumbai 400 005, India.
Tel: +91 22 5507 4407 (Extn.1725)
Fax: +91 22 2216 2467
Email: utibmbd@uti.co.in
Website: www.utibank.com
Contact Person: Mr. Vishal Sharan

Syndicate Members

[•]

Legal Advisors to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.,

Amarchand Towers,
216, Okhla Industrial Estate, Phase-III,
New Delhi 110 020, India.
Tel: +91 11 2692 0500
Fax: +91 11 2692 4900

Registrar to the Issue

Intime Spectrum Registry Limited

A-31, 3rd Floor,
Naraina Industrial Area, Phase-I,
New Delhi 1100 028, India.
Tel: +91 11 4141 0592
Fax: +91 11 4141 0591
Email: acil.fpo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sanjeev Kapoor

Bankers to the Issue and Escrow Collection Banks

[•]

Monitoring Agency

Yes Bank Limited

Nehru Centre, 4th Floor, Discovery of India Building,
Dr. A.B. Road,
Worli,
Mumbai 400 018, India
Tel: +91 22 5669 9086
Fax: +91 22 2494 7639
Email: rajesh.lahori@yesbank.in
Website: www.yesbank.co.in
Contact Person: Mr. Rajesh Lahori

Auditors

M/s. Arun K. Gupta & Associates, Chartered Accountants

D-58, 1st Floor, East of Kailash,
New Delhi 110 065, India.
Tel: +91 11 2628 7884
Fax: +91 11 2644 0732
E-mail: arungkuptaass@yahoo.co.in
Contact Person: Mr. Ashok Agrawal

Bankers to the Company

Our Company has several bank accounts across India. Set forth below are the details of our main banks in New Delhi (place of our Registered Office) with whom we have accounts:

Allahabad Bank
Ist Floor, 17, Parliament Street,
New Delhi 110 001, India
Tel: +91 11 2334 2790
Fax: +91 11 2334 2102
Email: delifb@del.allahabadbank.co.in
Contact Person: Mr. S.K. Kalra

Punjab and Sind Bank
H-Block, Connaught Circus,
New Delhi 110 001, India
Tel: +91 11 2335 4445
Fax: +91 11 2332 0310
Email: hblockdel@psb.co.in
Contact Person: Mr. J.A. Arora

Canara Bank
Safdurjung.Development Area Branch,
New Delhi 110 016, India
Tel: +91 11 2656 2480
Fax: +91 11 2696 3661
Email: sckhanna@vsnl.com
Contact Person: Mr. S.C. Khanna

Bank of Maharashtra
Press Enclave, Saket,
New Delhi 110 017, India
Tel: +91 11 2656 3666
Fax: +91 11 2656 5428
Email: bom0593@ndb.vsnl.net.in
Contact Person: Mr. V.K. Sharma

Citi Bank N.A
Jeevan Vihar Building,
3, Parliament Street,
New Delhi 110 001, India
Tel: +91 11 2371 4211
Fax: +91 11 2336 1045
Email: cfil.tarun.mehendiratta@citigroup.com
Contact Person: Mr. Tarun Mehendiratta

Yes Bank Limited
48, Nyaya Marg, Chanakyapuri,
New Delhi 110 021, India
Tel: +91 11 5556 9034
Fax: +91 11 4168 0144
Email: tarun.khanna@yesbank.in
Contact Person: Mr. Tarun Khanna

ICICI Bank Limited
ICICI Bank Towers,
NBCC Place, Pragati Vihar,
New Delhi 110 003, India
Tel: +91 11 2439 0000
Fax: +91 11 2439 0070
Email: neeraj.mahajan@icicibank.co.in
Contact Person: Mr. Neeraj Mahajan

UTI Bank Limited
K-12, Green Park Main,
New Delhi 110 016, India
Tel: +91 11 2652 3407
Fax: +91 11 2652 2334
Email: pvrao@utibank.co.in
Contact Person: Mr. P.V. Rao

Syndicate Bank
Corporate Finance Branch,
Sector-5, R.K Puram,
New Delhi 110 022, India
Tel: +91 11 2619 0355
Fax: +91 11 2617 0355
Email: corpfm_synbk@rediffmail.com
Contact Person: Mr. Bala Subramanyam

Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs:

Sr. No.	Activities	Responsibility	Co-ordinator
1	Capital structuring with the relative components and formalities	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
2	Due diligence of the Company's operations / management / business plans/ legal documents, etc.	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
3	Drafting and Design of the Offer Document and of statutory advertisement including memorandum containing salient features of	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited

	the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI		
4	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
5	Appointment of Registrar, Bankers, Printer and Advertising agency	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
6	Institutional marketing strategy; Finalisation of the list and division of investors for one to one meetings, and institutional allocation in consultation with the Company; and Preparation of the road show presentation	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
7	Retail/Non-Institutional marketing strategy; Preparation of road show presentation; Finalize centres for holding conferences for brokers, etc.; Finalise media, marketing and public relations strategy; Follow up on distribution of publicity and issue materials including forms, prospectus and deciding on the quantum of the Issue material; and Finalise collection orders	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
8	Managing the book and co-ordination with the Stock Exchanges	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
9	Pricing and QIB allocation	SBI Capital Markets Limited and UTI Bank Limited	SBI Capital Markets Limited
10	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders	SBI Capital Markets Limited and UTI Bank Limited	UTI Bank Limited
11	The post-issue activities of the Issue will involve essential follow up steps, which include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issuer Company.	SBI Capital Markets Limited and UTI Bank Limited	UTI Bank Limited

Grading

We have not opted for the grading of this Issue.

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book Building Process

Book Building Process, with reference to the Issue, refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. 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. The Book Running Lead Managers;
3. The Syndicate Members, who are intermediaries registered with SEBI or registered as a broker with BSE/NSE and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs; and
4. The Registrar to the Issue.

SEBI, through its guidelines, has permitted issue of securities to the public through 100% Book Building Process, wherein: (i) at least 50% of the Net Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) up to 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) up to 35% of the Net 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.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, please see the section titled “Terms of the Issue” beginning on page 46 of this Draft Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed SBI Capital Markets Limited and UTI Bank Limited as the BRLMs to manage the Issue and to procure subscription to the Issue.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs. 24 per share while another has bid for 1,500 shares at Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.0%
1,500	22	3,000	100.0%
2,000	21	5,000	166.67%
2,500	20	7,500	250%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off

price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid” beginning on page 212 of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card or PAN allotment letter to the Bid cum Application Form (see the section titled “Issue Procedure - ‘PAN’ or ‘GIR’ Number” beginning on page 228 of this Draft Red Herring Prospectus);
4. 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.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid /Issue Opening Date but before Allotment, without assigning any reason therefor.

Bid/Issue Programme

Bidding /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 centres mentioned on the Bid cum Application Form and uploaded till such time as permitted by the BSE and the NSE.

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 Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding /Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

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

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

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
SBI Capital Markets Limited 202, Maker Tower-E,	[•]	[•]

Cuffe Parade, Mumbai 400 005, India. Tel: +91 22 2218 9166 Fax: +91 22 2218 8322 Email: acil.fpo@sbicaps.com		
UTI Bank Limited 111, Maker Towers 'F', Cuffe Parade, Colaba, Mumbai 400 005, India. Tel: +91 22 5507 4407 (Extn. 1725) Fax: +91 22 2216 2467 Email: utibmbd@uti.co.in	[●]	[●]

The above-mentioned amount is indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on certificates given to them by the BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

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

CAPITAL STRUCTURE

Our share capital as at the date of filing of this Draft Red Herring Prospectus with SEBI (before and after the Issue) is set forth below.

	<i>(Rs. in million, except share data)</i>	
	Aggregate nominal value	Aggregate Value at Issue Price
A. Authorised Capital ¹		
20,000,000 Equity Shares of Rs. 10 each	200	[•]
B. Issued, Subscribed and Paid-Up Capital before the Issue		
12,552,512 Equity Shares of Rs 10 each	125.52	[•]
C. Present Issue in terms of this Draft Red Herring Prospectus		
Issue of:		
3,125,000 Equity Shares of Rs. 10 each fully paid up	31.25	[•]
D. Employee Reservation in terms of this Draft Red Herring Prospectus		
Up to 156,250 Equity Shares of Rs. 10 each fully paid up	1.56	[•]
E. Net Issue to the Public		
2,968,750 Equity Shares of Rs. 10 each fully paid up	29.69	[•]
Of Which:		
QIB Portion of at least 1,484,375 Equity Shares:	14.84	[•]
Non-Institutional Portion of up to 445,312 Equity Shares:	4.45	[•]
Retail Portion of up to 1,039,063 Equity Shares:	10.39	[•]
F. Equity Capital after the Issue		
15,677,512 Equity Shares of Rs. 10 each fully paid up	156.78	[•]
G. Share Premium Account		
Before the Issue	16	
After the Issue	[•]	

- The authorized equity share capital of our Company was increased from Rs. 1,000,000 to Rs. 2,500,000 vide special resolution dated October 3, 1983, from Rs. 2,500,000 to Rs. 10,000,000 vide special resolution passed on May 22, 1989 and then from Rs. 10,000,000 to Rs. 30,000,000 vide special resolution passed on December 23, 1992. Subsequently, the authorised capital was increased from Rs. 30,000,000 to Rs. 50,000,000 vide special resolution on March 27, 1995 and from Rs. 50,000,000 to Rs. 200,000,000 vide special resolution on September 30, 2005.

Notes to the Capital Structure

1. Share Capital History of our Company:

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

Date of Allotment	Number of Equity Shares ⁽¹⁾	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)
June 2, 1979	20	10	Subscription on signing of Memorandum of Association	Initial Allotment ⁽²⁾	Nil	200
August 10, 1979	70,006	10	Other than cash	Preferential Allotment ⁽³⁾	Nil	700,260
October 4, 1983	24,000	10	Cash	Preferential Allotment	Nil	940,260
March 28, 1985	13,500	10	Cash	Preferential Allotment	Nil	1,075,260
March 31, 1986	49,363	10	Cash	Preferential Allotment	Nil	1,568,890
July 12, 1986	2,000	10	Cash	Preferential Allotment	Nil	1,588,890
March 31, 1987	24,263	10	Cash	Preferential Allotment	Nil	1,831,520
June 19, 1989	243,000	10	Cash	Preferential Allotment	Nil	4,261,520
October 4, 1990	58,860	10	Cash	Preferential Allotment	Nil	4,850,120
August 3, 1992	99,520	10	Cash	Preferential Allotment	Nil	5,845,320
March 20, 1993	969,000	10	Bonus (5:3)	Bonus Issue	Nil	15,535,320
March 20, 1993	5,220	10	Bonus (5:3)	Bonus Issue	Nil	15,587,520
May 30, 1995	779,376	10	Bonus (1:2)	Bonus Issue	Nil	23,381,280
April 30, 1996	800,000	40	Cash	Public Issue ⁽⁴⁾	16,000,000	31,381,280
March 31, 2006	9,414,384	10	Bonus (3:1)	Bonus Issue	16,000,000	125,525,120

- (1) 500,239 Equity Shares have been pledged with the Punjab and Sind Bank for the entire period of the working capital loan. The Equity Shares pledged with the Punjab and Sind Bank comprise 91,904 Equity Shares held by Mr. Paramjit Singh, 60,000 Equity Shares held by Mr. Yash Pal, 56,000 Equity Shares held by Mr. Sat Pal, 16,000 Equity Shares held by Ms. Ram Piari, 91,430 held by Mr. Vinay Pal and 184,905 held by Ms. Mukta Ahluwalia.
- (2) Equity Shares allotted to Mr. Bikramjit Ahluwalia and Mr. Karamchand Ahluwalia for initial subscription to the Memorandum of Association.
- (3) Pursuant to our acquisition of the businesses as a running concern of four partnership firms, of which our Chairman and Managing Director was a member, in 1979, we allotted 70,006 Equity Shares of Rs. 10 each, out of which 52,032 Equity Shares were allotted to the partners of the erstwhile partnership firms in consideration for the amount standing in the respective capital accounts of their erstwhile partnership firms and 17, 974 Equity Shares were allotted to other persons for the amount of deposit provided by them and standing in their names in the erstwhile partnership firms.

- (4) The Company made an initial public offering of 800,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 40 per share aggregating to Rs. 32 million which were listed on the Delhi Stock Exchange, CSE and JSE.

2. Promoters' Contribution and Lock-in

- (a) Details of Promoters' contribution and lock-in*

Set forth below are the details of the build up of the Promoters' shareholding, Promoters' contribution and lock-in:

The Equity Shares which are being locked in for three years from the date of Allotment are as follows:

Sr. No.	Name	Date on which the Equity Shares were allotted / acquired	Nature of payment	Number of Equity Shares	Par value	Issue Price	% of post-Issue paid-up equity capital
A.	Mr. Bikramjit Ahluwalia	March 31, 2006	Bonus Issue	733,708	10		4.68
B.	Mr. Shobhit Uppal	March 31, 2006	Bonus Issue	645,913	10		4.12
C.	Ms. Sudershan Walia	March 31, 2006	Bonus Issue	1,755,881	10		11.20
	Total			3,135,502			20.00#

*Lock-in period of three years shall start from the date of Allotment of the Equity Shares in terms of this Draft Red Herring Prospectus.

In the event that over subscription to the extent of 10% of the Issue is retained for the purposes of rounding to the nearest multiple of [●] while finalizing the basis of Allotment, Promoters' contribution and lock-in would be calculated as 20% of the post-Issue share capital including the over subscribed amount so retained.

All the Equity Shares which have been locked in are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines. Our Auditors have vide their letter December 15, 2005 certified that the issuance of bonus shares which are being locked in are not made out of revaluation reserves or reserves without accrual of cash resources.

- (b) Details of pledge of Equity Shares by Promoters

The locked in Equity Shares held by the Promoters, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of shares is one of the terms of sanction of loan.

- (c) Transferability of locked in Equity Shares

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by our Promoters may be transferred to and amongst the Promoter group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons, other than our Promoters prior to the Issue, may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

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

Other Restrictions

Our Company has agreed with the BRLMs that for a period of 180 days commencing from the date of listing of the Equity Shares allotted pursuant to the Issue, our Company shall not announce any intention to, without the prior written consent of the BRLMs, directly or indirectly, (1) issue, offer for sale, sell, pledge or otherwise dispose off (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any equity or equity-linked securities of our Company or (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such securities, whether any such transaction described in (1) and (2) herein is to be settled by delivery of any securities of our Company, in cash or otherwise. However, the restriction contained in the preceding sentence shall not apply to the pledge of securities of our Company for availing of financial facilities from banks/financial institutions as may be permitted by relevant SEBI Guidelines.

3. Shareholding Pattern of our Company

Shareholding pattern of our Company before and after the Issue is as follows:

Name of Shareholder		Pre-Issue (As of March 31, 2006)		Post- Issue	
		Number of Equity Shares	Percentage of Holding (%)	Number of Equity Shares	Percentage of Holding (%)
A.	Promoters				
	Mr. Bikramjit Ahluwalia	977,088	7.78	977,088	6.23
	Mr. Shobhit Uppal	861,600	6.86	861,600	5.50
	Ms. Rohini Ahluwalia	589,668	4.70	589,668	3.76
	Ms. Rachna Uppal	238,800	1.90	238,800	1.52
	Ms. Sudershan Walia	3,374,532	26.88	3,374,532	21.52
	Ms. Mukta Ahluwalia	739,620	5.89	739,620	4.72
	Mr. Paramjit Singh	557,400	4.44	557,400	3.56
	Ms. Puspa Rani	455,820	3.63	455,820	2.91
	Mr. Yash Pal	439,980	3.51	439,980	2.81
	Mr. Sat Pal	336,000	2.68	336,000	2.14
	Mr. Vinay Pal	534,600	4.26	534,600	3.41
	Ms. Ram Piari	96,000	0.77	96,000	0.61
	Mr. Baldev Raj	57,024	0.45	57,024	0.36
	Bikramjit Ahluwalia (H.U.F.)	40,200	0.32	40,200	0.26
	Sub Total A (Total Holding of Promoters)	9,298,332	74.08	9,298,332	59.31
B.	Promoter group (Other than Promoters)				
	Sub Total B (Total Holding of Promoter group, other than Promoters)	Nil	Nil	Nil	Nil
C.	Other Shareholders				
1.	Mutual Funds and UTI	960,000	7.65		
2.	Banks, Financial Institutions Insurance	Nil	Nil		

	Companies (Central/State Govt. Institutions/Non-Government Institutions)				
3.	FIIIs	Nil	Nil		
4.	Private Corporate Bodies Holding More than 1%	1,574,180	12.54		
5.	Other Indian Public	720,000	5.73		
6.	NRI/OCBs	Nil	Nil		
7.	Any other	Nil	Nil		
	Sub Total C	3,254,180	25.92		
	Grand Total	12,552,512	100.00		

* The post-Issue shareholding pattern is indicative and would be finalised in the Prospectus.

4. Our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
5. At least 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders, up to 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Net Issue is not subscribed to by QIBs, the entire application money will be refunded forthwith. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from other categories at our sole discretion in consultation with the BRLMs, subject to valid Bids being received at or above the Issue Price.
6. Only Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Employees other than as mentioned in this Draft Red Herring Prospectus are not eligible to participate under the Employee Reservation Portion. Bids by Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 156,250 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLMs.
7. The top ten shareholders of our Company and the number of Equity Shares held by them is as under:
 - (a) The top ten shareholders of our Company as on date of filing this Draft Red Herring Prospectus and 10 days prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Pre- Issue Shareholding (%)
1.	Ms. Sudershan Walia	3,374,532	26.88
2.	Mr. Bikramjit Ahluwalia	977,088	7.78
3.	Credit Capital Investment Trust Company Limited	960,000	7.65
4.	Mr. Shobhit Uppal	861,600	6.86
5.	Ms. Mukta Ahluwalia	739,620	5.89
6.	Ms. Rohini Ahluwalia	589,668	4.70
7.	Mr. Paramjit Singh	557,400	4.44
8.	Mr. Vinay Pal	534,600	4.26
9.	Mehak Finevest Private Limited	511,000	4.08
10.	Global Credit Capital Limited	503,200	4.01
	Total	9,608,708	76.55

- (b) The top ten shareholders of our Company two years before the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Pre- Issue Shareholding (%)
1.	Ms. Sudershan Walia	843,663	26.88
2.	Mr. Bikramjit Ahluwalia	244,272	7.78
3.	Credit Capital Investment Trust Company Limited	240,000	7.65
4.	Mr. Shobhit Uppal	215,400	6.86
5.	Ms. Mukta Ahluwalia	184,905	5.89
6.	Ms. Rohini Ahluwalia	147,417	4.70
7.	Mr. Paramjit Singh	139,350	4.44
8.	Mr. Vinay Pal	133,650	4.26
9.	Sahara India Corporation Limited	125,000	3.98
10.	Global Credit Capital Limited	124,500	3.97
	Total	2,398,157	76.41

8. Except as disclosed below, none of the persons listed in our Promoters or Promoter group, or our Directors or the directors of our Promoter group have purchased or sold any Equity Shares (excluding any issue of bonus Equity Shares), during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI

Transferor	Transferee	Date of Sale/ Purchase	Average Sale/ Purchase Price of Equity Share (in Rs.)
Tidal Securities Private Limited	Mehak Finvest Private Limited	March 28, 2006	120

9. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
10. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
11. Except as disclosed in the section titled “Our Management” beginning on page 92 of this Draft Red Herring Prospectus, none of our Directors or our key managerial employees hold any Equity Shares in our Company.
12. There would be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.
13. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
14. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
15. As of April 30, 2006, the total number of holders of our Equity Shares were 1,364.
16. Our Company has not raised any bridge loans against the proceeds of the Issue.

17. We have not issued any Equity Shares out of revaluation reserves.
18. Except as disclosed in “Capital Structure - Notes to the Capital Structure” beginning on page 34 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.
19. An over subscription to the extent of 10% of the Issue can be retained for the purposes of rounding to the nearest multiple of [●] while finalizing the basis of Allotment.
20. As per the RBI regulations, OCBs are not allowed to participate in this Issue.
20. Our Company has not granted any options or issued any shares under any employees stock option or employees stock purchase scheme.
21. Except for the 500,239 Equity Shares that have been pledged with the Punjab and Sind Bank, no other Equity Shares held by our Promoters are subject to any pledge.

OBJECTS OF THE ISSUE

Introduction

We provide end to end turnkey construction solutions and are equipped with a full range of project capabilities, such as engineering design, procurement of resources, construction management and timely commissioning of projects. Over the past four decades, our integrated knowledge and skills have led us to become a reputed turnkey construction company, with a national presence. As a strategy, we are now venturing into urban infrastructure construction activities through BOT and BOOT projects, and also enhancing our real estate development business.

The objects of the Issue are to:

- (i) Invest in plant, equipment and machinery,
- (ii) Fund our real estate development plans which includes BOT/BOOT projects,
- (iii) Fund working capital requirements, and
- (iv) Meet issue expenses.

In addition, we believe, listing of Equity Shares on the NSE and the BSE will provide us enhanced visibility and provide investors a better platform for trading in our Equity Shares.

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

Funds requirement

The funds requirements of the Company are as follows:

Particulars	Amount proposed to be spent in fiscal 2007#	Amount proposed to be spent in fiscal 2008	Total fund requirement (Rs. in million)
Plant, equipment and machinery	400.00	230.70	630.70
Funds for real estate development including BOT /BOOT Projects	700.00	Nil	700.00
Funding working capital requirements	914.54	Nil	914.54
Issue expenses*	[•]	Nil	[•]
Total*	[•]	[•]	[•]

* Will be inserted at the time of filing of the Prospectus.

Includes funds of amount Rs. 190.45 million deployed by our Company as on April 30, 2006 towards the projects for which funds from the net proceeds of the Issue will be utilized as certified by our Auditors, M/s Arun K. Gupta and Associates vide certificate dated May 10, 2006. For further details please see section titled "Objects of the Issue – Deployment of Funds" beginning on page 44 of this Draft Red Herring Prospectus.

Source of Funds/Mean of Finance

The sources of funds for the financing of the objects of the Issue are as follows:

Particulars	Debt/Internal Accruals (Rs. in million)	Equity (Rs. in million)	Total (Rs. in million)
Plant, equipment and machinery	500.00	130.70	630.70
Working capital requirements	590.00	324.54	914.54
Funds for real estate development, BOT/BOOT Projects	Nil	700.00	700.00
Issue expenses*	Nil	[•]	[•]
Total*	[•]	[•]	[•]

* Will be inserted at the time of filing of the Prospectus.

The above mentioned requirement of funds of Rs [●] million is proposed to be financed through Issue proceeds/internal accruals and debt and excess, if any, will be used for general corporate purposes.

- I. Plant, equipment and machinery:** The estimated total cost of plant, equipment and machinery required by us in the next two fiscals is Rs. 630.70 million. We intend to use Rs. 130.70 million from the net proceeds of the Issue and Rs. 500.00 million from debts and internal accruals. We have tied up 75% of the debt component for the same. The details are as follows:

S. No.	Name of Lender	Date of sanction letter	Sanctioned Amount (Rs. in million)
1.	Standard Chartered Bank	April 27, 2006	100.00
2.	ABN AMRO Bank	May 8, 2006	49.48
3.	ICICI Bank Limited	December 30, 2005	40.00
4.	GE Capital TFS Limited	December 3, 2005	25.00
5.	HDFC Bank Limited	May 9, 2006	10.00

We have estimated the requirement of plant, equipment and machinery aggregating Rs. 630.70 million. We have estimated these requirements based on our recent purchases, performa invoices, purchase orders between January 1, 2006 to April 30, 2006 and prevailing market prices of manufacturers/ suppliers of construction equipment. The estimates for other fixed assets have been based on lump sum estimates. The details of the same are as follows:

S. No.	Description	Supplier's Name / Make /Model	Unit rate (Rs. in million)	Quantity	Amount (Rs. in million)
1	Air Compressor Machine	Elgi Equipments	0.20	4	0.80
2	Bar Bending Machine –Mechanical/Hyd	Crompton/Bachan/ Reputed Suppliers	0.15	12	1.80
3	Bar Cutting Machine	Crompton	0.13	10	1.25
4	Batching plant	Bhai/Schwing	4.50	7	31.50
5	Batching plant	Maxocrete	3.30	3	9.90
6	Batching plant	Maxocrete/Polytech	8.00	3	24.00
7	Builder Hoist	Bachan Construction/Jayen	0.60	8	4.80
8	Concrete Block making Machine	Construction Equipment	0.35	8	2.80
9	Concrete Mixers	Bachan / Reputed Suppliers	0.95	10	9.50
10	Concrete Pumps	Sany/Schwing Stetter	1.80	17	30.60
11	Concrete Pumps	Sany/Schwing Stetter	3.40	8	27.20
12	Core Cutting Machine	Hilti India	0.35	2	0.70
13	DG Sets	Kirloskar/Cummins	0.55	12	6.60
14	DG Sets	Kirloskar/Cummins	0.48	9	4.32
15	DG Sets	Kirloskar	0.75	4	3.00
16	DG Sets	Kirloskar	0.34	4	1.36
17	Dumpers	TATA	1.415	4	5.66
18	Earth Compactor - Electric driven	Construction & Allied Equipment / Respected various suppliers	0.05	10	0.50

19	Earth Compactor - Petrol driven	Construction & Allied Equipment / Respected various suppliers	0.12	12	1.44
20	Excavator cum Loader	Volvo / L&T	4.7	2	9.40
21	Excavator- JCB	JCB India Limited	1.85	10	18.50
22	Steel Loader	Ingersoll Rand	1.5	5	7.50
23	Tipper	TATA	1.5	2	3.00
24	Tower Cranes	Alpha /ACE BHAI Shrike Chinese	Ranging from 0.2 million to 8.5 millions	15	65.00
25	Tower Cranes	Bhai Sunderdass	4.5	9	40.50
26	Vaccum Dewatering System	Aquarius Technologies	0.65	4	2.60
27	Shuttering & Scaffolding	Various suppliers			101.32
28	Boom Pump	Sany	15.5	2	31.00
29	Loader	Cater Pillar	2.75	3	8.25
30	Transit Mixtures	Ashok Leyland	2.5	25	62.50
31	Transit Mixtures	Tata	2.5	5	12.50
32	Lab Testing & Equipments	Various suppliers			2.80
33	Others –Furniture, Fixtures & Fittings	Various suppliers			15.00
34	Vehicles- Jeeps/Vans/Cars/Scooters	Various suppliers			30.00
35	Computers, Printers & Other Office Equipments	Various suppliers			15.00
36	Others Tools & Plant Equipments	Various suppliers			38.10
	TOTAL:				630.70

- II. Funding working capital requirements:** We have assessed our working capital requirement for the coming fiscal to be Rs. 914.54 million. We will be funding Rs. 590.00 million from debt and internal accruals. As on date, we have sanctioned working capital loans amounting to Rs. 270.00 million. We propose to fund the remainder of our working capital requirement i.e. an amount of Rs. 324.54 million from the net proceeds of the Issue. We have estimated our working capital requirement for fiscal 2007 and onwards. The details of our estimates are as follows:

(Rs. in million)

Particulars	Amount
Raw material and work in progress	1,050.00
Sundry debtors	1082.17
Advances to suppliers, retention money	125.55
Other current assets	381.31
Sub total	2,639.03
Less: Sundry creditors	807.67
Other current liabilities (other than bank borrowings)	916.82
Total working capital requirement	914.54
Less: Available net working capital and credit	590.00
Long term working capital requirement from net proceeds of the Issue	324.54

III. Real estate development including BOT/BOOT projects:

We are currently, as a business strategy, enhancing our presence in the real estate development business in north Indian states including the states of Uttaranchal and Uttar Pradesh. Further, in relation to real estate sector, we have applied for certain BOT and BOOT projects in Rajasthan and Chandigarh. These projects include urban infrastructure including underground parking and inter state bus terminals, etc. Our estimated expenditure in this regard is Rs. 700.00 million in fiscal 2007. We propose to fund this expenditure entirely from the net proceeds of the Issue.

IV. Issue Expenses

We estimate that the Issue expenses will be Rs. [●] million, the detailed break-up of the Issue expenses is given below:

S. No.	Particulars	Rs. in Million
1	Fees of BRLMs, Registrar, Legal Advisors, Auditors and other advisors	[●]
2	Printing and stationery, distribution, postage, etc.	[●]
3	Underwriting commission, brokerage and selling commission	[●]
4	Advertisement and marketing expenses	[●]
5	Other expenses	[●]
	Total	[●]

Deployment of funds in the Projects as on April 30, 2006

The Company has incurred the following expenditure on the projects for which funds from the net proceeds of the Issue will be utilized as on April 30, 2006. The same has been certified by M/s Arun K. Gupta & Associates, Chartered Accountants vide certificate dated May 10, 2006.

Deployment of Funds	Rs. in Million	Sources of Funds	
		Debt	Internal accruals
Working capital requirements*	-	-	-
Plant and machineries and other assets	119.88	93.68	26.20
Real estate development including BOT/BOOT	69.00	46.03	22.97
Issue expenses	1.57	0	1.57
Total	190.45	139.71	50.74

* In the absence of audited financial statements of our Company after date December 31, 2005, we have been unable to ascertain, and our Auditors have therefore not certified, actual amount incurred by us towards the working capital requirements of our Company as on April 30, 2006. However, the working capital requirements as mentioned elsewhere in this chapter are based on management estimates.

Interim Use of Funds

The management, in accordance with the policies setup by our Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits in banks, for the necessary duration or for reducing working capital requirement.

Appraisal

Our funds requirements and deployment thereof are based on internal management estimates, and have not been appraised by any bank/financial institution. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with, in the first instance, by surplus funds, if any available in respect of the other activities for which funds are being raised in this Issue, otherwise by additional debt and/or equity. In addition to the above mentioned requirements, the balance proceeds of this Issue, if any, will be used for, among other things, the purposes

mentioned above and/or to reduce our working capital requirement and/or for the repayment of debt and for other general corporate purposes.

Monitoring agency

We have appointed Yes Bank Limited as a monitory agency to monitor the use of proceeds from this Issue.

No part of the proceeds of this Issue will be paid as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, 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 as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered 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, if any, declared by our Company after the date of allotment.

Mode of Payment of Dividend

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

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Draft Red Herring Prospectus at a total price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

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 of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see the section titled “Main Provisions of Articles of Association of our Company” beginning on page 240 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, 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 one Equity Share subject to a minimum allotment of [●] Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person,

being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue, i.e., the Issue less the Employee Reservation Portion, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of Book Building.

Investors should read the following summary with the section titled “Risk Factors” beginning on page 10 of this Draft Red Herring Prospectus and the details about the Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

QUALITATIVE FACTORS

Our Company is an existing profit making company.

The Company has been earning profits in past as under:

(Rs. in million)

Financial Year	Restated PAT before extra ordinary items
2000-2001	25.29
2001-2002	26.38
2002-2003	45.89
2003-2004	26.36
2004-2005	71.79
Nine months ended December 31, 2005	108.41

We offer single window solutions based on Design Build Model as well as possess turnkey construction capabilities

We are experienced in executing multi-disciplinary works, based on a design and build model, so as to offer a single window solution to suit client requirements in the building industry. We have been able to successfully execute turnkey projects on account of our in-house expertise for plumbing, fire-fighting, electrical and HVAC services and in-house production of RMC, as well as fixing of aluminium and glass facades, aluminium doors, windows and partitions. We also have in-house architectural support, which enables us to prepare detailed shop drawings, and detailed working drawings based on the architect's concepts. This synergistic combination of our competencies and services gives us an edge over our competitors. Our design and build process is advantageous because of following reasons: (i) single source planning, control and construction, (ii) elimination of conflict between key stake holders of the project, (iii) efficient and timely co-ordination of various activities, services and contractors and (iv) control of schedule, quality and cost minimizes “turn around time” of projects.

Our execution capabilities either on a turnkey basis or on a design build model alongwith our having attained a well diversified portfolio as well as desired turnover, working capital limits and network, makes us prequalified for large values of work in the sectors we operate in. This enables us to selectively bid for projects with better returns. We are among the preferred players in this sector possessing one of the necessary prequalification in the country

Operations in diverse sectors with pan-India presence

We have developed expertise in construction of buildings in a wide range of sectors such as construction for consulates and government buildings, institutional construction, commercial construction, corporate construction, residential and industrial construction. Such expertise in various sectors enables us to diversify our business portfolio and reduces our dependence on any one sector or type of project. Further, our Company has a national presence and is currently executing projects in 12 states and union territories across India. We have developed the capability to simultaneously execute projects at geographically diversified locations, giving us the ability to access wider markets.

Adherence to high quality control standards and timely execution of projects

We have a sound quality assurance system approved under ISO 9001:2000 by Det Norske Veritas (DNV) of Netherlands. We maintain a comprehensive quality manual and for each project we have a fully equipped laboratory at site under a senior quality control engineer. Regular inspections and quality audits are carried out both at sites and in the head office for quality assurance.

We have established a track record of efficient project management and execution skills with trained and skilled manpower, efficient deployment of equipment and strategic purchasing capabilities. This enables us to meet project targets on time. We follow CPM for allocation of the time used for completion of a project, thereby clearly demarcating the time lines for various activities. We have received appreciation from our clients for timely completion of our projects.

Long term relationship with clients

We have long standing relationships with several of our clients and have received repeat orders from them, despite increased competition. In this regard we have, over the past five years, received orders from and constructed four projects for ITC Limited, five projects for DLF, five projects for Ansal group and five projects for HCL. We enjoy such relations with our clients due to our flexible and accommodative attitude towards their needs.

Highly qualified and motivated employee base and proven management team

Our technical staff is well experienced in their respective line of activity and has built a dedicated team. As of April 30, 2006, we employed directly a work force of 756 employees, of which approximately 190 were engineers. In addition, as of such date, we employed more than 6,600 casual and temporary contract labourers on our project sites. The skills and diversity of our employees gives us the flexibility to cater to the needs of our clients effectively. We are dedicated to the development of the expertise and know-how of our employees and continue to invest in them to ensure that they have the training and tools needed to be successful in today's challenging environment.

Our founder Promoter Mr. Bikramjit Ahluwalia, having experience of over four decades in construction industry, has driven the strong growth that the Company has experienced since its inception. Our top management team has substantial experience and expertise in various aspects of the business of construction. Further, the prevalent organizational hierarchy of our Company enables the management to take quick and efficient decisions to execute construction projects within contracted timelines.

Ownership of large fleet of modern construction equipment

We own modern equipment such as ready mix transit mixers, tower cranes, shuttering materials, batching plants, concrete plants, etc. The long term cost implications of using leased equipment are adverse, and therefore, we believe that ownership and usage of modern concreting/ shuttering equipment results in a cost advantage for us. The availability of the ready mix transit mixers enables us to service multiple locations for our constructions from a single nodal point. This in turn helps us for timely servicing of our multi-locational requirements and helps generate additional revenue by sale of ready mix to third parties. The revenue generated from sale of ready mix concrete to third parties was Rs.187.38 million and Rs.297.21 million, which was 6.24 % and 10.65% of our total revenue in fiscal 2005 and the nine month period ended December 31, 2005, respectively.

Our Business Strategy

Our business objective is to consolidate our position as a leading construction company in India. We intend to diversify in to the construction of urban infrastructure facilities and real estate development. Towards achieving these objectives, we are working on the following strategies

Thrust into real estate

We are in the process of expanding our presence in the real estate sector, either directly or through a subsidiary and we plan to focus on the residential and commercial sectors. We believe that we can use the expertise and knowledge gained in construction industry, in our proposed thrust into the real estate sector. Further, we believe that our reputation would aid us in the development and marketing of real estate projects. In the initial stages, we plan to primarily cater to markets in NCR and other parts of North India.

Venturing into urban infrastructure construction space through BOT, BOOT and annuity projects

We seek to further increase our operations into the construction of urban infrastructure facilities such as parking space, bus terminals and other such projects. With an increasing focus from the Government towards building such infrastructure, we believe, would provide us avenues to bid for BOT, BOOT and other annuity projects. Owing to our pre-qualifications, experience and recognition in the field of construction activities, we are hopeful of winning such projects. Annuity projects are expected to provide better operating margins and offer the possibility of higher revenues. We also expect that our balance sheet, post the Issue, will become an additional enabler in our participating in more of such projects.

Increasing the scope of work for each order and associating ourselves with larger projects.

As one of the leading players in the civil construction business, with a varied experience of construction projects such as residential buildings, corporate offices, shopping malls, hospitals etc., it is our constant endeavor to be associated with larger, technically more complex projects. For instance, we are focused on construction of residential complexes which are of a built up area of over 50,000 sq. ft. and in respect of which the contract value would typically exceed Rs. 100 million. We aim to continue to be associated with large projects in industrial construction.

The details of our order book in the last three fiscal years and as on April 30, 2006 may be summarized as below:

	As on April 30, 2006	As on March 31, 2005	As on March 31, 2004	As on March 31, 2003
Total Order Book (Rs. in million)	13,864.29	7,800	4,670	4,165.80
Number of Orders	37	31	20	19
Average Order Size (Rs. in million)	374.71	251.61	233.50	219.25

Undertaking projects in a variety of sectors

We have, in the past, catered to a range of sectors which has contributed to increasing our technical know how, capabilities and spectrum of service offerings. This has also enabled us to de-risk our business model and we plan to further enhance the diversity of our portfolio by extending our services to newer sectors. Using our design build model and turnkey capabilities, we intend to concentrate on projects and geographies where we can retain a competitive edge and seek better margins

Association with reputed corporates and prestigious projects

We have been associated with reputed corporates including Hughes Software Limited, GE Capital Limited, Moser Baer, Xansa India Limited, New Holland Tractors Limited, DLF group, Mahindra and Mahindra, etc. We are currently executing projects for corporates such as Four Seasons Hotel, Aman Resorts, Eros group, Ansal group, Brigade group, ITC group, MBD group, Leela group, Honda Sael, etc. Our growth strategy also involves continuing to service reputed corporate clients in the future since we believe it would enhance our brand image and credibility in the construction industry.

We believe that our philosophy of total engineering solutions, combined with a focus on quality, timely execution, a willingness to undertake challenging projects and an aim to maximize customer satisfaction, have resulted in our being one of the leading construction players in the country. We intend to capitalise further on these factors and also better our existing operations and systems.

QUANTITATIVE FACTORS

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

1. Adjusted basic Earning Per Share (EPS)⁽¹⁾

Financial Year	EPS (Rs.)	Weight used
Year ended March 31, 2003	14.62	1
Year ended March 31, 2004	8.40	2
Year ended March 31, 2005	22.87	3
Nine months ended December 31, 2005	34.55	4
Weighted Average	23.82	

⁽¹⁾ The EPS has been computed on the basis of adjusted profits and losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years. The denominator considered for the purpose of calculating EPS is the weighted average number of Equity Shares outstanding during the period as per the Accounting Standard 20. For further details on the calculation of EPS, please see the section titled "Financial Statements" beginning on page 120 of this Draft Red Herring Prospectus.

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

Based on the adjusted EPS of Rs. 22.87 for the financial year ended March 31, 2005, the Issue Price at the lower price band of Rs. [●], answers to a P/E multiple of [●] and at higher price band of Rs. [●], it answers to a P/E multiple of [●].

- a. Based on year ended March 31, 2005 EPS of Rs. 22.87 [●]
b. Based on weighted average adjusted EPS of Rs. 23.82 [●]

3. Average Return On Net worth (RONW)⁽¹⁾

Financial Year	RoNW (%)	Weight used
Year ended March 31, 2003	18.36	1
Year ended March 31, 2004	9.54	2
Year ended March 31, 2005	20.92	3
Nine months ended December 31, 2005	24.05	4
Weighted Average	19.64	

⁽¹⁾ The RONW has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years. RONW has been calculated as per the following formula: (Net PAT)/ (Net Worth excluding revaluation reserve at the end of the year).

4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS

The minimum return on increased net worth required to maintain pre-Issue EPS of Rs. 22.87 is [●].

5. Net Asset Value (NAV) per share⁽¹⁾ – Unconsolidated:

- NAV as on March 31, 2005 is Rs.109.33.
- Issue Price at lower price band Rs. [●]
- NAV after the Issue at lower price band Rs. [●] is [●]
- Issue Price at higher price band Rs. [●]
- NAV after the Issue at higher price band Rs. [●] is [●]

⁽¹⁾ NAV per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by Equity Shares outstanding at the end of the period.

6. Industry P/E

Highest	365.8
Lowest	9.6
Industry Composite	39.4
Source: Capital Market – May 08 – 21, 2006; Segment – Construction Industry	

7. Comparison with the Peer group companies

(Rs. in million)

Name of the Company	Equity	Sales	EPS (Rs.)	BV (Rs.)	P/E
Ahluwalia Contracts (India) Limited ⁽¹⁾	31.38	3004.51	22.87	109.26	-
B.L. Kashyap and Sons Limited	101.0	3128.0	10.7	205.8	-
Era Constructions (India) Limited	186.1	1562.0	2.6	45.0	58.1
Patel Engineering Limited ⁽²⁾	50.0	8016.0	14.0	39.0	37.7
Simplex Infrastructures Limited	87.0	9991.0	28.3	229.7	49.9
Source: Capital Market – May 08 – 21, 2006; Segment – Construction Industry					

⁽¹⁾ Annual results as on March 31, 2005 considered.

⁽²⁾ Each share of company of Rs. 1 each.

8. The Face Value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times of the Face Value at the lower Price Band and [●] times at the higher Price Band.

The BRLMs believe that the Issue Price in the price band of minimum of Rs. [●] and maximum of Rs. [●] is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The statement of tax benefits has been certified by our Auditors, M/s Arun K. Gupta & Associates, Chartered Accountants:

The Company has been advised that under the current tax laws, the following tax benefits, *inter alia* will be available to the Company and its shareholders.

1. Under the Income Tax Act, 1961

A. The Company

- 1 As per the provisions of section 80-IB(10) of the Act, the company is eligible to claim 100% tax benefit with respect to profit derived from "Developing and Building Housing Projects". 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 chargeable 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 education cess).
- 6 Under section 32 of the Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.

B. The Shareholders

I. Resident Indians

1. Under Section 10(34) of the Income Tax Act, 1961 income earned by way of dividend on the shares of the company is exempt from income-tax in the hands of the shareholders.
2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.
3. As per the provisions of section 111A of the Income Tax Act, 1961 tax on short term capital gain is charged to tax @ 10% (plus applicable surcharge and education cess) provided the capital gain arises from the transfer of equity shares of the company which are held for a period of not more than 12 months and on which security transaction tax has been charged.
4. As per the provisions of section 112 of the Income Tax Act, 1961 the long term capital gains arising from the transfer of shares of the company being long term capital asset, other than as mentioned in point 2 above, shall be chargeable to tax @ 20% (plus applicable surcharge and education cess) after indexation as provided in second proviso to Section 48, or @ 10% (plus applicable surcharge and education cess) without indexation.
5. Long term capital gains as stated in point 4 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds /shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections. In the case

of individual or HUF members, exemption is also available u/s 54F subject to the fulfillment of the conditions specified in the said section.

6. In terms of section 88E of the Income Tax Act, 1961 the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions subject to the fulfillment of other conditions specified under the said section.

II. Non-Resident Indians

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.

2. In the case of Non Resident Indians taxability of long term capital gains and short term capital gains is similar to resident Indians. Refer paras B.I.2 to B.I.5 above.

3. Further under Section 115E of the Income Tax Act, 1961 income by way of long term capital gains arising from the transfer of shares (otherwise than as mentioned in paras B.I.2 and B.I.4 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess) subject to the fulfillment of other conditions specified under Chapter XII –A of the Income Tax Act, 1961. Further above said long term capital gains shall be exempt under section 115F of Income Tax Act, 1961 subject to the fulfillment of other conditions specified under the said section.

4. Rebate of Securities Transaction Tax paid is available under section 88E of the Income Tax Act, 1961. Refer para B.I.6 above.

III. Foreign Institutional Investors (FII)

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.

2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.

3. Under Section 115AD(1)(iii) of the Income Tax Act, 1961 income by way of long term capital gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation are not available to FIIs.

4. Short term capital gains on transfer of securities shall be chargeable @ 30% / 10% (plus applicable surcharge and education cess) as per clause (ii) to Section 115AD of the Income Tax Act, 1961.

5. Long term capital gains as stated in point 3 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections.

IV. Venture Capital Companies/ Funds

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 income from sale of shares of the company.

V. Mutual Funds

As per the provisions of section 10(23D) of the Income Tax Act, 1961 any income of Mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under or any other Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax.

2. Under the Wealth Tax Act, 1957

All assesses are entitled to exemption from wealth tax in respect of the shares of the company as shares or securities are not included in the definition of asset u/s 2(ea) of the Wealth Tax Act, 1957.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/ first named holder in case the Equity Shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

INDUSTRY

Introduction

In the recent past, Indian economy has witnessed a rapid growth, with the GDP growth rate of 4.0%, 8.5% and 6.9% in the fiscal 2003, fiscal 2004 and fiscal 2005 respectively. The GDP growth rate for fiscal 2006 has been estimated between 7.0% to 7.5%, by the Reserve Bank of India vide its report dated October 25, 2005. These growth rates have been backed by the contribution from the service economy of the country including the software and technology/business/knowledge off-shoring services, and as a result have made India one of the fastest growing economies of the world.

Construction Industry Overview

The construction industry in India is an integral part of the country's infrastructure and economic development and an essential contributor to the development process. Construction is one of the oldest industries, which provides infrastructure to all other industries. The output of the construction industry becomes the assets of a nation. Investment in the construction industry activates many other industries and it has the maximum linkage effect with the overall development. Its multiplier effect on the economy is one of the highest at 1.85 times the assets being created. According to a recent study by HUDCO, a 10% increase in the final expenditure in construction would generate an increase of more than Rs. 280 billion in Gross National Product (GNP), direct and indirect income of more than Rs. 620 billion.

In India, construction is the second largest economic activity after agriculture. Construction investments contribute to about 12.8% to the nation's GDP and accounts for nearly 52% of its Gross Fixed Capital Formation (GFCF). It accounts for nearly 65 percent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. The investment in this segment over the financial year 2005 to 2010 is estimated at US\$124.65 billion. (Source: Quarterly Performance Analysis of Industries and Companies - Indian Construction and Infrastructure Industry-Oct-Dec 2005).

The construction industry is a working capital intensive industry, and the capital requirement is also dependent on the kind of construction/projects. As a result, the industry has a low entry barrier and is highly fragmented. The fragmentation is, however, limited in the infrastructure and industrial projects segments as compared to the real estate sector since the former require more specialized skill sets. In India, construction is the second biggest employer after agriculture due to the availability of cheap labour.

Components of the construction industry

The Indian construction industry can be broadly divided into three segments:

1. Real estate construction (residential and commercial construction);
2. Industrial segment (plants, refineries, pipelines etc.); and
3. Infrastructure construction segment (roads, power plants, urban infrastructure).

Each of these segments has been explained in detail below. In the coming three years, the real estate construction segment is estimated to grow at a CAGR of 5%, the industrial segment is anticipated to grow at 33% CAGR and the infrastructure segment is expected to grow at a CAGR of 9%.

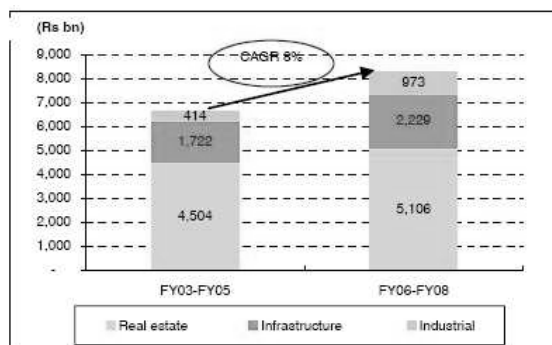
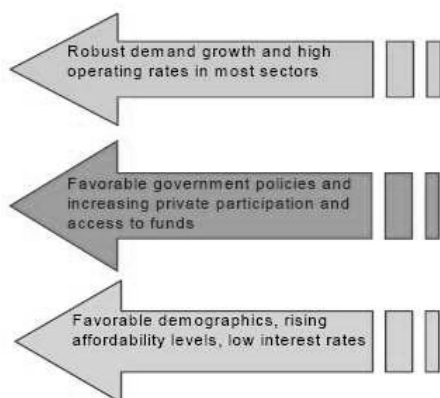


Table 1: Indian construction industry: Investments to grow at 8% over 3 years. Source: CRIS INFAC

The following table shows the outlay made during the different Plan periods in each of these segments.

Segment (INR bn)	Ninth Five Year Plan - Actual Spent 1997-2001	Tenth Plan Allocation 2002-07	Growth %
Housing Segment (Estimated)	185.1	231.4	25.0
Industrial segment			
Power	446.9	1434.0	220.9
Petroleum and Natural Gas	703.4	1036.6	47.4
Chemicals and Petro Chemicals	57.1	30.4	-46.7
Fertilizers	54.9	59.0	7.5
Infrastructure			
Railways	506.1	606.0	19.7
Roads Transport and Highways	376.7	597.0	58.5
Drinking Water Supply	80.5	142.0	76.4
Civil Aviation	94.3	129.3	37.1
Shipping	70.5	142.2	101.8
Urban Infrastructure	73.3	121.7	66.1
Total	2,648.7	4,529.5	71.0

E: Estimates Source: Planning commission, CII

Table 2: Plan outlay for various projects

Real Estate Sector

Real estate, also called realty, covers commercial offices, trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories, government buildings and residential housing. Almost 80% of real estate developed is residential space and the rest comprises of offices, hotels, malls and entertainment avenues.

The real estate sector in India has assumed growing importance with the liberalization of the economy. The consequent increase in business opportunities and migration of the labour force has, in turn, increased the demand for commercial and housing space, especially rental housing. Developments in the real estate sector are being influenced by the developments in the retail, hospitality and entertainment (e.g., hotels, resorts, cinema theatres) industries, economic services (e.g., hospitals, schools) and information technology (IT)-enabled services (like call centers) etc. and vice versa.

Key characteristics of the Indian real estate sector

The Indian real estate market is largely unorganised and dominated by a large number of small players, with very few corporates or large players having national presence. The Indian real estate market, as compared to the other more developed Asian and Western markets is characterised by smaller size and higher prices.

1. Highly fragmented market dominated by regional players

Rapid growth in the last decade has seen the emergence of larger players that have differentiated themselves through superior execution and branding. The larger players are able to capitalize on their early mover advantage. However, these players continue to operate in local/regional markets. While these players are now initiating efforts to develop a broader presence, their 'home' markets continue to support the majority of their profitability.

2. Local know-how critical success factor in the development phase

One of the key reasons for emergence of local leaders is the criticality of local know how and relationships in ensuring successful and timely development. Each development is dependent on a number of local clearances (e.g., municipal corporation, water, electricity) that requires strong experience and relationships.

3. Residential development largely financed through mortgage loans

Most developers use mortgage for their residential projects. Apart from mortgages, the other key sources of funding are through high net worth individuals and large property brokers.

This sector is seeing a growth potential pegged to the Indian growth story.

Growth outlook

The real estate sector in India is witnessing a wide spectrum of changes making India a preferred destination for real estate activity. Technology sector and the outsourcing phenomenon coupled with the demographic shift characterized by rising disposable incomes and increased consumer spending has changed the face of the commercial real estate market in India. It is estimated to grow into a US \$ 90 billion industry from the current US \$ 12 billion industry in the next 10 years. By 2010, the industry is expected to grow to US \$ 45-50 billion.

The main factors driving this growth are:

1. Growing commercial real estate requirements

In the commercial space, the business opportunity is led by the unprecedented outsourcing activity in India. The Indian IT/ITES sectors are in the midst of a significant growth phase and this strength in growth is expected to continue over the next five years. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years.

2. Rapid growth of organised retailing

Organised retail in India is at an inflexion point. The share of organized retail in the total retail pie is expected to increase from the current 3% to about 8-10% by 2010. The strong potential of the retailing industry has prompted entrepreneurs to make big investments in malls and expectations of penetration levels have triggered exponential growth in malls.

1. Housing boom to drive demand for real estate

The changing demographics, lower interest rate regime, rising disposable incomes, stable property prices and fiscal incentives are the main drivers of the growth in the housing segment.

2. Government initiatives and FDI

Government initiatives have aided the sector by giving income tax benefits to the consumer, benefits to developers, initiated the rationalisation of stamp duty, repealed the ULCA in 9 states, are moving towards computerisation of land records and have taken initiatives towards permitting REITs apart from other developments. The Government has also initiated the National Urban Renewal Mission, which involves the renewal of urban facilities of satisfactory standards and made a budget allocation of Rs. 55 billion. The government has decided to allow FDI of up to 100 per cent under the automatic

route in townships, housing, built-up infrastructure and construction development projects (which would include, but not be restricted to housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities), subject to fulfillment of certain conditions. The gradual opening up of the sector for FDI by the Government and support of state governments to realty developments has further aided the sector by bringing in the much-needed investment, apart from professional players equipped with expertise in real estate development. The introduction of new technology and quality real estate assets is expected to have a demonstration effect on the local developers and lead to an improvement in the quality of related infrastructure.

Shopping Malls and Commercial Complexes

Almost 80% of real estate developed is residential space and the rest comprises offices, shopping malls, hotels and hospitals. Rapid expansion in the retail space is taking place in the country and this is reflected in the purchase and development of real estate and the rapid construction of malls. Retail consultancy KSA Technopak estimates that 200 malls will come up between 2005 and 2006. In all 40 mn sq ft of retail space will be added in the next 2 -3 years. Rapid boom witnessed by India in the IT/ITES sectors has resulted in an acute shortage for quality space for office and commercial structures. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years. In effect, this will create substantial demand for construction of commercial complexes.

Housing segment

The Indian housing industry is highly fragmented, with the unorganised sector, comprising small builders and contractors, accounting for over 70 % of the housing units constructed. The organised sector comprises large builders and government or government-affiliated entities.

Growth Outlook

The investment in housing has steadily risen over the Plan period and as can be seen from the table below, the Tenth Five Year Plan envisages a growth of 381% in the total investment made in the housing segment.

(Rs bn)	Total Investment	% growth
First Plan (1951-56)	11.5	-
Second Plan (1956-61)	13.0	13%
Third Plan (1961-66)	15.5	19%
Fourth Plan (1969-74)	28.0	81%
Fifth Plan (1974-79)	44.4	59%
Sixth Plan (1980-85)	194.9	339%
Seventh Plan (1985-90)	314.6	61%
Eighth Plan (1992-97)	975.0	210%
Ninth Plan (1997-02)	1,510.0	55%
Tenth Plan (2002-07)	7,263.0	381%

Table 3: Investment in housing during different plan periods. Source: Tenth Five Year Plan

Such growth is envisaged owing to the housing shortage, currently faced. The Tenth Five Year Plan on urban development has estimated an additional requirement of about 4.5 million houses each year during the Plan period (2002-07). The National Buildings Organization (NBO) has estimated urban-housing shortage of 10.8 million dwelling units. With this level of shortage it is estimated that the urban housing sector alone would require a total investment of Rs. 11,567 billion during the next five years. The total fund requirement, including requirement for rural housing would be Rs. 16,000 billion. whereas the total availability is Rs. 7,200 billion only from the formal sector.

Growth drivers in the housing industry

The changing demographics, lower interest rate regime, rising disposable incomes, stable property prices and fiscal incentives are the main drivers of the growth in the housing segment. Some of these demographic factors are: (a) increasing percentage of population in age group of 25-44, (b) Shrinking household size

augments demand for houses, (c) increasing urban middle class population, and (d) a shift in consumer preference towards owned houses.

Industrial construction

Industrial construction projects include construction of manufacturing facilities, civil and structural activities for a number of capital intensive industries like cement, fertilizers, petroleum etc. The total outlay for the industrial segment in the Tenth Five Year Plan is Rs. 2560 billion, a growth of 103% from the outlay of Rs. 1262.3 in the Ninth Five Year Plan.

The total investments in the key segments of the manufacturing sector are projected to increase from Rs.220 billion per annum (1998-99 to 2004-05) to Rs.734 billion per annum over the next five years (2005-06 to 2009-10), propelled by investments in oil and gas, and metals. Other industries such as automobiles, petrochemicals, cement, paper and fertilizers are also expected to record healthy investments during the forecasted period. Assuming civil construction to account for nearly 15% of the total capital cost of the projects, this huge investment is likely to generate construction demand of around Rs. 550 billion from industrial projects.

Infrastructure

Valued at Rs. 2,070 billion, the infrastructure segment is the largest within the construction industry and can be broadly divided into environment and transport-related construction activities. While the environment segment includes dams, water supply, sewerage and solid waste treatment plants, the transport segment consists of roads, highways, bridges, ports and railways, airports etc.

The infrastructure segment is expected to witness rapid growth over the next five to seven years as the central and state governments' thrust on the development of urban and rural infrastructure intensifies. Factors like total infrastructure development outlay of Rs. 1,738 billion between FY 2002-07 (Tenth Five Year Plan), high government expenditure and increasing privatisation will continue to stimulate growth in the construction industry.

The sector is likely to receive prospective investments of Rs 3,000 billion over the next two years (2005-06 and 2006-07) — an over 25 % increase from the estimated investments in the last two years (2003-04 and 2004-05). Based on the proportion of civil construction related expenses in each sector, it is estimated that these projects have a potential to translate into orders worth Rs.1,800 billion for the construction industry.

The table below reflects the expected investments in key areas of the infrastructure industry.

Rs billion	Total investments		Construction investments	
	FY04-FY05	FY06-FY07	FY04-FY05	FY06-FY07
Infrastructure	2,298	2,984	1,277	1,827
<i>Key drivers</i>				
Irrigation	348	473	278	379
Hydel	194	203	136	142
Roads	390	733	390	733
Urban infrastructure	358	470	215	282

Table 4: Infrastructure investments Source: CRIS INFAC

OUR BUSINESS

Introduction

We provide end to end turnkey construction solutions and are equipped with a full range of project capabilities, such as engineering design, procurement of resources, construction management and timely commissioning of projects. Over the past four decades, our integrated knowledge and skills have led us to become a reputed turnkey construction company, with a national presence. We have successfully executed a number of prestigious projects, in the past, such as ITC Grand Central at Mumbai, ITC Sonar Bangla at Kolkata, Ansal Plaza at New Delhi, IFCI Tower at New Delhi, Signature Towers at Gurgaon, Apollo Hospital at Kolkata, Fortis Hospital at Noida, Goa Legislative Assembly and Chancery Building at Dubai.

We are primarily in the business of construction of a wide range of structural buildings such as healthcare facilities, hotels, educational institutions, information technology parks, commercial complexes and malls, group housing projects and corporate office premises. We have plans to further enhance our real estate reach by owning and developing lands and building upon our marketing capabilities.

Our revenues have grown from Rs. 826.51 million in fiscal 2001 to Rs. 3,004.50 million in fiscal 2005 at a CAGR of 38.08% and our net profits after taxes have grown from Rs. 25.29 million in fiscal 2001 to Rs. 71.79 million in fiscal 2005 at a CAGR of 29.80%. For the period ended December 31, 2005, we have generated revenues of Rs. 2,791.89 million and net profits after tax of Rs. 108.41 million.

Business Philosophy

Our business philosophy revolves around “total engineering solutions”. We always endeavour to maximize client satisfaction through our focus on quality, timely execution, transparency and commitment towards our responsibilities, and a business model which offers a single window service. We also believe that one of our important assets is our human capital and strive to provide safe and secure work environment. We use the latest technology, standard safety equipments and have safety guidelines and policies at our work sites. We are also committed to a clean and healthy environment and take all necessary steps to maintain strict health standards at our project sites. We have been recommended for ISO 14001:1999 and OHSAS 18001: 1999 certification with respect to safety, environment and health standards. We also work closely with our sub-contractors and construction partners to enable them to adopt and mirror our commitment to environment, safety and health.

Our Mission

We are committed to consistently achieve client satisfaction by providing all construction related services including design on turnkey basis and assuring timely completion of projects within budget and with excellent quality.

The mission of the Company is to continually improve and integrate systems, safety, health, environmental, personnel, industrial relations and quality assurance to ensure a seamless, consistent and effective management system.

Our Vision

Our Company will strive to be an industry leader, in terms of size and profitability, in the home markets of its construction business units.

The Company Goals

- To focus on the core business carried out by multi business streams: construction, residential project development and commercial project development
- To generate customer and shareholder value. Projects are the core of group operations and the value is generated by timely implementations and profitable projects.
- To be an international company with local businesses that have leading positions in selected home markets, take advantage of collective resources and strengths of the group brand, employees and financial strength.

- To foresee and manage risks in its construction business with the help of well functioning risk management systems
- To be an industry leader in technology as well as safety, ethics and environment

Our Competitive Strengths

We offer single window solutions based on Design Build Model as well as possess turnkey construction capabilities

We are experienced in executing multi-disciplinary works, based on a design and build model, so as to offer a single window solution to suit client requirements in the building industry. We have been able to successfully execute turnkey projects on account of our in-house expertise for plumbing, fire-fighting, electrical and HVAC services and in-house production of RMC, as well as fixing of aluminium and glass facades, aluminium doors, windows and partitions. We also have in-house architectural support, which enables us to prepare detailed shop drawings, and detailed working drawings based on the architect's concepts. This synergistic combination of our competencies and services gives us an edge over our competitors. Our design and build process is advantageous because of following reasons: (i) single source planning, control and construction, (ii) elimination of conflict between key stake holders of the project, (iii) efficient and timely co-ordination of various activities, services and contractors and (iv) control of schedule, quality and cost minimizes "turn around time" of projects.

Our execution capabilities either on a turnkey basis or on a design build model alongwith our having attained a well diversified portfolio as well as desired turnover, working capital limits and networth, makes us prequalified for large values of work in the sectors we operate in. This enables us to selectively bid for projects with better returns. We are among the preferred players in this sector possessing one of the necessary prequalification in the country

Operations in diverse sectors with pan-India presence

We have developed expertise in construction of buildings in a wide range of sectors such as construction for consulates and government buildings, institutional construction, commercial construction, corporate construction, residential and industrial construction. Such expertise in various sectors enables us to diversify our business portfolio and reduces our dependence on any one sector or type of project. Further, our Company has a national presence and is currently executing projects in 12 states and union territories across India. We have developed the capability to simultaneously execute projects at geographically diversified locations, giving us the ability to access wider markets.

Adherence to high quality control standards and timely execution of projects

We have a sound quality assurance system approved under ISO 9001:2000 by Det Norske Veritas (DNV) of Netherlands. We maintain a comprehensive quality manual and for each project we have a fully equipped laboratory at site under a senior quality control engineer. Regular inspections and quality audits are carried out both at sites and in the head office for quality assurance.

We have established a track record of efficient project management and execution skills with trained and skilled manpower, efficient deployment of equipment and strategic purchasing capabilities. This enables us to meet project targets on time. We follow CPM for allocation of the time used for completion of a project, thereby clearly demarcating the time lines for various activities. We have received appreciation from our clients for timely completion of our projects.

Long term relationship with clients

We have long standing relationships with several of our clients and have received repeat orders from them, despite increased competition. In this regard we have, over the past five years, received orders from and constructed four projects for ITC Limited, five projects for DLF, five projects for Ansal group and five projects for HCL. We enjoy such relations with our clients due to our flexible and accommodative attitude towards their needs.

Highly qualified and motivated employee base and proven management team

Our technical staff is well experienced in their respective line of activity and has built a dedicated team. As of April 30, 2006, we employed directly a work force of 756 employees, of which approximately 190 were engineers. In addition, as of such date, we employed more than 6,600 casual and temporary contract labourers on our project sites. The skills and diversity of our employees gives us the flexibility to cater to the needs of our clients effectively. We are dedicated to the development of the expertise and know-how of our employees and continue to invest in them to ensure that they have the training and tools needed to be successful in today's challenging environment.

Our founder Promoter Mr. Bikramjit Ahluwalia, having experience of over four decades in construction industry, has driven the strong growth that the Company has experienced since its inception. Our top management team has substantial experience and expertise in various aspects of the business of construction. Further, the prevalent organizational hierarchy of our Company enables the management to take quick and efficient decisions to execute construction projects within contracted timelines.

Ownership of large fleet of modern construction equipment

We own modern equipment such as ready mix transit mixers, tower cranes, shuttering materials, batching plants, concrete plants, etc. The long term cost implications of using leased equipment are adverse, and therefore, we believe that ownership and usage of modern concreting/ shuttering equipment results in a cost advantage for us. The availability of the ready mix transit mixers enables us to service multiple locations for our constructions from a single nodal point. This in turn helps us for timely servicing of our multi-locational requirements and helps generate additional revenue by sale of ready mix to third parties. The revenue generated from sale of ready mix concrete to third parties was Rs.187.38 million and Rs.297.21 million, which was 6.24 % and 10.65% of our total revenue in fiscal 2005 and the nine month period ended December 31, 2005, respectively.

Our Business Strategy

Our business objective is to consolidate our position as a leading construction company in India. We intend to diversify in to the construction of urban infrastructure facilities and real estate development. Towards achieving these objectives, we are working on the following strategies

Thrust into real estate

We are in the process of expanding our presence in the real estate sector, either directly or through a subsidiary and we plan to focus on the residential and commercial sectors. We believe that we can use the expertise and knowledge gained in construction industry, in our proposed thrust into the real estate sector. Further, we believe that our reputation would aid us in the development and marketing of real estate projects. In the initial stages, we plan to primarily cater to markets in NCR and other parts of North India.

Venturing into urban infrastructure construction space through BOT, BOOT and annuity projects

We seek to further increase our operations into the construction of urban infrastructure facilities such as parking space, bus terminals and other such projects. With an increasing focus from the Government towards building such infrastructure, we believe, would provide us avenues to bid for BOT, BOOT and other annuity projects. Owing to our pre-qualifications, experience and recognition in the field of construction activities, we are hopeful of winning such projects. Annuity projects are expected to provide better operating margins and offer the possibility of higher revenues. We also expect that our balance sheet, post the Issue, will become an additional enabler in our participating in more of such projects.

Increasing the scope of work for each order and associating ourselves with larger projects.

As one of the leading players in the civil construction business, with a varied experience of construction projects such as residential buildings, corporate offices, shopping malls, hospitals etc., it is our constant endeavor to be associated with larger, technically more complex projects. For instance, we are focused on construction of residential complexes which are of a built up area of over 50,000 sq. ft. and in respect of which the contract value would typically exceed Rs. 100 million. We aim to continue to be associated with large projects in industrial construction.

The details of our order book in the last three fiscal years and as on April 30, 2006 may be summarized as below:

	As on April 30, 2006	As on March 31, 2005	As on March 31, 2004	As on March 31, 2003
Total Order Book (Rs. in million)	13,864.29	7,800	4,670	4,165.80
Number of Orders	37	31	20	19
Average Order Size (Rs. in million)	374.71	251.61	233.50	219.25

Undertaking projects in a variety of sectors

We have, in the past, catered to a range of sectors which has contributed to increasing our technical know how, capabilities and spectrum of service offerings. This has also enabled us to de-risk our business model and we plan to further enhance the diversity of our portfolio by extending our services to newer sectors. Using our design build model and turnkey capabilities, we intend to concentrate on projects and geographies where we can retain a competitive edge and seek better margins

Association with reputed corporates and prestigious projects

We have been associated with reputed corporates including Hughes Software Limited, GE Capital Limited, Moser Baer, Xansa India Limited, New Holland Tractors Limited, DLF group, Mahindra and Mahindra, etc. We are currently executing projects for corporates such as Four Seasons Hotel, Aman Resorts, Eros group, Ansal group, Brigade group, ITC group, MBD group, Leela group, Honda Sael, etc. Our growth strategy also involves continuing to service reputed corporate clients in the future since we believe it would enhance our brand image and credibility in the construction industry.

We believe that our philosophy of total engineering solutions, combined with a focus on quality, timely execution, a willingness to undertake challenging projects and an aim to maximize customer satisfaction, have resulted in our being one of the leading construction players in the country. We intend to capitalise further on these factors and also better our existing operations and systems.

Business Overview

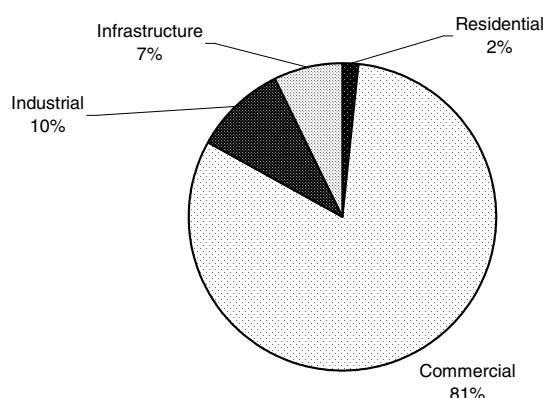
We are primarily engaged in the business of offering construction services and specialize in executing turnkey projects that comprise civil construction, electrical works, plumbing, fire-fighting, etc. Our associate company, Ahlcons India (Private) Limited is also engaged in the manufacturing and fabrication of aluminum doors, windows, curtain walls, facades, etc. We also have experience in construction of super structures, integrated townships, hospitals, hotels, commercial complexes, manufacturing facilities and pipelines. Our clientele includes government and semi-government organisations, foreign agencies, corporate houses like IFCI, HUDCO, Tata Projects, DCM Daewoo, Samtel Colour, J. K. Industries, etc. spanning various industries like hospitals, hotels, IT, retail, etc.

Broadly, our business activities could be categorized into the following segments:

1. **Commercial:** This segment includes the construction of buildings for malls, shopping complexes and exhibition facilities; healthcare services, educational facilities and hospitality sector; and corporate offices and buildings. Some of our major constructions in this segment include
 - *Malls and Shopping Complexes:* Ansal Plaza, New Delhi, India Exposition Mart, Greater Noida and DLF Mega Mall, Gurgaon
 - *Healthcare, Educational Facilities and Hospitality:* Trauma Centre for the All India Institute of Medical Sciences, New Delhi, ITC Grand Central, Mumbai, ITC Sonar Bangla, Kolkata, Grand Hyatt, New Delhi. We are currently constructing a new hotel complex for the Four Seasons group in Mumbai.
 - *Corporate Offices and Buildings:* Signature Towers, Gurgaon, IFCI Tower, New Delhi, proposed headquarters of the Securities Exchange Board of India, Mumbai, local head office of State Bank of India, Mumbai, regional headquarters of the Asian Development Bank, New Delhi and the Chancery building for the High Commission of India, Dubai.

2. **Industrial Institutions:** This segment includes construction of buildings for manufacturing facilities with structural steel work, sheeting, specialized flooring, external and internal finishes. Some of our prominent constructions include factory premises for New Holland Tractors, Greater Noida, Hindustan Computers Limited, Noida, Mahindra and Mahindra, Rudrapur, Uttaranchal, Tata Chemical Limited, Babrala, Uttar Pradesh and Moser Baer, Greater Noida.
3. **Infrastructure:** This segment includes construction of airports, roads, highways, canals, urban infrastructure, stations, etc. We have constructed Seelampur, Rohini, Pritampura and Rithala stations for the Delhi Metro Rail Corporation, multi-level basement parking at IFCI building, New Delhi etc. We plan to further expand our portfolio of infrastructure projects.
4. **Housing (Residential):** This segment includes construction of buildings for group housing projects. Some of the prominent group housing projects undertaken by us include Richmond Park for DLF, Belvedere Towers for DLF, colonies for the housing boards of the Indian Air Force and Indian Navy in Noida, South City, Kolkata. We also have undertaken a number of projects for the DDA. We execute turnkey projects including civil, electrical, plumbing, fire-fighting, lifts, external and internal finishes, external landscaping.

Contribution of the business segments in the last five years aggregating an amount of Rs. 9021.1 million, is as follows:



Our business profile in major sectors:

The following tables depict our accomplished projects (including nature of work and value of project) across various sectors:

Government Projects: Our important construction projects for government and semi-government institutions may be summarized as follows:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Goa State Legislative Assembly Complex at Porvorim, Goa	Structural construction with superior quality finishing	1999	220.0
Remodelling of Chief Minister's Secretariat (Players Building) at I.G.Stadium Complex New Delhi	Construction of two level underground car parking and finishing work including plumbing and electrification	2001	200.0
Morarji Desai National Institute of Yoga at Ashoka Road, New Delhi.	Structural construction	2004	91.5
Institute of Labour Development (ILD) at Village Jamdoli, Jaipur (RAJ)	Civil, electrical, plumbing and fire fighting works	2001	57.0

Foreign Institutions: Our important construction projects for consulates and foreign institutions may be summarized as follows:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
High Commission Building for Bangladesh Commission at Chanakyapuri, New Delhi	Turnkey project	2002	130.0
New office building for India Resident Mission of Asian Development Bank at Chanakyapuri, New Delhi.	Design - build contract	2002	105.0

Hotel Projects:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
ITC Grand Central, a five star hotel at Mumbai	Civil works: sub-structure and super structure	2004	500.0
ITC Hotel Sonar Bangla at Kolkata	Construction including external stone cladding work	2002	400.0
Grand Hyatt, a five star hotel at New Delhi	Construction of six storeyed five star hotel with residential blocks with double basement	2000	400.0

Hospital Projects:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
AIIMS Apex Center for Trauma Care, New Delhi.	Civil, electrical, HVAC, installation of lifts, development of external roads and external services, design and engineering support.	2003	347.3
Fortis Super Speciality Hospital, Noida	Civil, electrical, fire fighting and sanitary works	2004	300.0
Escorts Heart Institute and Research Centre, Jaipur	Civil and finishing works	2005	237.1
Apollo Gleneagles Hospital, Kolkata	Construction of six storeyed (300 bedded) hospital building with superior finishing.	2003	150.0

IT Centres:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Office Building for Xansa India Limited, Noida	Civil works	2003	326.4
HCL Perot Systems Software Park, Noida	Civil/structural work including external finishing	2002	130.0
Office Building for HCL Technologies, Noida	Civil, plumbing and interior works	2001	106.0

Retail: This includes construction of buildings for malls, shopping complexes and exhibition facilities. Our important construction projects may be summarized as follows:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
India Exposition Mart Complex, Greater Noida	Civil and electrical works	2005	1250.0
Signature Tower Commercial Complex, Gurgaon	Super structure works	1999	300.0
DLF Mega Mall, Gurgaon.	Structure and finishing works	2002	200.0

Corporate Offices: Our important construction projects of corporate offices may be summarized as follows:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Local head office building for SBI, Mumbai	Civil, plumbing, drainage, landscaping and site development works	2004	410.0
Apollo Tyres corporate headquarters, Gurgaon	Construction of five storeyed high quality finishing corporate office including works of plumbing, electric, HVAC, structural glazing works	2000	240.0
ITC Centre, Gurgaon	Civil and structure works	2002	80.0

Educational Projects:

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Amity School, Jaipur	Civil works	2004	132.5
Starex International School, Gurgaon	Civil, electrical and plumbing works	2001	120.0
DPS International School, New Delhi.	Civil, electrical, plumbing and sanitary works	2002	105.0
IIT-TIFAC Building, Indian Institute of Technology, New Delhi	Civil work, electrical work, plumbing work, sanitary work, fire fighting work and HVAC work	2002	75.0

Industrial Construction: This would include construction of buildings for manufacturing facilities with structural steel work, sheeting, specialized flooring, external and internal finishes. Our important constructions projects may be summarized as follows

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Industrial building, Bhiwadi for Indian Shaving Products Limited	Electrical and air conditioning works	1999	434.0
Expansion of Apollo Tyres Plant, Vadodara	Piling work, structural steel work and earth works	2004	413.5
Utility building and plant building for Moser Baer India Limited, Greater Noida	Civil, electrical, plumbing, sanitary, fire fighting and HVAC works	2002	400.0
Fiat automobile plant, Pune	Civil works	1999	300.0

Infrastructure Construction: This would include construction of airports, roads, highways, canals, urban infrastructure, stations, etc. Our important constructions projects may be summarized as follows

(Rs. in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Pitampura, Rohini East and Rohini West stations on Tri Nagar - Barwala Section for DMRC	Civil works	2004	276.9
RCC conduit/viaduct from Upper Ganga Canal, near Muradnagar (Uttar Pradesh) to Sonia Vihar (New Delhi)	Pipeline duct works	2004	211.7
Multi-level basement car parking, New Delhi for IFCI Limited	Civil, plumbing, fire suppression, electrical, mechanical and ventilation work	2002	91.7
Seelampur Station for DMRC for Shahdra – Tis Hazari section, New Delhi	Civil works	2002	169.5

Residential Construction: Residential construction includes construction of buildings for group housing projects. Our important constructions projects may be summarized as follows:

(Rs.in million)

Project Title	Nature of work/description	Year of Completion	Approximate Value of Work
Richmond Park Complex at DLF Quatab Enclave, Gurgaon	Basement and superstructure and finishing works	2000	420.0
Belvedere Park at DLF Quatab Enclave, Gurgaon	Superstructure works	2003	300.0
Residential Complex Hiland Park, Kolkata.	Civil, superstructure and finishing works	2002	150.0
Multipurpose Conference Hall at Bungalow No. 7, Race Course Road, Prime Minister's House Complex, New Delhi	Building work including water supply sanitary installations and provision of furniture	2000	15.0

Our Current Projects:

Our top projects based on the contract value of works on hand as on April 30, 2006 are as under:

Government/Public Sector

(Rs. in million)

Name of the Project/Client Name	Expected Year of Completion	Contract Value of Work
Construction of Phase-II of India Exposition Mart Complex, Greater Noida	2006	1201.0
Construction of office building for SEBI at Bandra Kurla Complex, Mumbai	2006	535.0
Design and Construction of 'Milan Mela' Permanent Trade Fair Complex, Kolkata	2007	500.0
Construction of LIG Houses on Turnkey basis at Bakkarwala, New Delhi	2006	398.6
Construction of 850 Mass Housing on turnkey basis at Vasant Kunj, New Delhi	2006	352.7
Construction of building for NDMC, Connaught Place, Delhi	2007	269.0

Private Sector

(Rs. in million)

Name of the Project/Client Name	Expected Year of Completion	Contract Value of Work
Construction of group housing complex at Sector-44, Noida	2007	1075.0
Construction of “Festival City” multiplex with integrated entertainment cum shopping complex , Ludhiana	2007	985.0
Construction of Brigade Metropolis housing complex, Bangalore	2006	900.0
Construction of four residential towers including extended basement car parking and associated external works at Prince Anwar Shah Road, Kolkata	2007	818.3
Construction of Hotel Scopevista at Lodhi Hotel, Lodhi Road, New Delhi	2006	547.5
Construction of “Gurgaon One” housing project at Old Delhi Gurgaon Road, Gurgaon	2006	453.4
Construction of Brigade Gateway housing complex, Bangalore	2008	420.0
Construction of Mall/Multiplex, Five Star Hotel at Ferojpur Road, Ludhiana	2007	414.0
Construction of Corporate Office at 1, Vasant Kunj Mall, at Vasant Kunj, New Delhi	2006	372.9
Construction of Chancery Complex at Chanakyapuri, New Delhi	2006	362.5
Construction of hospital for ARTEMIS Medicare Services Private Limited, Gurgaon.	2007	305.0
Construction of Chalet Hotel, Powai, Mumbai	2006	278.0
Construction of Park Centra commercial complex at Sector-30, Gurgaon.	2008	260.6
Construction of (Inorbit Mall) Main Building and Ancillary Civil Structures for Mall at Vashi, Navi Mumbai.	2006	224.5
Construction of Replacement Building at Dr. B.L. Kapur Memorial Hospital, Pusa Road, Delhi	2006	212.9
Construction of “V3S East Centre” at Laxmi Nagar, Delhi	2006	168.5
Construction of Savoy Club Building at Sector-62, Noida	2006	147.0
Construction of Destination Point Ansal Plaza at Greater Noida	2006	145.0
Construction of Ansal Plaza (Structural Part) at Palam Vihar, Gurgaon	2006	120.0
Construction of Commercial Complex ‘Mani Square’ at Kolkata	2006	119.8
Construction of Commercial Complex, Golf View Corporate Tower ‘B’ at Village Wazirabad, Gurgaon.	2006	96.5
Construction of proposed hotel at Airport Road, Bangalore.	2006	91.5
Construction of Perot Systems Tower III at Sector 125, Noida	2006	88.0
Construction of Shopping Mall at District Centre at Raja Garden, Delhi	2006	72.9
Construction of office building for Cadence Design System at the Noida Special Economic Zone	2006	62.0
Construction of “Infinity Benchmark” commercial building at Salt Lake, Kolkata	2007	57.2
Construction of residential complex of BHEL Employees Housing Co-operative Society, Kolkata	2007	54.5
Civil, structural and external development work at 19, Friends Colony (West), Delhi.	2006	35.3
Construction of QCC Building, Greater Noida	2006	27.2
Construction of IT Park Project at Rajarhat, Kolkata	2006	22.4

Types of contracts and the process for execution of contracts

Types of contracts

The construction services provided by us consist of the erection of structures and allied services which include planning and scheduling manpower, equipment, materials and the appointment of sub-contractors required for the timely completion of a project in accordance with the terms, plans and specifications contained in the construction contracts and allied documentation. We provide these services by using fixed price and cost plus fee contracts and, to a lesser extent, construction management or design-build contracting arrangements. These contract types are discussed below:

FP Contracts: These are fixed unit price contracts and are generally used in civil construction projects in the public sector which are undertaken for the government and to a lesser degree in the private sector. Such contracts generally require us, as the contractor, to provide all the resources required to complete a project for a fixed sum or at fixed unit price, except for the cost of steel and cement (which represents the major cost of construction material). Design-build/ turnkey projects (i.e. projects where we design the building and build the building in totality) are also generally performed under a FP Contract. A major portion of the contracts entered into by us are FP Contracts. It may however be noted that some of our fixed price contracts have a component of cost plus works, akin to a Cost Plus Contract, for customized fittings or electrical / electromechanical fittings.

Cost plus fee (“Cost plus Contract”): These contracts provide for reimbursement of the costs required to complete a project plus a stipulated markup as profit.

Important considerations reflected in construction contracts

- **Impact of variation of cost of materials:** Some contracts entered into by us provide that all prices are fixed and no price variations would be paid by the client in any event. In most of the cases, the prices of steel and cement invariably increases and it is difficult for us to factor in such contingencies while estimating the cost of and accordingly bidding for the project. There could be substantial increase on steel and cement prices which may affect our margins in the project. However, we try to ensure that our contracts provide that escalations in prices of steel and cement are payable by the client. Presently, a majority of our contracts contain this stipulation.
- **Impact of change in the tax rates during currency of contract:** In the past, some contracts did not provide for suitable price adjustment clauses consequent to variations in tax rates in respect of works contract tax/value added tax and service tax during the currency of the contract. In order to mitigate this risk, currently, in most of our contracts, there is a clause providing for price adjustments in the event of additional tax implications as specified above.

Process for Execution of Contracts

Project Identification

We identify potential projects from a variety of sources, including advertisements by central, state and local governmental agencies, the efforts of our business development personnel and meetings with other participants in the construction industry such as architects and engineers. After determining the availability of projects, we decide on which projects to pursue based on as the following, among other factors:

- Project size;
- Duration;
- Availability of personnel;
- Current backlog, competitive advantages and disadvantages;
- Prior experience;
- Reputation of the contracting agency or owner;
- Source of project funding; and
- Type of contract.

Project Bidding

After deciding which contracts to pursue, we generally have to complete a prequalification /short listing process with the applicable agency or customer. The prequalification/short listing process generally limits bidders to those companies with operational experience and financial capability to effectively complete the particular project(s) in accordance with the plans, specifications and construction schedule.

Our bid estimation process typically involves three phases:

Phase I: Initially, we perform a detailed review of the plans and specifications, summarize the various types of work involved and related estimated quantities, determine the project duration or schedule and highlight the unique and risky aspects of the project. After the initial review, we decide whether or not to continue to pursue the project.

Phase II: We perform the second phase of the estimating process which consists of estimating the cost and availability of labour, material, equipment, sub-contractors and the project team required to complete the project on time and in accordance with the plans and specifications.

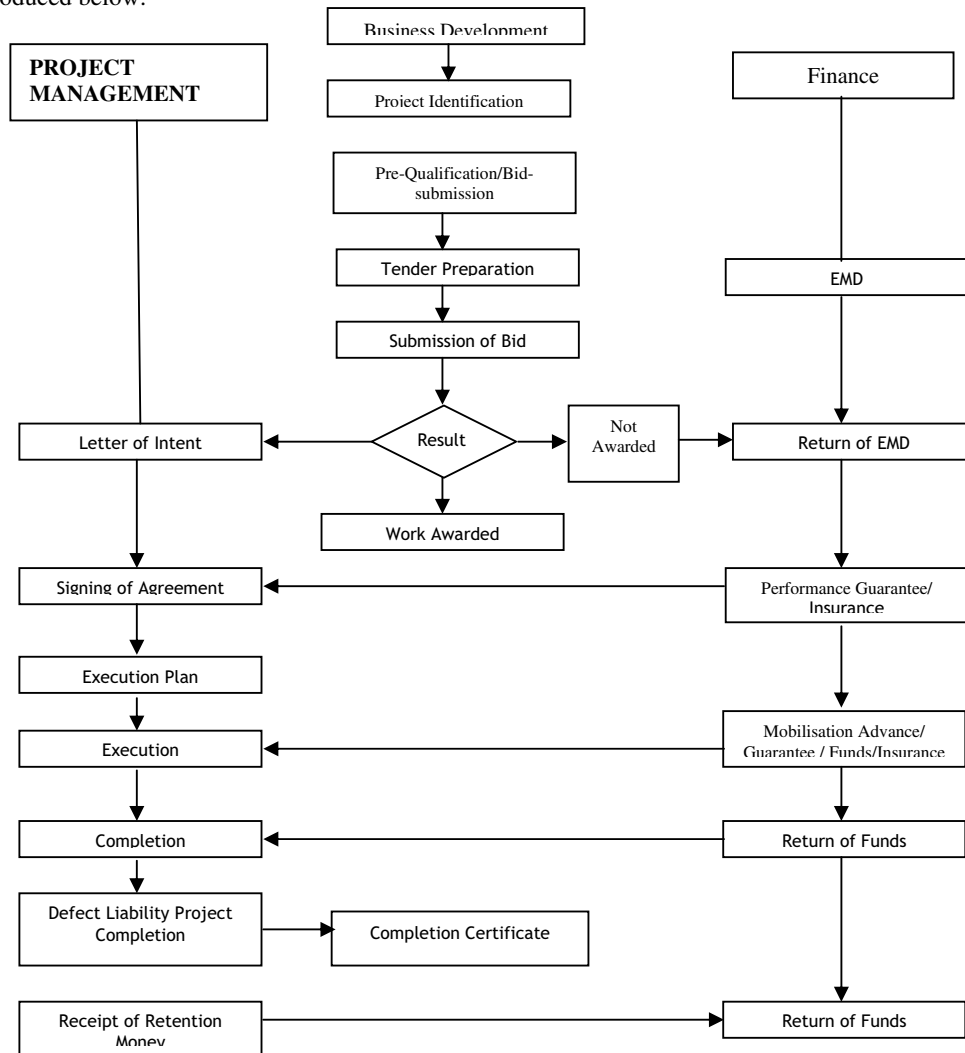
Phase III: The final phase consists of a detailed review of the estimate by the management including, among other things, assumptions regarding cost, approach, means and methods, productivity and risk. After the final review of the cost estimate, the management adds a mark up over costs to arrive at the total bid amount.

Award of the Contract

Requests for proposals or negotiated contracts with public or private owners are generally awarded based on a combination of technical capability and price, taking into consideration factors such as project schedule and prior experience.

Project Planning and Execution

The various stages in project planning and execution may be represented by means of a flowchart as produced below:



The important aspects of project planning and execution typically would involve the following aspects:

- Design Assessment:** Once we get a letter of intent from the client, we arrange a preliminary “kick off” meeting with client, together with the architect, structural consultant, and project manager of owner and other important participants. We study the design concept of the owners, along with advance copies of the relevant drawings and plans and make value engineering assessment, considering our scope of contract and the parameters. We give a formal approval to the architect / structural consultant of the owner for making further drawings. We discuss and assess the ways and means and the methodology to construct and the requirement of plant and equipment versus the design parameters. Detailed plans are worked out at this stage by us for commencing actual work. The layout for the placement of equipment, offices and stores is discussed and agreed upon, based on which work for the project commences. During the currency of the project a detailed weekly assessment is done on the progress of the project and requirement for drawings and design are prepared in order to ensure timely completion.
- Material Planning:** Based upon the available drawings and time frame, we calculate the requirement of materials under three sub heads: company assets (new and available), basic

materials (ordinary portland cement, steel, aggregates, stones, tiles, etc.) and consumables (shuttering plywood, wood, nails, etc.). This consolidated requirement of materials along with tentative schedule is then forwarded to our procurement department for identification and negotiation with vendors. Materials are sourced or procured directly from manufacturers, their agents or from reputed sources, quality checked, warehoused at our godowns or delivered to construction sites, as required. Dedicated site teams engaged in construction activities are supported by back end teams to ensure timely implementation of the project. The negotiations are done with approved vendors on the material specifications that are provided to us as part of the construction contract. The materials department of our Company is given an indicative price for materials to be purchased and the dates and time when they are required. We identify the requirements, delivery schedules and other details in respect of the materials and monitor its delivery, quality and safety. We ensure that optimum quantities of materials are kept as stock in order for efficient use of working capital.

- *Manpower Planning:* Our Company manages a combination of in-house teams, mobilises resources through experienced contractors and outsources services to ensure smooth implementation of projects irrespective of size, complexity or deadline. The requirement for personnel is determined on the basis of the scope of work and timelines for delivery of the project. A separate plan is made for works to be carried out by sub-contractors and specialized agencies. The screening of manpower is a continuous process which is carried out throughout the currency of the project, depending on the stage of the project. We depute qualified senior personnel to head the project as 'Project Managers' from the head office. Further, there are experienced site supervisors for supervising all processes, elaborate documentation and reporting, in-house quality audits, scheduled management visits and periodic reviews that ensure quality workmanship, finishing, detailing and timely completion of projects.
- *Project Scheduling and Monitoring:* Our Company prepares project schedules using project evaluation and review techniques ("PERT") and critical path method ("CPM") (detailed diagrams and plans) that are made in consultation with the entire project team. These schedules are evaluated by the Executive Director(s) (Projects) with the project team for monitoring execution of the project. Periodic meetings are held at the project site for reviewing the project with the clients, the project management consultants (appointed by the client) and our project team.

During the construction phase of a project, we monitor our progress by periodically comparing actual work completed and costs incurred as on date with the project schedule and budgeted amounts and preparing an updated estimate of the materials and cost involved in the remaining contract work and assessing the remaining contract value. The Executive Director(s) (Project) designated by the head office has the role of overall supervision and monitoring the project and is ultimately responsible for the monitoring and completion of the project on acceptable parameters.

- *Project Completion:* On completion of the project we apply for a "completion certificate" from the clients. On receipt of the "completion certificate", a detailed "handing over" list is made in accordance with the contract. The client/ his representative then inspects the building, and gives us a list of defects to be corrected before the formal handing over of the property. We complete the defects as identified by them and a physical verification and certification is done by the client. Subsequently, a formal "handing over" is done to the client, and in some cases a partial "handing over" is also done so that the client can give his building to the buyers or such other persons as he may determine for the purposes of executing their fit outs. We submit our final bill with all details, certificates, enclosures, etc. as per the terms of the contract once the work is completed. Finally, we clear the project site of all our materials, offices, machinery and equipment and receive the "clearance certificate" from the clients.

RISK MANAGEMENT

Some of the key factors which expose our business to risk and our assessment and management of the same are provided below:

Risks arising from increase in cost of materials

While our business may experience some adverse consequences if shortages of materials develop or if prices for materials, labour (in certain cases) increase excessively, provisions in a majority of our contracts often shift all or a major portion of any adverse impact to the customer. On FP Contracts, which form a majority of the contracts entered into by us, we attempt to insulate ourselves from the unfavorable effects of inflation by incorporating escalating wage and price assumptions, where appropriate, into our construction bids and by obtaining firm fixed price quotes from major sub-contractors and material suppliers at the time of the bid. As stated above, since most of our contracts are FP Contracts, excluding the price payable on account of steel and cement, which are payable by the client on the basis of actual cost, we try to limit our risk exposure to that extent.

Construction materials used in our activities are generally available locally from multiple sources and, in our experience, have been in adequate supply.

Risk arising from modifications in our projects

During the normal course of most projects, the owner and sometimes the contractor, i.e. our Company initiates modifications or changes to the original contract to reflect, among other things, changes in specifications or design, method or manner of performance, facilities, equipment, materials, site conditions and period for completion of the work. Generally, the scope and price of these modifications are documented in a change order/supplementary agreement/addendum ("change order process") to the original contract and are reviewed and approved in accordance with the provisions of the original contract.

The process for resolving claims in relation to extra costs incurred by us, varies from one contract to another. However, we generally attempt to resolve claims at the project supervisory level through the normal change order process or with higher levels of management within our Company and the customer's organization. Once a bill for change orders is raised by us, at such periods as is specified in the contract, the representative of the owner typically certifies these bills, together with certain modifications, on the basis of which we raise a final invoice on the clients for payment of the bill. In our experience, with private clients, in recent years, a small percentage of this bill is paid within a short time and the rest of the bill is usually cleared after another month. Depending upon the terms of the contract, claims can be resolved by a variety of resolution methods, including mediation, arbitration or litigation. For details, please see the section titled "Outstanding Litigation and Material Developments" beginning on page 175 of this Draft Red Herring Prospectus.

Risk arising from cost and time overruns

In any project, if the manpower and material resources are not appropriately allocated, or if timely requirements for the same are not met, it could lead to time and cost overruns which could impact our results of operations. In order to mitigate this risk, we have a project monitoring team which has the responsibility of ensuring proper allocation of resources in an optimal manner. This team works directly under the Executive Director (Projects).

Risk arising from accidents

Our safety and health approach includes safety systems, on and off site training and a comprehensive safety manual and policy. We have been recommended for ISO 14001:1999 and OHSAS 18001:1999 certification with respect to environment, safety and health standards. We also work closely with our sub-contractors and construction partners to enable them to adopt and mirror our commitment to environment, safety and health.

Properties

New Delhi Properties

Our Registered Office is located at 4, Community Centre, Malviya Nagar Extension, Saket. We have entered into a perpetual lease with the DDA for this property admeasuring 1,222.98 sq. ft. We pay an annual rent of Rs. 14,050 for this property. Under the perpetual lease agreement, we are entitled to sub-let the whole or part of the building constructed on the premises for a term not exceeding five years, without

the prior written approval of DDA, provided that notice of such transfer should be given to the DDA within three months of such transfer. In furtherance of this, we have leased the fourth floor of this property to our associate company Ahlcon Parenterals India Limited for a period of three years w.e.f January 1, 2006 to December 31, 2008 for a monthly rent of Rs. 22,500. Further, we have also leased a part of the premises at Saket, admeasuring 3,600 sq. ft., to NIIT Limited for a period of three years w.e.f October 1, 2004 to September 30, 2007 and also an area of 850 sq. ft. super built up area to Bennett, Coleman and Company for a term of three years w.e.f March 1, 2005 to February 28, 2008. We have intimated the DDA of these transfers vide our letters dated January 3, and January 4, 2006 respectively. However, the DDA may terminate the lease agreement on account of our delay in intimation. Further, under the lease agreement with the DDA, we were required to take prior permission in case of any change in constitution or change in the Articles of Association, default of which would entail automatic termination of the lease. We have intimated the DDA of these changes vide our letter dated March 2, 2006. However, the DDA may terminate the lease agreement on account of our delay in intimation.

Our corporate office admeasuring 1,799.35 sq. ft. (covered area admeasures 5,400 sq. ft.) is located at B-4/205, Safdarjung Enclave. We have entered into a lease agreement with Ms. Sudershan Walia for use of this property for a period of five years w.e.f January 1, 2006 to December 31, 2010 in consideration for a monthly rental of Rs. 60,000 per month.

We also operate our businesses from our head office extension at M-1, Saket. We use this premises as an office. We have taken this property, admeasuring 2,923.94 sq ft., on lease from Ms. Sudershan Walia for a period of five years commencing from January 1, 2006 in consideration of a monthly rent of Rs. 360,000.

We also own property located at B-7, Saket admeasuring 7200 sq. ft.

We have also entered into a perpetual lease deed with the DDA for lease of a land admeasuring 5,261.74 sq. ft. situated at A-177, Okhla Industrial Area, Phase I on payment of a premium of Rs. 2425,000/- and pay a ground rent of Rs. 60,625 per year. We are not using this premises at the moment. We have certain arrears with respect to the ground rent for this property and have received a notice from the DDA bearing No. F5(2)/1988/IND dated November 1, 2005 to clear arrears for ground rent and interest amounting to Rs. 1,075,470.07. We have vide our letter dated March 22, 2006 informed the DDA of payment of Rs. 947,465 as ground rent and interest upto December 14, 2005. Further, vide our letter dated May 8, 2006 we have clarified that amount payable by us is only Rs. 947,465, which has already been deposited with the DDA and they should accordingly issue a no-dues certificate to us.

We have sub leased a part of this property admeasuring 5,097 sq. ft. to our Promoter Group Company, M/s Ahlcons India Private Limited for a period of five years w.e.f. April 1, 2005. Under the perpetual lease agreement we are entitled to sub-let the whole or part of the building constructed on the premises for a term not exceeding five years, without the prior written approval of DDA provided that notice of such transfer should be given to the DDA within three months of such transfer. We have intimated the DDA of this sub lease vide our letter dated April 9, 2005 and the DDA may terminate the lease agreement on account of our delay in intimation. Further, under the lease agreement with the DDA, we were required to take prior permission in case of any change in constitution or change in the Articles of Association, default of which would entail automatic termination of the lease. We have intimated the DDA of these changes vide our letter dated March 2, 2006 and the DDA may terminate the lease agreement on account of our delay in intimation.

We have sold a portion of this property to our whole-time Director, Ms. Sudershan Walia as well as certain third parties namely Manu Consultants, P.E.C Engineers Private Limited, S.A Enterprises, Mr. Satinder Pal Singh and Mr. H.L Bansal. We have not taken permission from the DDA for these sales. However, we have intimated the DDA of the same vide our letter dated November 22, 2005.

Our warehouse is located at Andheria Mor, Mehrauli. We have entered into an agreement with Mr. D. K Bhandari for lease of a portion of leasehold land admeasuring 21,213 sq. ft. at the above location. We have paid a consideration of Rs. 950,000 for the use of the same.

Kolkata Properties

At Kolkata we own, 88,209 sq. ft. of agricultural land bearing R.S. Plot No. 756(P) in Mouza Chandipur, J.L No. 96, Police Station Bhangore, District South 24-Parganas. The land is currently vacant and not in use.

We have also taken on lease a property admeasuring 2,000 sq. ft. at EC-10, Salt Lake, for a term of 11 months that expires on October 30, 2006 as our regional office for consideration of Rs. 9,800 per month.

Rajasthan Properties

We have also taken on lease land admeasuring 172,160 sq. ft. at Bhiwadi Phase-III for a term of 99 years from the Rajasthan State Industrial Development and Investment Corporation Limited.

Ready Mix Concrete Divisions

The following table provides an overview of the location and approximate area details of all the key real estate taken on lease by us with respect to our RMC plant divisions at Ghaziabad, Bangalore and Haryana.

S. No	Location	Area
1.	Loni, Ghaziabad	264,627 sq. ft.
2.	Loni, Ghaziabad	341,809.87 sq. ft.
3.	Whitefield, Bangalore	80,000 sq ft.
4.	Kundli, Haryana	50,303 sq. ft.

Additionally, we also have RMC divisions at Kirti Nagar, New Delhi, Noida and Andheri, Mumbai where our plants are located. However, we have not purchased or taken on lease these properties.

Real Estate

We have purchased land admeasuring 4,000 sq. mts. from the Ghaziabad Development Authority at Plot No. 19, Vaishali, Ghaziabad. We have used this land to construct and develop our group housing project by the name of Ahlcon Apartments and have sold a majority of the constructed apartments to certain third parties.

Plumbing and Electrical Divisions

Our plumbing and electrical divisions are located at Hauz Rani, New Delhi. Our electrical division is situated on a property admeasuring 2,800 sq. ft at 259/1, Hauz Rani, New Delhi, taken on lease from Ms. Rachna Uppal for a period of three years from April 1, 2005 in consideration for a monthly rent of Rs. 50,000. Our plumbing division admeasuring 1,100 sq. ft. is located at 269/C-2, Hauz Rani and has been taken on lease from Ms. Rohini Ahluwalia for a period of three years from January 1, 2006 in consideration for a monthly rent of Rs. 15,000.

Employee Leases

Mumbai

We have taken certain properties on a temporary leave and license or lease basis for the use of our employees at Mumbai. These leave and license agreements are generally for a term of 11 months.

Kolkata

We have also taken four properties on a lease/ leave and license basis to house our Company's employees at Kolkata. One of these properties has been taken on lease for a period of five years while the other three are for a period of 11 months.

Intellectual Property

We have applied for registration of our logo and also the trademark of our unit, Ahlcon Ready Mix Concrete before the Trade Marks Registry, New Delhi on March 9, 2006 and June 15, 2005 respectively.

Insurance

We insure our construction projects, workmen, plant and machinery and other assets. The various kinds of insurance policies we take are as follows:

- Contractor's All Risk Policy broadly covers material damage to the contract works and loss caused in respect of third parties liability. These are individual policies which are specific to each contract and depend on the value of the contract.
- Workmen's Compensation Insurance Policy covers personal injury by accident or disease suffered by employee arising out of and in course of employment of the Company. These are policies for employees in respect of each project undertaken by the Company.
- Plant and Machinery Policy cover individual plants and specified items of machinery.
- Miscellaneous and Special Types of Vehicles Policy are individual policies covering specified vehicles.
- Standard fire and special perils policy on office equipment and other contents of the head office and regional offices, covers damage caused due to fire, lightning, storm, cyclone, flood and inundation, earthquakes (fire and shock), explosion, riot, strike and terrorism damage.
- Standard burglary insurance on office equipment in the head office and regional offices.
- Public liability insurance-A policy extending a cover of Rs. 189.52 million for a particular construction project, as was required by the terms of the contract.
- Marine Cargo Transit Insurance- A policy extending a cover of Rs. 29.51 million for transit anywhere in India.

Human Resources and Employee Training

Our Company has a team of around 190 engineers on its rolls, supported by an additional of approximately 83 foremen and 72 supervisors. We advertise in national dailies for employment. Recruitment of personnel in different categories is made through the human resources department of our Company. We train new employees at various project sites and selected employees are then given a larger responsibility and are allocated to a larger project site. We also conduct campus interviews at regular periods and hire people who are then trained at our existing sites in various areas of construction. The emoluments for our staff are performance based. Employees are evaluated on a yearly basis for their performance on specified parameters. We provide employees with benefits as prescribed by law, such as provident fund, gratuity and employee state insurance as per Employee State Insurance Act, 1948.

Environmental Matters

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

Further, as part of our environmental policy, we:

- Communicate and instill an organizational commitment to environmental excellence in all our activities;
- Protect the environment by designing, constructing, and operating projects that avoid or minimize adverse environmental impact;
- Provide technical and economic information and advice to our customers on engineering and construction methods that prevent or minimize pollution;

- Identify potential environmental issues early and work with customers to find and implement solutions; and
- Assist customers in the process of complying with environmental regulations.

We have been recommended for ISO 14001: 1999 and OHSAS 18001:1999 certification by DNV.

Balance Order Book as on April 30, 2006

Our balance order book as on April 30, 2006 amounts to approximately Rs. 13,864.29 million.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of major secured borrowings including non fund based credit facilities, i.e. bank guarantees, letter of credit, etc as on date of this Draft Red Herring Prospectus, together with a brief description of certain significant terms of such financing agreements.

Name of the Lender	Amount (Rs. in million)	Interest and Repayment	Security Created
Working capital facility with the Punjab and Sind Bank vide sanction letter dated November 16, 2005	50	Interest: There is no interest but commission is charged at the rate 1% p.a.	Secured by way of primary security by: First pari passu charge by hypothecation over the Company's current assets. Personal Guarantees of Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal and Mr. Vikas Ahluwalia. Pledge of 500,239 Equity Shares of our Promoters.
Working capital facility with the UTI Bank vide sanction letter dated June 21, 2005 (1)(4)(5)(10)(11)	100	Interest: There is no interest but commission is charged at the rate 0.80 to 1.0% p.a. Repayment: Tenor of 36 months	Secured by way of first pari-passu charge on all present and future current assets of the Company. Personal guarantee of Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal and Mr. Vikas Ahluwalia.
Working capital facility with Syndicate Bank vide sanction letter dated December 5, 2005	150	Interest: There is no interest but commission is charged at the rate 1% p.a. Repayment: Review of account on November 30, 2006	Secured by way of first pari passu charge by hypothecation on entire current assets of the Company. Personal guarantee of Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal and Mr. Vikas Ahluwalia.
Working capital facility with ICICI Bank vide sanction letter dated July 20, 2005 and March 24, 2006 (1)(2)(3)(4)(5)(6)(7)(8)(9)	235	Interest: There is no interest but commission is charged at the rate 0.80% p.a. Repayment: Facility valid for one year	Secured by way of first pari-passu charge on all current assets of the Company. Personal guarantees of Mr. Bikramjit Ahluwalia, and Ms. Sudershan Walia.
Working capital facility with ICICI Bank for SEBI project dated February 3, 2005	30	Interest: there is no interest but commission is charged at the rate 1.8% p.a. Repayment: 90 days from the date of shipment.	Secured by way of pari passu charge on the entire current assets of the Company. Exclusive charge on all assets pertaining to the project being funded. Personal guarantees of Mr. Bikramjit Ahluwalia, Mr. Vikas Ahluwalia and Ms. Sudershan Walia.
Working capital facility with Canara Bank vide	530 and 100	As applicable for different facilities	Secured by way of prime security by: Pari passu charge by hypothecation of

sanction letter dated December 17, 2005 supplemented by sanction letter dated May 2, 2006			stocks and book debts other than those of the following projects: (i) Construction of housing at Bakkarwala, New Delhi; (ii) Mega Housing Project at Vasant Kunj, New Delhi and (iii) Construction of mass housing at Sultangarh, New Delhi. Exclusive charge on current assets of the three projects specified hereinabove. Secured by way of collateral security by: Exclusive charge on plant and machinery. Equitable mortgage on commercial property at Plot no. 177, Block-A Okhla Industrial Area- Phase I, New Delhi 110 020. Equitable mortgage on commercial property at 4, Community Centre, Saket, New Delhi 110 017. Equitable mortgage on residential building at B-4/205, Safdarjung Enclave, New Delhi 110 026. Equitable mortgage on property held in the name of Ms. Sudershan Walia at B-7, Saket, New Delhi 110 017. Personal guarantees of Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Vikas Ahluwalia and Shobhit Uppal.
Working capital facility with Canara Bank vide sanction letter dated April 17, 2006	27	Interest: 9.01% Repayment: October 4, 2006	Secured by way of fixed deposit receipt of Rs. 30 million.
Working capital facility with Allahabad Bank vide sanction letter dated December 8, 2005 ^{(9)(10)(11) (12)}	200	Interest: There is no interest but commission is charged at the rate 1% p.a. Repayment: Review of account on November 30, 2006	Secured by way of primary security by: Pari passu charge by hypothecation of current assets of Company except for the three project related assets of Canara Bank, as specified above. Secured by way of collateral security by: Equitable mortgage of residential property in name of Bikramjit Ahluwalia at B-10, Saket, New Delhi 110 017. Pledge of 1,400,000 shares of Rs. 10 each of Ahlcon Parenterals aggregating to Rs. 14 million.

Working capital facility for electrical division with Yes Bank vide sanction letter dated March 18, 2006 ⁽¹⁾	50	Interest: 9.50% in respect of cash credit facilities and commission of 1% p.a. for bank guarantee facilities	Secured by way of first pari passu charge on the current assets of our Company. Personal guarantee of Mr. Bikramjit Ahluwalia.
Working capital facility for RMC division with Yes Bank dated November 14, 2005 ⁽¹⁾⁽³⁾	30	Interest: PLR-3%	Secured by way of first pari-passu charge on the current assets of the Company. Personal Guarantee of Mr. Bikramjit Ahluwalia.
Short term loan with Allahabad Bank vide sanction letter dated December 8, 2005 ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	65	Interest: PLR-2% Repayment: Repayment in two equal installments of Rs. 7.5 million (commencing from June, 2006 to July, 2006) and five equal installments of Rs. 10 million (commencing from August, 2006 to December, 2006)	Secured by way of collateral security by: Negative lien of 30% share of commercial space at 6-60/ B, Swami Vivekanand Road, Santa Cruz, Mumbai. Extension of mortgage charge on the property at plot no. B-10, Saket, New Delhi.
Short term loan with Allahabad Bank vide letter dated December 8, 2005 ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	105	Interest: PLR-2% Repayment: Repayment in three equal installments of Rs.10 million (commencing from May, 2006 to July, 2006) and five equal installments of Rs. 15 million (commencing from August, 2006 to December, 2006)	Secured by way of primary security by equitable mortgage of property proposed to be purchased at plot no. B-2/97 and 99, Mohan Co-operative Industrial Area, Mathura Road, New Delhi.
Term Loan Agreement with the UTI Bank Limited dated June 21, 2005 ⁽¹⁾⁽²⁾	100	Interest: Bank's PLR-3.60% Repayment: Repayment in eight equal quarterly installments of Rs.12.5 million commencing from June 2006.	Secured by way of first pari-passu charge on all present and future current assets of the Company. Personal Guarantees of Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal and Mr. Vikas Ahluwalia.

- ⁽¹⁾ Under the terms of the loan documentation, we have undertaken not to effect any scheme of amalgamation, reconstruction or reconstitution without the prior consent of the lender.
- ⁽²⁾ Under the terms of the loan agreement, we have undertaken to not do the following without the prior consent of the lender:
- a) Effect any material change in the composition of our Board or in the management set up or in the ownership of our business;
 - b) Amend our Memorandum and Articles of Association; and
 - c) Create, incur or assume any further indebtedness of any nature.
- ⁽³⁾ Pay commission to our Promoters, Directors, managers or any other person for furnishing guarantees.
- ⁽⁴⁾ Under the terms of the loan documentation, we have undertaken not to change or in any way alter our capital structure without the prior consent of the lender.
- ⁽⁵⁾ Under the terms of the loan documentation, we have undertaken not to declare or pay any dividend unless all dues payable to the lender have been paid without the prior consent of the lender.
- ⁽⁶⁾ Under the terms of the loan agreement, the lender has the right to appoint a nominee director on the Board.
- ⁽⁷⁾ Under the terms of the loan agreement, we have undertaken not to make any investment by way of deposits, loans, share capital etc in any concern without the prior consent of the lender.
- ⁽⁸⁾ Under the terms of the loan agreement, we have undertaken not to prepay the indebtedness incurred by us thereunder.
- ⁽⁹⁾ Under the terms of the loan agreement, we have undertaken not to undertake any new project, diversification, modernization or substantial expansion without the prior consent of the lender.
- ⁽¹⁰⁾ Under the terms of the loan agreement, we have undertaken not to invest in any subsidiary /associate concerns by way of loans and advances or investment in shares without the prior consent of the lender.
- ⁽¹¹⁾ Under the terms of the loan agreement, we have undertaken not to effect any major change in the management of the company involving transfer of ownership without the prior consent of the lender.
- ⁽¹²⁾ Under the terms of the loan agreement, our Promoters shall not dispose of their shareholding without the prior consent of the lender.

REGULATIONS AND POLICIES

Our Company is involved in the construction business. While the construction industry remains largely unregulated, we are subject to a wide range of labour laws that govern the terms of employment of workers and conditions of work at our construction sites. The following paragraphs detail the major legislations applicable to our business.

Regulation of Foreign Investment

Foreign investment in India is governed primarily by the provisions of the FEMA, and the rules, regulations and notifications thereunder, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, which provides for whether or not approval of the Foreign Investment Promotion Board is required for activities to be carried out by foreigners in India.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer or issue security to a person resident outside India. As laid down by the FEMA Regulations, FDI in specified sectors upto the prescribed sectoral caps is under the "automatic route", i.e., prior approval of the RBI is not required for such investment. In respect of investment in excess of the specified sectoral limits, and in respect of sectors to which the automatic route does not apply, prior approval may be required from the RBI and/or the FIPB.

At present, foreign investment in companies engaged in construction activities falls under the RBI automatic approval route for FDI/NRI investment upto 100%. With regard to FDI in the real estate sector, while FDI is not permitted in general, Press Note No. 2 (2005 series), published by the GoI has permitted FDI of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects, subject to certain conditions enumerated therein. For further details please see section titled "Restrictions on Foreign Ownership of Indian Securities" beginning on page 239 of this Draft Red Herring Prospectus.

Labour Law Legislations

Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The central government has enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("BOCWA") as a comprehensive central legislation governing construction workers. The BOCWA aims at regulating the employment and conditions of service of construction workers and to provide for their health, safety and financial health, among other welfare measures. Under the BOCWA, every employer employing ten or more building workers for building or construction work in the past 12 months must apply for registration of its establishment.

The BOCWA vests with the building and other construction workers welfare board, the responsibility of providing for immediate assistance in case of accidents, old age pension, loans for construction of houses, premia for group insurance, financial assistance for education, to meet medical expenses, maternity benefits etc. to beneficiaries under the BOCWA.

Comprehensive Central Rules i.e., the Building and other Construction Workers (Regulation of Service and Conditions of Service) Central Rules, 1998 have been notified by the Central Government, which elaborate on the health and safety measures that must be taken in relation to construction workers.

Building and Other Construction Workers' Welfare Cess Act, 1996

The Building and Other Construction Workers Welfare Cess Act, 1996 ("Cess Act") came into force with effect from August 19, 1996 to provide for the levy and collection of cess on the cost of construction incurred by the employer with a view to augmenting the resources of the building and other construction workers welfare board constituted under the BOCWA. Under the Cess Act, cess amount is levied and collected from the employer, within 30 days of completion of construction project, at such rate not exceeding two per cent but not less than one per cent of the cost of the construction.

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 Act 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.

Payment of Wages Act, 1936

The object of the Payment of Wages Act, 1936 (“PWA”) is to regulate payment of wages to certain classes of employed persons, namely to those employed in a factory, those employed, directly or indirectly, through a contractor, by a railway administration, and those employed in specified establishments. The PWA makes every employer responsible for the payment of wages to a person employed by him. The PWA prescribes periods for which wages must be paid, time of payment of wages, deductions which may be made from wages, etc. No deductions can be made from the wages nor can any fine be levied on wages earned by a person employed except as provided under the PWA.

Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 (“Standing Orders Act”) aims to require employers in industrial establishments which employs 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make such conditions of employment known to such workmen.

The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by him in the prescribed manner. However, until the draft standing orders are certified the prescribed standing orders given in the Standing Orders Act must be also followed. Such industrial establishments must submit to the statutorily appointed certified officer “standing orders”, which are rules relating to matters set out in the schedule to the Standing Orders Act, including,

inter alia, classification of workmen, shift working, attendance rules, leave and holidays, closing and re-opening sections of the industrial establishment, termination of employment, suspension or dismissal for misconduct and the acts that constitute misconduct, redressal means for workmen against unfair treatment. The standing orders are then circulated to the workmen or the trade union as the case may be, modified if necessary, and then certified. Employers may attract penalties for not submitting draft standing orders as required by the statute, or for modifying the standing orders otherwise than in accordance with the statute.

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.

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.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (“PBA”) was enacted with the objective of providing of payment of bonus on the basis of profit or on the basis of productivity to people employed in factories and in establishments employing twenty or more persons on any day during an accounting year. The provisions of the PBA ensure that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Under the PBA every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs.100, whichever is higher. The PBA details the requirements for eligibility of employees for bonus, the method of calculating bonus, the time limit for payment of bonus, adjudication of disputes that may arise under the PBA, and penalties for contravention of the provisions of the PBA.

Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 (the “ERA”) provides for the payment of equal remuneration to men and women and for the prevention of discrimination against women in the matter of employment. The ERA directs all employers to pay equal wages to men and women. Further, it provides that no employer shall discriminate between men and women while making recruitments for the same or work of a similar nature or in any condition of service (such as promotions, training, transfers, etc.). Under the ERA, the government is empowered to appoint an officer for the purpose of hearing and deciding claims and complaints that may arise under the ERA.

The ERA imposes on employers the responsibility of maintaining registers, as may be prescribed, in relation to the workers employed by him. Further, inspectors may be appointed by the government to carry out investigations to ensure compliance with the provisions of the ERA. Lastly, penalties may be imposed for failure to comply with the provisions of the ERA.

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.

Industrial Disputes Act, 1947

The primary legislation governing industrial relations is the Industrial Disputes Act, 1947 (“IDA”). It applies, in the first instance, to “industries”, i.e., any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft, or industrial occupation or a vocation of workmen. It further, applies to persons employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, but does not include persons employed mainly in a managerial or administrative capacity, or who, being employed in a supervisory capacity, draws wages exceeding Rs. 1,600 per mensem. The IDA envisages a hierarchical dispute resolution structure for industrial disputes between employers and employees, or between employers and workmen, or between workmen and workmen, which are connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person. Further, disputes between employers and workmen related to the discharge, dismissal, retrenchment or termination by any other means, of the services of a workman are also subject to resolution under the mechanism of the IDA.

With regard to the maintenance of amicable industrial relations, and dispute resolution, as and when the need for the same arises, the IDA prescribes the constitution of various bodies, such as works committees consisting of employer and workmen representatives, to promote measures for securing good relations between the employer and workmen; conciliation officers charged with the duty of mediating in and promoting the settlement of industrial disputes; boards of conciliation for settlement of industrial disputes; courts of inquiry for inquiring into any matter connected with or relevant to an industrial dispute; labour court(s) for the adjudication of industrial disputes relating to specified matters; and industrial tribunals for adjudication of disputes and for the performance of other functions, as may be assigned to them under the IDA. Further, national industrial tribunals may also be appointed by the central government for the adjudication of industrial disputes which involve questions of national importance, or are such that industrial establishments situated in multiple states may be affected by such disputes.

When an industrial dispute arises or is apprehended, the appropriate government may refer the same to a board of conciliation, court of enquiry, labour court or industrial tribunal, as appropriate, for settlement thereof. Further, employers and employees may also agree to refer disputes to arbitration before they have gone before any of the statutory authorities enumerated above. The various boards, courts, tribunals, national tribunals and labour courts have the same powers as are vested in an ordinary civil court and have

wide powers to order payment of costs or other appropriate relief, especially in cases of discharge or dismissal of workmen. Settlements or awards are binding on all parties to the industrial dispute, and also on all heirs, successors or assigns of the employer in respect of the establishment to which the dispute relates.

The IDA deals with strikes and lock-outs, when they are prohibited and the conditions subject to which a strike or lock-out may be declared. It also lays down the procedure and conditions precedent for lay-offs and retrenchments and the nature of compensation that must be given.

The IDA prohibits unfair labour practices, which include, *inter alia*, interfering with the right to organize, form or participate in a trade union or to engage in collective bargaining, establishing employer-sponsored trade unions, discharging or dismissing workmen for false reasons, without regard for principles of natural justice or for minor or technical misconduct, *mala fide* transfer of workmen, failure to implement awards, settlements or agreements, instigating illegal strikes, indulging in willful damage to the employer's property, etc.

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.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on June 2, 1979 under the Companies Act as a private company by the name of “Ahluwalia Contracts (India) Private Limited” with the ROC. In July 1979, our Company acquired the business of four partnership firms engaged in construction of which our Chairman and Managing Director, Mr. Bikramjit Ahluwalia, was a member.

In the year 1989, by virtue of its high turnover, our Company became a deemed public limited company under section 43-A(IA) of the Companies Act and subsequently converted ourselves into a public limited company on September 6, 1990 and changed our name to “Ahluwalia Contracts (India) Limited”. At the time of incorporation, the registered office of our Company was situated at B-4/205, Safdarjung Enclave, New Delhi 110 029, India. However, on September 6, 1991 we shifted our registered office to 4, Community Centre, Saket, New Delhi 110 017, India.

In 1996, we offered 800,000 equity shares of Rs. 10 each for cash at a price of Rs. 40 per share aggregating Rs. 32 million, and the shares were listed on Delhi Stock Exchange, CSE and the JSE.

Major events:

A chronology of some key events since our incorporation is set forth below:

Year	Event
1979	Our Company was incorporated as a private limited company.
1990	Our Company was converted into a public limited company under the name of “Ahluwalia Contracts (India) Limited”.
1992	Completed the Chancery building for the High Commission of India, Dubai.
1996	Launched our first public issue of 800,000 Equity Shares and listed on Delhi Stock Exchange, CSE and JSE.
1998	Completed the Goa legislative assembly project.
1999	- Completed the Signature Tower complex project, Gurgaon. - Completed phase-I of construction of the Apollo Hospital project, Kolkata.
2000	Completed construction of the Apollo Tyres Limited corporate house, Gurgaon.
2001	Turnover for fiscal 2001 crossed Rs. 840 million.
2002	- Completed office building for Asian Development Bank, New Delhi. - Completed construction of five star hotel Sonar Bangala for ITC Hotels Limited. - Completed factory building of Moser Baer Limited, Noida.
2003	- Turnover for fiscal 2003 crossed Rs.1,750 million. - Developed in-house plumbing division to undertake complete marketing, commercial scrutiny, costing, designing and system engineering. - Executed many prestigious projects, including: - ITC Grand Central Hotel, Mumbai; - DPS International School, New Delhi; and - Corporate office for Xansa India Limited, Noida.
2004	- Turnover for fiscal 2004 crossed Rs. 2,600 million. - Ventured into the RMC business by establishing a plant in Loni in May, 2004. - Received the ISO 9001: 2000 certification from DNV.
2005	- Turnover for fiscal 2005 crossed Rs. 3,000 million. - Completed construction of Pitampura, Rohini East and Rohini West stations for DMRC. - Completed phase-I of the India Exposition Mart project, Noida.

Awards and Recognitions

Year	Awards and Recognitions
1982	Appreciation certificate for valuable services rendered to the Special Organising Committee, 9 th Asian Games, 1982.
1985	Awarded trophy by the Finance Minister of India for successful completion of Finance Ministry's building complex, “National Institute of Public Finance and Policy”, New Delhi.

1985	Best building award for construction of India Institute of Foreign Trade, New Delhi.
1991	Silver Salver award by Professor J.S. Bajaj, Member Planning Commission for quality construction of National Institute of Immunology, New Delhi.

Our Main Objects

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

1. To negotiate, acquire and take over as going concern or otherwise the business of building contractors and civil engineers now carried on under the name and style of M/s Ahluwalia Construction Company, and to take over all or any of the assets and liabilities of the owners of that business in connection therewith, on such terms and conditions as may be agreed upon and with a view thereto, to enter into an agreement and to carry the same into effect with or without modification. The said firm shall cease to exist on such take over.
2. To acquire by purchase, lease, exchange, hire or otherwise lands and properly, of any tenure or any interest in the same.
3. To carry on the business of leasing and hire purchase in general and, in particular, to sell, lease, let, mortgage, sub lease or otherwise dispose of land, houses, buildings and machinery or equipment, plant or stock or any other property, moveable or immovable, owned by the Company or acquired by purchase, lease or otherwise to any body corporate, firm or any other person on persons.
4. To purchase and sell for any persons freehold or other house property, buildings or land, or any share or shares, interest or land, of any share or shares, interest or interests therein and to transact on commission or otherwise the general business of a land agent.
5. To carry as contractors and builders for any persons or governmental authorities for the construction of buildings of all description, roads, bridges, earthwork, docks, airports, canals, ports, water reservoirs, tramways, railways, irrigation works, sewers, tanks, drains, culverts, channels, sewage, core and urban infrastructure manufacturing and marketing of ready mix concrete, concrete products, electrical, mechanical engineering, architectural work, designers, planners, builders, plumbing and as consulting engineers and to undertake and execute constructional and engineering and allied contracts and real estate, township, planners or any other improvement.
6. To purchase, take on lease or in exchange, hire or otherwise acquire any estates, land, building basements or other interests in immovable property and to develop and to turn them to account by laying out, plotting and preparing the same for building purposes, constructing, building, altering, pulling down, decorating, maintaining, furnishing, fitting up and improving buildings and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and entering in contracts and arrangements with builders, tenants and others.
7. To erect and construct houses, buildings or works of every description on any land of the company, or upon any other lands or property, and to pull down, rebuild, enlarge, alter and improve such land into and for roads, streets, squares, gardens and other conveniences and generally to deal with and improve the property of the company or any other property.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendment
October 3, 1983	Authorised share capital increased from Rs. 1,000,000 to Rs. 2,500,000.
May 22, 1989	Authorised share capital increased from Rs. 2,500,000 to Rs. 10,000,000.
December 23, 1992	Authorised share capital increased from Rs. 10,000,000 to Rs. 30,000,000.
March 27, 1995	Authorised share capital increased from Rs. 30,000,000 to Rs. 50,000,000.
December 30, 1999	Substitution of sub-clause 3 of clause III in place of the existing sub-clause by insertion of the following:

	To carry on the business of leasing and hire purchase in general and, in particular, to sell, lease, let, mortgage, sub lease or otherwise dispose of land, houses, buildings and machinery or equipment, plant or stock or any other property, moveable or immoveable, owned by the Company or acquired by purchase, lease or otherwise to any body corporate, firm or any other person or persons.
September 29, 2000	Insertion of the following clause after Clause 19: 19A: to guarantee the performance of any contract or obligations, payment of money, dividend and interest on any stock, shares or securities, of any company, corporation, firm or person, in any case in which such guarantee may be considered directly or indirectly to further the main objects of the Company. 19B: to guarantee the payment of money unsecured or secured, payable under or in respect of promissory notes, bonds, debenture, stocks, contracts, mortgages, charges, obligations, instruments and securities of the Company or any authority, supreme, municipal, local or of any persons whomsoever, whether incorporated or not incorporated and to guarantee or become sureties for the performance of any contracts or obligations as may be necessary for the purpose of the Company.
September 30, 2005	Authorized share capital increased from Rs. 50,000,000 to Rs. 200,000,000.
February 25, 2006.	Substitution of sub-clause 5 of clause III A in place of the existing sub clause by insertion of the following: 5. to carry as contractors and builders for any persons or government authorities for the construction of buildings of all description, roads, bridges, earthwork, docks, airports, canals, ports, water reservoirs, tramways, railways, irrigation works, sewers, tanks, drains, culverts, channels, sewage, core and urban infrastructure, manufacturing and marketing of ready mix concrete, concrete products, electrical, mechanical engineers, architectural work, designers, planners, builders, plumbing and as consulting engineers and to undertake and execute constructional and engineering and allied contracts and real estate, township, planners or any other improvement.

Our Subsidiaries

Our Company does not have any subsidiaries, however we hold substantial investments in the equity shares of Ahlcon Parenterals (India) Limited. For details on information relating to Ahlcon Parenterals (India) Limited, please see the section titled “Our Promoter and Promoter Group” beginning on page 103 of this Draft Red Herring Prospectus.

Acquisition of Equity Shares by Tidal Securities Private Limited

We have been listed on the Delhi Stock Exchange, CSE and JSE pursuant to an initial public offering on April 30, 1996. The aggregate shareholding of our promoters, as on that date, was 74.62% of our issued share capital. The same was reflected in our filing dated April 2, 1997 under the Takeover Code.

In 1997, Tidal Securities Private Limited (“TSPL”) acquired 82,500 Equity Shares in a series of transactions on dates July 7, 1997 (6,300 Equity Shares), October 10, 1997 (63,100 Equity Shares) and November 1, 1997 (13,100 Equity Shares). The acquisition made on July 7, 1997 amounted to 0.2% of the shareholding of our Company. On October 10, 1997 and November 1, 1997, TSPL further acquired 2.01% and 0.42% of the shareholding of our Company respectively. TSPL is a closely held company with substantial shareholding by our Promoters and other persons related to our Promoters. However, in our filings under the listing agreements and the Takeover Code, TSPL has been disclosed as a shareholder of the Company in the category of private corporate bodies holding more than 1% and not as part of the promoters or persons acting in concert. Thus, the shareholding of Promoters, Promoter group and persons acting in concert in our Company has been 77.25% of the issued share capital of the Company after the acquisition of Equity Shares by TSPL. Currently, TSPL is not a shareholder in our Company.

Shareholders agreements

Our Company does not have any shareholders' agreements.

Other agreements

There are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and there are no material agreements entered into more than two years before the date of this Draft Red Herring Prospectus.

Strategic partners

We have no strategic partners.

Financial partners

We have no financial partners.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than three Directors and not more than 12 Directors. We currently have eight Directors.

The following table sets out the current details regarding our Board of Directors:

Name, Father's Name, and Designation Occupation	Age	Address	Other Directorships
Mr. Bikramjit Ahluwalia s/o Late Mr. K.C Ahluwalia Designation: Chairman and Managing Director Occupation: Industrialist	66 years.	B- 10, Saket, New Delhi, India.	- Ahlcon Parenterals (India) Limited; - Ahluwalia Builders and Development Group Private Limited; and - Capricon Industrials Limited.
Ms. Sudershan Walia d/o Late Mr. M.R Ahluwalia Designation: Whole-time Director Occupation: Industrialist	58 years.	B-10, Saket, New Delhi, India.	- Ahlcon Parenterals (India) Limited; - Ahluwalia Builders and Development Group Private Limited; and - Capricon Industrials Limited.
Mr. Shobhit Uppal s/o Mr. S.P. Uppal Designation: Whole-time Director Occupation: Industrialist	39 years.	B-5, Saket, New Delhi, India.	Nil
Mr. Vikas Ahluwalia s/o Mr. Bikramjit Ahluwalia Designation: Whole-time Director Occupation: Industrialist	30 years.	B-10, Saket, New Delhi, India.	- Tidal Securities Private Limited; - Ahluwalia Builders and Development Group Private Limited; and - Procon One International Private Limited.
Mr. Arun Kumar Gupta s/o Late Mr. R.D Gupta Designation: Independent Director Occupation: Business Executive	57 years.	M-14, Kailash, Colony, New Delhi, India.	- Satia Synthetics Private Limited; and - Ahlcon Parenterals (India) Limited.
Mr. Surinder K. Chawla s/o Mr. B. D. Chawla Designation: Independent	66 years.	549, 9 th Floor, Tower No. 3, Mount Kailash Apartment, East of Kailash, New	Nil

Director		Delhi, India.	
Occupation: Business Executive			
Mr. Virender Kumar Sachdeva s/o Mr. R. L. Sachdeva Designation: Independent Director Occupation: Business Executive	72 years.	A-31/9, DLF City, Phase-I, Gurgaon, Haryana, India.	• Cost Plus Credit Capital Limited; and • Ahlcon Parenterals (India) Limited.
Mr. Balbir Singh s/o Mr. Darbara Singh Designation: Independent Director Occupation: Business Executive	70 years.	F-7D, SFS Flats, Saket, New Delhi, India.	Nil

Details of Directors

Mr. Bikramjit Ahluwalia, (66 years) is the Chairman and Managing Director and founder of our Company. He holds a diploma in civil engineering from Meharchand Polytechnical Institute, Jullandhur. Mr. Ahluwalia has over 40 years of experience in the construction industry and has been instrumental in the overall growth of our Company. He was actively involved in overseeing the construction and management of various prestigious projects completed by our Company such as the Moser Baer plant in Noida, the Starex school at Gurgaon, the Cielo car plant at Surajpur, Ghaziabad, Goa State Legislative Assembly and the Industrial Finance Corporation Tower at New Delhi, among others. He is the guiding figure who directs, manages and oversees all activities of our Company.

Ms. Sudershan Walia (58 years) is a whole-time Director and has been associated with the construction business since the inception of our Company. Ms. Walia has done her matriculation and has been a guiding figure behind the overall growth of our Company. She is currently involved in the general administration of the Company and is also handling human resource development and labour welfare. She is also a member of the Investor Grievance Committee of our Company.

Mr. Shobhit Uppal (39 years) is a whole-time Director. He graduated with a bachelor's degree in engineering from Regional Engineering College, Kurukshetra and has over 16 years of experience in the construction industry. He has been instrumental in the execution of many mega projects set up by our Company such as the India Exposition Mart complex at Greater Noida, the Singapore High Commission building at Chanakyapuri, New Delhi, the Fortis Multi Speciality Hospital at Noida along with several other prestigious projects. At present, he is actively involved in the execution of some of our projects at Kolkata, Bangalore, Punjab and the NCR. He is also a member of the Audit Committee and Investor Grievance Committee of our Company.

Mr. Vikas Ahluwalia (30 years) is a whole-time Director. He holds a bachelor's degree in civil engineering from R.V. College of Engineering, Bangalore. He has been involved in the construction business since 1996 and has been instrumental in the successful implementation of many big projects of our Company. He is currently overseeing the RMC and real estate business of our Company.

Mr. Arun Kumar Gupta (57 years) is an independent Director of our Company. He holds a bachelor's degree in commerce from the Shri Ram College of Commerce and is a chartered accountant and a cost accountant by profession. He is also a fellow member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Cost Works Accountant (ICWA) and was nominated to the Central Council of the Institute of Chartered Accountants of India from 1992-1995. He has more than 34 years of experience in

tax planning, corporate restructuring and company law and has been providing management consultancy services to several companies for the past few years. He joined our Board of Directors in the year 2000. He is also a member of the Audit Committee and Remuneration Committee of our Company.

Mr. Surinder K. Chawla (66 years) is an independent Director of our Company. He holds a bachelor's degree in technology with a specialisation in civil engineering from the Indian Institute of Technology, Kharagpur and also holds a master's degree in science with a specialisation in highways and bridges from Punjab Engineering College, Chandigarh. He has about 32 years of experience in handling construction projects and has been associated with several government departments including the Central Public Works Department. He has been awarded with the Asiad Jyoti Award by the President of India for distinguished and meritorious service for the successful organization and conduct of the IXth Asian Games at New Delhi in 1982. He is a fellow member of the Institution of Engineers (India), Indian Roads Congress, Indian Council of Arbitrators, International Council of Consultants and the Indian Society of Arbitrators. He joined our Board of Directors in the year 2000. He is also a member of the Audit Committee and Remuneration Committee of our Company.

Mr. Virender Kumar Sachdeva (72 years) is an independent Director of our Company. He holds a master's degree in economics and a bachelor's degree in law from Agra University, Meerut. He also completed an advanced professional programme in public administration from the Indian Institute of Public Administration, New Delhi. He joined the Indian Revenue Service in the Income Tax Department as an Income Tax-Class I Officer. Currently, he works as a tax consultant for many corporate houses. He has over 37 years of experience in finance and tax related matters. He retired as Chief Commissioner (Income Tax) in 1991 and was re-employed as Member Appellate Tribunal (under the Law Ministry) thereafter. He is registered as an advocate with the Bar Council of Delhi. He joined our Board of Directors in the year 2000. He is also a member of the Audit Committee, Investor Grievance Committee and Remuneration Committee of our Company.

Mr. Balbir Singh (70 years) is an independent Director of our Company. He holds a bachelor's degree in technology with a specialization in civil engineering from the Indian Institute of Technology, Kharagpur, a master of technology in structural engineering from Indian Institute of Technology, Kharagpur and a post graduate diploma with a specialisation in industrial relations and personnel management from Bhartiya Vidya Bhawan, New Delhi and has served as director general of the Central Public Works Department. He has 36 years of experience in the field of planning, construction and design and joined our Board of Directors in the year 2003. He is also a fellow member of the Institute of Engineers.

Except Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal and Mr. Vikas Ahluwalia, who are related to each other, none of our other Directors are related to each other.

Borrowing Powers of our Board

Pursuant to a resolution passed by our shareholders on September 30, 2005, our Board has been authorised to borrow money upon such terms and conditions and with/without security as the Board may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by us (apart from the temporary loans obtained from our bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 10,000 million.

Appointment and Term of our Directors

Set forth below are the details of the appointment and term of office of our Directors:

Name of Directors	Date of Resolution	Term
Mr. Bikramjit Ahluwalia	September 30, 2002	Mr. Bikramjit Ahluwalia is the Chairman and Managing Director and has been re-appointed for a period of five years with effect from April 1, 2002.
Ms. Sudershan Walia	September 30, 2002	Ms. Sudershan Walia is a whole-time Director and has been re-appointed for a period of five years with effect from April 1, 2002.
Mr. Shobhit Uppal	September 30, 2002	Mr. Shobhit Uppal is a whole-time Director and has been re-appointed for a period of five

		years with effect from April 1, 2002.
Mr. Vikas Ahluwalia	September 30, 2002	Mr. Vikas Ahluwalia is a whole-time Director and has been re-appointed for a period of five years with effect from April 1, 2002.
Mr. Arun Kumar Gupta	September 30, 2005	Liable to retire by rotation.
Mr. Surinder K. Chawla	September 30, 2004	Liable to retire by rotation.
Mr. Virender Kumar Sachdeva	September 30, 2005	Liable to retire by rotation.
Mr. Balbir Singh	September 30, 2005	Liable to retire by rotation.

Details of Compensation of our Directors

Mr. Bikramjit Ahluwalia was re-appointed as the Chairman and Managing Director of our Company with effect from April 1, 2002 for a period of five years vide resolution of the shareholders of the Company dated October 30, 2002. He is entitled to a monthly basic salary of Rs. 160,000 with an annual increment of Rs. 16,000 in addition to a house rent allowance not exceeding 50% of the basic salary. He is also entitled to other benefits, such as leave travel allowance once annually, subject to a cap equivalent to one month's basic salary; free supply of gas, water, electricity, furniture and furnishing, subject to a ceiling equal to 20% of the basic salary; reimbursement of medical expenses subject to a ceiling of one month's basic salary in a block of three years; medical insurance premium upto Rs. 10,000; fees of two clubs, personal accident insurance, the premium of which shall not exceed Rs. 1,000 annually; telephone facilities; use of car; gratuity not exceeding one half month's basic salary for each completed year of service; and contribution to provident fund and pension fund subject to statutorily prescribed ceilings.

Ms. Sudershan Ahluwalia was re-appointed as a whole-time Director of our Company with effect from April 1, 2002 for a period of five years vide resolution of the shareholders of the Company dated October 30, 2002. She is entitled to a monthly basic salary of Rs. 30,000 with an annual increment of Rs. 3,000 in addition to a house rent allowance not exceeding 50% of the basic salary. She is also entitled to other benefits, such as leave travel allowance once annually, subject to a cap equivalent to one month's basic salary ; free supply of gas, water, electricity, furniture and furnishing, subject to a ceiling equal to 20% of the basic salary; reimbursement of medical expenses subject to a ceiling of one month's basic salary in a block of three years; medical insurance premium upto Rs. 10,000; fees of two clubs, personal accident insurance, the premium of which shall not exceed Rs. 1,000 annually; telephone facilities; use of car; gratuity not exceeding one half month's basic salary for each completed year of service; and contribution to provident fund and pension fund subject to statutorily prescribed ceilings.

Mr. Shobhit Uppal was re-appointed as a whole-time Director of our Company with effect from April 1, 2002 for a period of five years vide resolution of the shareholders of the Company dated October 30, 2002. His remuneration was revised vide resolutions of the shareholders of the Company dated September 30, 2005. He is entitled to a monthly basic salary of Rs. 125,000 with an annual increment of 10% in the monthly salary in addition to a house rent allowance not exceeding 50% of the basic salary. He is also entitled to other benefits, such as leave travel allowance once annually; free supply of gas, water, electricity, furniture and furnishing, subject to a ceiling equal to 10% of the basic salary; reimbursement of medical expenses subject to a ceiling of one month's basic salary in a block of three years; medical insurance premium upto Rs. 10,000; fees of two clubs, personal accident insurance, the premium of which shall not exceed Rs. 1,000 annually; telephone facilities; use of car; gratuity not exceeding one half month's basic salary for each completed year of service; and contribution to provident fund and pension fund subject to statutorily prescribed ceilings.

Mr. Vikas Ahluwalia was re-appointed as a whole-time Director of our Company with effect from April 1, 2002 for a period of five years vide resolution of the shareholders of the Company dated October 30, 2002. He is entitled to a monthly basic salary of Rs. 50,000 with an annual increment of Rs. 5,000 in addition to a house rent allowance not exceeding 50% of the basic salary. He is also entitled to other benefits, such as leave travel allowance once annually, subject to a ceiling of one month's basic salary; free supply of gas, water, electricity, furniture and furnishing, subject to a ceiling equal to 20% of the basic salary; reimbursement of medical expenses subject to a ceiling of one month's basic salary in a block of three

years; medical insurance premium upto Rs. 10,000; fees of two clubs, personal accident insurance, the premium of which shall not exceed Rs. 1,000 annually; telephone facilities; use of car; gratuity not exceeding one half month's basic salary for each completed year of service; and contribution to provident fund and pension fund subject to statutorily prescribed ceilings.

We may pay our independent Directors a sitting fee of up to Rs. 2,500 for every meeting of our Board, audit committee, investor grievance committee and remuneration committee.

Except for our Chairman and Managing Director and our whole-time Directors, who are entitled to statutory benefits upon termination of their employment with our Company, no other Director is entitled to any benefit upon termination of his employment with our Company.

Corporate Governance

Corporate governance is administered through our Board of Directors and the committees of the Board. However, primary responsibility for upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value vests with our Board of Directors.

Pursuant to listing of the Equity Shares, we would be required to enter into listing agreements with the BSE and NSE. We are listed with the Delhi Stock Exchange, CSE and JSE and are in compliance with the applicable provisions of listing agreements pertaining to corporate governance, including appointment of independent Directors and constitution of the following committees of our Board:

Audit Committee:

The members of the Audit Committee of the Board currently are Mr. Arun Kumar Gupta, chairman, Mr. Virender Kumar Sachdeva, Mr. Surinder K. Chawla and Mr. Shobhit Uppal.

The responsibilities of the Audit Committee include:

- Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, nature and scope of audit, fixation of audit fee and also approval for payment for any other services to external auditors;
- Reviewing with the management, external and annual financial statements before submission to the Board;
- Review with the management, the half yearly and annual financial statements before submission to the Board;
- Review with the management the internal audit reports and the reports of external auditors;
- Review of the adequacy and effectiveness of the internal auditor function, the internal control system of the Company's policies and applicable laws and regulations.

The Audit Committee shall have a minimum of four meetings with a maximum gap of three months. The quorum shall be either two members or one third of the members of the audit committee, whichever is higher and a minimum of two independent directors. The audit committee has met three times in the fiscal 2005 and five times in the fiscal 2006.

Investor Grievance Committee:

The Investor Grievance Committee of our Company consists of Mr. Virender Kumar Sachdeva, chairman, Ms. Sudershan Walia and Mr. Shobhit Uppal. Our Company Secretary has been designated as the Compliance Officer and the Board of Directors have delegated the power of approving transfer of securities to the Company Secretary as well. The terms of reference of the Investor Grievance Committee includes:

- Resolving all the complaints received from the investors/shareholders like dematerialisation and re-materialisation of shares, transfer of shares, non- receipt of balance sheet, etc;
- Placing before the Board the status of various complaints received by the committee.
- Approving the issue of duplicate certificates and overseeing and reviewing all matters connected with securities transfer.

- Overseeing the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

The Investor Grievance Committee has met five times in the fiscal 2005 and seven times in the fiscal 2006.

Remuneration Committee:

The Remuneration Committee of our Company consists of Mr. Surinder K. Chawla, chairman, Mr. Arun Kumar Gupta and Mr. Virender Kumar Sachdeva. The remuneration committee shall have powers to decide, inter alia, the following:

- Remuneration payable to our Managing Director/whole-time Directors;
- Sitting fee payable to our non executive Directors;
- Our remuneration policy covering policies on remuneration payable to our senior executives.

The quorum for meetings of the Remuneration Committee shall be the presence of any two members. The remuneration committee has met once in the fiscal 2005.

Follow- on Public Offering Committee ("FPO Committee):

The FPO Committee was constituted on February 25, 2006. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Issue.

The members of the FPO Committee are Mr. Bikramjit Ahluwalia, Ms. Sudershan Walia, Mr. Shobhit Uppal, Mr. Vikas Ahluwalia, Mr. S.K Sachdeva, Mr. Vijay Kumar Jain and Mr. Vipin Kumar Tiwari.

Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any Equity Shares as qualification shares. The following table details the shareholding of our Directors:

Name of Directors	Number of Equity Shares (Pre-Issue)	Percentage (%) shareholding
Mr. Bikramjit Ahluwalia	977,088	7.78%
Ms. Sudershan Walia	3,374,532	26.88%
Mr. Shobhit Uppal	861,600	6.86%
Mr. Arun Kumar Gupta	160	Negligible
Mr. Surinder K. Chawla	80	Negligible
Mr. Virender Kumar Sachdeva	40	Negligible
Mr. Balbir Singh	80	Negligible

Interest of our Directors

All of our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. The executive Directors are interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company and the terms of such remuneration are set forth in contracts executed between our executive Directors and our Company.

All our directors except Mr. Vikas Ahluwalia hold Equity Shares and hence they may be deemed to be interested to the extent of their shareholding in our Company. Further, all our Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Company had been incorporated by Mr. Bikramjit Ahluwalia and Mr. Karamchand Ahluwalia. For this purpose, Mr. Bikramjit Ahluwalia and Mr. Karamchand Ahluwalia had subscribed to our Memorandum of Association and had subscribed to the initial issue of our Equity Shares.

Our whole-time Director, Ms. Sudershan Walia, may be deemed to be interested to the extent of the consideration payable by the Company with respect to the following:

- Lease agreement entered into with our Company in relation to our corporate office at B-4/205, Safdarjung Enclave, New Delhi.
- Lease agreement entered into with our Company in relation our head office extension at M-1, Saket, New Delhi.

Our Directors have no interest in any property acquired by us within two years of the date of filing of this Draft Red Herring Prospectus.

For details of the related party transactions, see section titled “Financial Statements-Related Party Transactions” beginning on page 134 of this Draft Red Herring Prospectus.

Changes in our Board of Directors

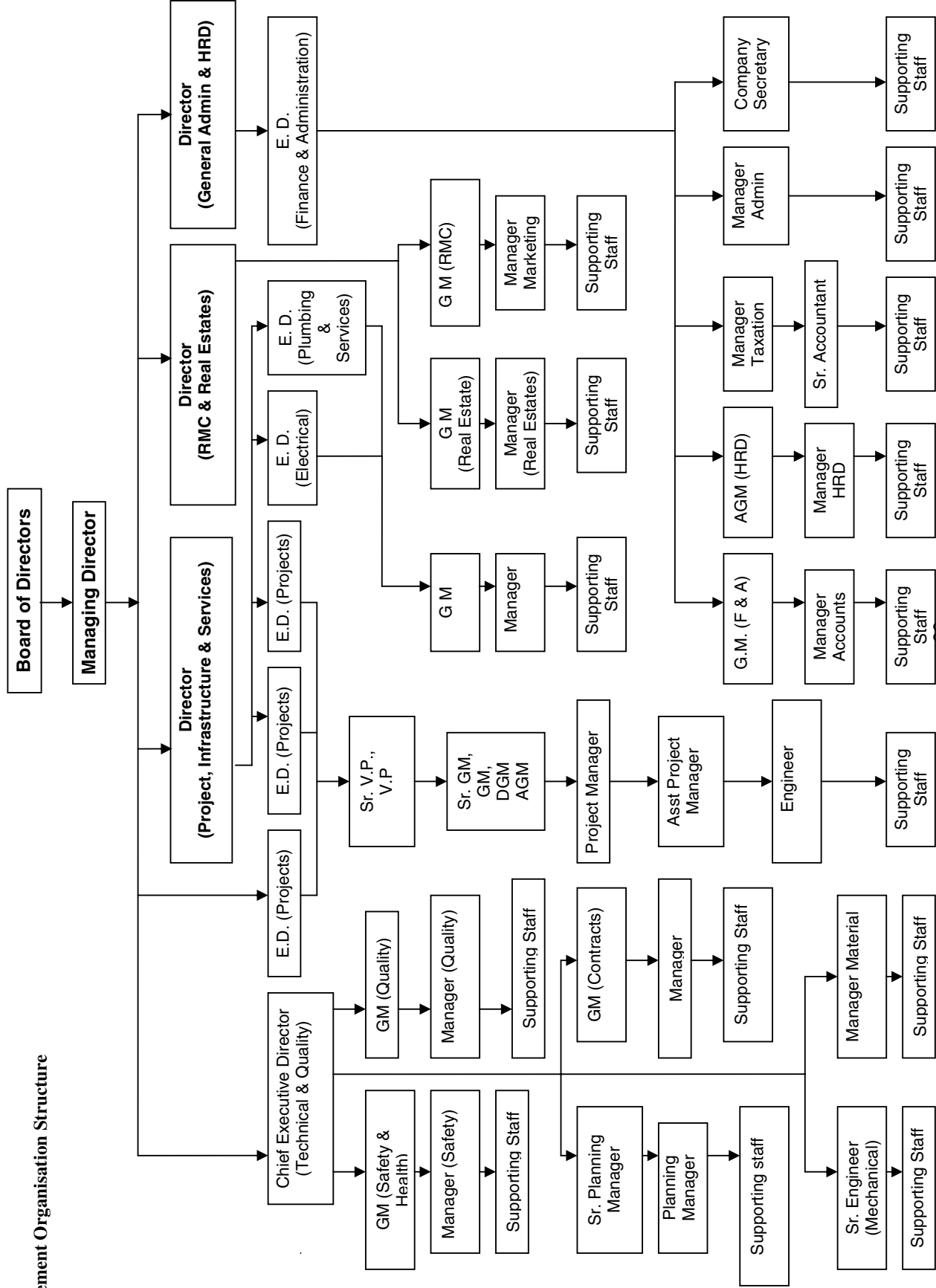
There have been no changes in our Board of Directors in the last three years.

Remuneration of our Chairman and Managing Director/Whole-time Directors

The following table sets forth the details of the remuneration for our Chairman and Managing Director and our whole-time Directors for the fiscal year ended March 31, 2005.

(in Rs.)			
Name	Salary and Allowances	Perquisites	Total
Mr. Bikramjit Ahluwalia	2,880,000	426,849.30	3,306,849.30
Ms. Sudershan Walia	540,000	5,120	545,120
Mr. Shobhit Uppal	1,260,000	120,847	1,380,847
Mr. Vikas Ahluwalia	900,000	-	900,000

Management Organisation Structure



Key Managerial Employees

In addition to our Directors, the following are our key managerial employees. All our key managerial employees are permanent employees of our Company. Except Mr. Vinay Pal who is related to Ms. Sudershan Walia, none of the following key managerial employees are related to each other or to any of our Directors.

Mr. S. K. Trisal, 63 years, is designated as the Chief Executive Director (Projects) in our Company. He holds a bachelor's degree in civil engineering from the University of Bombay and is a Member of the Institution of Engineers. Mr. Trisal has about 45 years of experience in infrastructure development work such as construction of bridges, dams, canals, roads and highways. He previously worked in the Public Works Department of the State of Jammu and Kashmir. He has been associated with our Company since March 1, 1985. He has specialized experience in industrial, institutional and commercial complexes, hospitals, hotels and convention centres. Presently, he is responsible for the Brigade Metropolis and the Leela Palace Hotel projects at Bangalore. Mr. Trisal oversees our business development and also looks after cost estimates and negotiations for the new projects. For the fiscal 2006, the gross remuneration paid by us to Mr. Trisal was Rs. 688,000.

Mr. B. K. Sharma, 65 years, is designated as the Executive Director (Projects) in our Company. He is an Associate Member of the Institution of Engineers. Mr. Sharma has more than 45 years of experience in various types of building projects in India as well as abroad and has been associated with our Company since April 1, 1983. Prior to joining us, he has worked with leading architects such as Stein, Doshi and Bhalla, Bose Brothers, Assema Architects and Kothari and Associates. He has also worked with various government and semi government organizations for supervising building and works construction projects. Presently, he is involved in the Mega Housing Project at Bakkarwala Pocket 'A' for DDA, Mass Housing Project at Vasant Kunj, New Delhi for DDA and the V3S shopping complex at Laxmi Nagar, New Delhi. He is responsible for all project related works from inception to completion, including recruitment, planning and purchases. For the fiscal 2006, the gross remuneration paid by us to Mr. Sharma was Rs. 321,000.

Mr. Pradeep Kumar, 61 years, is designated as the Executive Director (Projects) in our Company. He holds a bachelor's degree in civil engineering from Punjab Engineering College, Panjab University. He has about 40 years of experience in managing and executing large scale industrial projects right from the inception stage till the commissioning stage. He has worked with the Haryana State Electricity Board and the National Thermal Power Corporation before joining our Company on July 1, 1996. Presently, he is looking after the construction of Gurgoan One Housing complex, Park Centra Commercial complex and Ansal Plaza, Gurgoan. He is responsible for all project related works from inception to completion, including recruitment, planning and purchases. For the fiscal 2006, the gross remuneration paid by us to Mr. Kumar was Rs. 704,000.

Mr. N. K. Tiwari, 41 years, is designated as the Executive Director (Projects) in our Company. He holds a diploma in electrical engineering and has more than 20 years of experience in design, engineering, tendering, costing, planning, procurement, installation, testing, commissioning and handling over of large-scale complex projects in the electrical field. He has successfully handled projects for Daewoo Motors (India) Limited, Hyundai Engineering and Construction Limited and many others. Prior to joining us on November 13, 2000, Mr. Tiwari has worked with Daewoo Motors India Limited and Associated Switchgears and Projects Limited. He is responsible for all project related works from inception to completion, including recruitment, planning and purchases. For the fiscal 2006, the gross remuneration paid by us to Mr. Tiwari was Rs. 892,462.

Mr. Vinay Pal, 46 years, is designated as the Executive Director (Projects) in our Company. He holds a bachelor's degree in pharmacy from Delhi University. Mr. Vinay Pal was an entrepreneur previously and he joined our Company on August 25, 1994. He has nearly 23 years of experience in the construction industry, during which he executed projects such as the India Exposition Mart at Greater Noida, Trauma Care Center for AIIMS, New Delhi, the Grand Hyatt Hotel, New Delhi and the Chancery building at

Chanakyapuri, New Delhi. Presently, he is involved administering the construction of the India Exposition Mart, Phase-II and Ansal Plaza Destination Point, Greater Noida. For the fiscal 2006, the gross remuneration paid by us to Mr. Pal was Rs.1,001,256.

Mr. S. K. Sachdeva, 48 years, is designated as the Executive Director (Finance and Administration) in our Company. He has a master's degree in commerce from Meerut University, and is a Fellow Member of the Institute of Chartered Accountants of India. He has over 27 years of experience in finance and credit management. He has worked with various commercial banks, such as Bareilly Corporation Bank, Union Bank of India and Allahabad Bank. He has been a corporate advisor and taxation consultant to various corporates. He has also been a visiting/guest faculty/examiner at various management institutes in India including Amity Business School and Maharishi Institute of Management. He joined our Company on April 1, 2004 and is responsible for all our corporate and financial affairs. For the fiscal 2006, the gross remuneration paid by us to Mr. Sachdeva was Rs. 784,984.

Mr. Ratish Bhardwaj, 41 years, is our Vice President (Projects). He holds a bachelor's degree in science (civil engineering) from Aligarh Muslim University. Mr. Bhardwaj has been associated with the construction industry since 1986 and has a rich experience in structural steel works, residential buildings, administrative block and technical block. Prior to joining us on October 12, 1996, Mr. Bhardwaj worked with Skyline Interior and Constructions Private Limited and Mago Construction Private Limited. He has successfully handled many prestigious projects. He is currently responsible for project planning and execution of our projects in Kolkata. For the fiscal 2006, the gross remuneration paid by us to Mr. Bhardwaj was Rs. 796,023.

Mr. Vipin Kumar Tiwari, 44 years, is the company secretary and the Deputy General Manager (Corporate) in our Company. He has a master's degree in commerce from Agra University and is qualified as an Associate Company Secretary by the Institute of Company Secretaries of India. He has 14 years of work experience. He joined our Company on September 7, 2004. Prior to joining us, he has worked with Accurate Transformers Limited, Ansal Housing and Construction Limited and Ansal Properties and Industries Limited. Mr. Tiwari handles all our corporate matters, including filings and all regulatory and legal compliances. For the fiscal 2006, the gross remuneration paid by us to Mr. Tiwari was Rs. 269,512.

Shareholding of the Key Managerial Employees

None of our key managerial employees hold any Equity Shares or options convertible into our Equity Shares except as stated below.

Shareholders	No. of Equity Shares held	% shareholding
Mr. Vinay Pal	534,600	4.26
Mr. Pradeep Kumar	800	Negligible
Mr. S. K. Sachdeva	80	Negligible
Mr. Vipin Kumar Tiwari	40	Negligible

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees.

Changes in our Key Managerial Employees

Except as stated below, there has been no change in our key managerial employees during the last three years:

S.No.	Name	Designation	Date of Appointment/ Resignation	Reason
1.	Mr. S.K. Sachdeva	Executive Director (Finance and Administration)	April 1, 2005	Promotion
2.	Mr. Vipin Kumar Tiwari	Company Secretary and Deputy General Manager (Corporate)	October 1, 2005	Promotion
3.	Mr. Ratish Bharadwaj	Vice President	October 1, 2004	Promotion

Payment or benefit to officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees, since incorporation of our Company.

Except as disclosed in the related party transactions under the section titled “Financial Statements” beginning on page 120 of this Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors or key managerial employees of our Company.

OUR PROMOTERS AND PROMOTER GROUP

Promoters

The Promoters of our Company are 13 natural persons and one HUF.

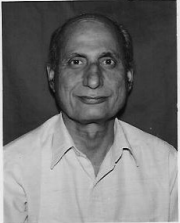
The natural persons who are our Promoters are:

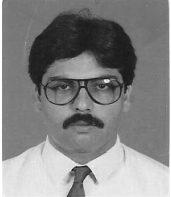
- (i) Mr. Bikramjit Ahluwalia;
- (ii) Ms. Sudershan Walia;
- (iii) Mr. Shobhit Uppal;
- (iv) Mr. Vikas Ahluwalia;
- (v) Ms. Rohini Ahluwalia;
- (vi) Ms. Rachna Uppal;
- (vii) Ms. Mukta Ahluwalia;
- (viii) Mr. Paramjit Singh;
- (ix) Ms. Pushpa Rani;
- (x) Mr. Yash Pal;
- (xi) Mr. Sat Pal;
- (xii) Mr. Vinay Pal;
- (xiii) Ms. Ram Piari; and
- (xiv) Mr. Baldev Raj.

The HUF which is our Promoter is the Bikramjit Ahluwalia (HUF).

The details of our Promoters are as follows:

	Mr. Bikramjit Ahluwalia, 66 years, (passport number: A 6839214, voter identity number: DL/03/033/000200) is the Chairman and Managing Director and founder of our Company. He holds a diploma in civil engineering from Meharchand Polytechnical Institute, Jullandhur. Mr. Ahluwalia has 40 years of experience in the construction industry and has been instrumental in the overall growth of our Company. He is actively involved in overseeing the construction and management of various prestigious projects completed by our Company such as the Moser Baer Plant in Noida, the Starex school at Gurgaon, the Cielo car plant at Surajpur, Ghaziabad, the Goa state legislative assembly building, the IFCI Tower at New Delhi among others.
	Ms. Sudershan Walia, 58 years, (passport number: A 6839435, voter identity number: DL/03/033/000107) is a whole-time Director and has been associated with the construction business since our inception. Ms. Walia has done her matriculation and has been a guiding figure in the overall growth of our Company. She is currently handling our general administration, human resource development and labour welfare.
	Mr. Shobhit Uppal, 39 years, (passport number: V 047109, voter identity number DL/03/033/000346), is a whole-time Director. He graduated with a bachelor's degree in engineering from the Regional Engineering College, Kurukshetra and has over 16 years of experience in the construction industry. He has been instrumental in the award and execution of many mega projects set up by our Company including the India Exposition Mart Complex at Greater Noida, the Singapore High Commission Building at Chanakyapuri, New Delhi, the Fortis Multi Speciality Hospital at Noida along with several other prestigious projects. At present he is actively involved in overseeing our projects at Kolkata, Bangalore, Punjab and the

	NCR.
	Mr. Vikas Ahluwalia , 30 years, (passport number A6839436, voter identity number: DL/03/033/000487, driving license number: 8636199) is a whole-time Director. He holds a bachelor's degree in civil engineering from R.V. College of Engineering, Bangalore. He has been involved in the construction business since 1996 and has been instrumental in the successful implementation of many big projects of the Company. He is currently overseeing the RMC and real estate business of our Company.
	Ms. Rohini Ahluwalia , 39 years, (passport number: E 6638997, voter identity number: DL/02/008/030830, PAN: AAKPA0783C) holds an MBBS degree from Banaras Hindu University. Ms. Walia has been involved in the pharmaceutical industry, and she is currently a whole-time director of Ahlcon Parenterals (India) Limited. She is also the chairperson of Ahlcon International School.
	Ms. Rachna Uppal , 38 years, (passport number: B 1795626, voter identity number: DL/03/033/000347, PAN: AAJPU8405C) holds a bachelor's of architecture degree from the Institute of Environmental Design, Gujarat. Ms. Uppal has over 15 years of experience in the construction industry and is currently a whole-time director of Ahlcons India Private Limited. She has been associated with the aluminum fittings work of prestigious projects such as the DLF Ericsson building at Gurgaon, corporate office of Asian Development Bank at New Delhi, Fortis Healthcare hospital at Noida and the Xansa corporate building at Noida.
	Ms. Mukta Ahluwalia , 36 years, (passport number: Z 1031306, PAN: AGRPA9314J) holds a diploma in fashion designing. She has not been associated with our Company in a managerial capacity.
	Mr. Paramjit Singh , 65 years, (passport number: F 3189183, voter identity number: HZT0982256, driving license number: P03071999145122, PAN: AQAPS7312M) holds a bachelor of arts degree from Agra University. He has 35 years of experience in the construction business and has been associated with prestigious projects such as the Maurya Clarks hotel at Patna, Sher-e-Kashmir medical institute at Srinagar, Pushpavati Singhanian hospital at New Delhi and the Indian Institute of Immunology, New Delhi. Presently, he is a whole-time director of Ahlcons India (Private) Limited and is looking after the financial and administrative affairs of the company.
	Ms. Pushpa Rani , 58 years, (passport number: F 2910760, voter identity number: HZT0982215, PAN: AEAPR6617L) is a matriculate from Panjab University and holds a junior basic teachers certificate. She has not been associated with our Company in a managerial capacity.
	Mr. Vinay Pal , 46 years, (passport number: B2222190, voter identity number: FJF2516276) is designated as the Executive Director (Projects) in our Company. He holds a bachelor's degree in pharmaceuticals from Delhi University. He has an experience of nearly 23 years in the construction industry, during which time he has executed projects such as the India Exposition Mart, Greater Noida and the Trauma Care Center for AIIMS, New Delhi. Presently, he is involved in projects such as the

	construction of the India Exposition Mart, Phase-II and Ansal Plaza Destination Point, Greater Noida.
	Ms. Baldev Raj , 64 years, (passport number: E 6866288, voter identity number: DL/04/039/243122, PAN: AABPW6189M) holds a diploma in civil engineering. He has been associated with the construction industry since 1971 as the proprietor of Vivek Construction Company and subsequently in 1982 as the Managing Director of Vivek Contracts Private Limited. He has supervised the completion of several major projects for private corporates as well as for government undertakings such as construction projects for Tata Chemicals Limited and construction of the Ahlcon International School building.
	Mr. Yash Pal , 36 years, (voter identity number: FVX9210840) has received primary school education from Government School, Jhabera. He has not been associated with our Company in a managerial capacity.
	Mr. Sat Pal , 40 years, (voter identity number: FVX9210832) has not been associated with our Company in a managerial capacity.
	Ms. Ram Piari , 67 years, (voter identity number: FVX9210824) has not been associated with our Company in a managerial capacity.

Interest in promotion of our Company

Our Company had been promoted by our Chairman and Managing Director, Mr. Bikramjit Ahluwalia. For this purpose, Mr. Bikramjit Ahluwalia had subscribed to our Memorandum of Association and had subscribed to the initial issue of our Equity Shares.

Payment of benefits to our Promoters during the last two years

Except as stated in the section titled “Financial Statements - Related Party Transactions” beginning on page 134 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus

Other Confirmations

We confirm that the Permanent Account Number (PAN), Passport Number, Voter ID, Driving Licence and Bank Account (s) details of our Promoters as named above have been submitted to the BSE, the NSE, the

Delhi Stock Exchange, the CSE and the JSE at the time of filing this Draft Red Herring Prospectus with them.

Further, we confirm that our Promoters have not been detained as a wilful defaulter by the Reserve Bank of India or any other governmental authority and that there are no violations of securities laws committed by them in the past or pending against them.

None of our Promoters have been restricted from accessing the capital markets.

Promoter Group

In addition to the Promoters named above, the following natural persons, HUFs, companies, firms and proprietorships are part of our Promoter group.

The natural persons who are part of our Promoter group (due to their relationship with our Promoters), other than the Promoters named above are as follows:-

S. No.	Name	Relation to Promoter
1.	Ms. Simran Ahluwalia	Wife of Mr. Vikas Ahluwalia
2.	Ms. Avneeja Ahluwalia	Daughter of Mr. Vikas Ahluwalia
2.	Ms. Kuljeet Walia	Sister of Mr. Bikramjit Ahluwalia
3.	Mr. Raj Ahluwalia	Brother of Mr. Bikramjit Ahluwalia
4.	Mr. Mohan Ahluwalia	Brother of Mr. Bikramjit Ahluwalia
5.	Ms. Joginder Pal	Sister of Ms. Sudershan Walia
6.	Mr. Ramlubhaya Ahluwalia	Brother of Ms. Sudershan Walia
7.	Mr. Surender P. Uppal	Father of Mr. Shobhit Uppal
8.	Ms. Meera Uppal	Mother of Mr. Shobhit Uppal
9.	Mr. Sonit Uppal	Brother of Mr. Shobhit Uppal
10.	Ms. Mehar Uppal	Daughter of Mr. Shobhit Uppal
11.	Mr. Ranveer Uppal	Son of Mr. Shobhit Uppal
12.	Mr. Upvan Sudershan	Husband of Ms. Rohini Ahluwalia
13.	Mr. Shivi Sudershan	Son of Ms. Rohini Ahluwalia
14.	Ms. Gauri Sudershan	Daughter of Ms. Rohini Ahluwalia
15.	Mr. Deepinder Singh Bedi	Husband of Ms. Mukta Ahluwalia
16.	Mr. Kanwarjeet Singh Ahluwalia	Brother of Mr. Paramjit Singh
17.	Mr. Amarjeet Singh Ahluwalia	Brother of Mr. Paramjit Singh
18.	Mr. Paramjeet Singh Ahluwalia	Brother of Mr. Paramjit Singh
19.	Mr. Manjeet Singh Ahluwalia	Brother of Mr. Paramjit Singh
20.	Ms. Surinder Kaur Ahluwalia	Sister of Mr. Paramjit Singh
21.	Ms. Ganimat Ahluwalia	Daughter of Mr. Paramjit Singh
22.	Ms. Madhu Walia	Wife of Mr. Sat Pal
23.	Mr. Abhishek	Son of Mr. Sat Pal
24.	Ms. Diksha	Daughter of Mr. Sat Pal
25.	Ms. Santosh Walia	Wife of Mr. Baldev Raj
26.	Mr. Vivek Ahluwalia	Son of Mr. Baldev Raj
27.	Mr. Anek Ahluwalia	Son of Mr. Baldev Raj
28.	Ms. Sonia Bashist	Daughter of Mr. Baldev Raj
29.	Ms. Renu Pal	Daughter of Mr. Baldev Raj
30.	Ms. Joginder Pal	Mother of Mr. Vinay Pal
31.	Mr. Madan Gopal	Father of Mr. Vinay Pal
32.	Mr. Ashwani Pal	Brother of Mr. Vinay Pal
33.	Mr. Vijay Pal	Brother of Mr. Vinay Pal
34.	Mr. Jitender Pal	Brother of Mr. Vinay Pal
35.	Ms. Madhu Pal	Wife of Mr. Vinay Pal

36.	Mr. Mrinal Pal	Son of Mr. Vinay Pal
-----	----------------	----------------------

The companies which are part of our Promoter group are Ahlcons India Private Limited, Ahluwalia Builders and Development Group Private Limited, Tidal Securities Private Limited, Capricon Industrials Limited and Procon One International Private Limited.

The partnership firm which is a part of our Promoter group is Vikas Associates.

The sole proprietorship of the Promoter is Ahluwalia Construction Group.

The details of the companies which are part of our Promoter group are as follows

Ahlcons India Private Limited

Corporate Information

Ahlcons India Private Limited ("AIPL") was incorporated under the Companies Act on September 9, 1985 in New Delhi. Its registered office was shifted on August 3, 2000 from B-4/ 205, Safdarjung Enclave, New Delhi 110026, India to its current location at A-177, Okhla Phase-I, New Delhi 110 020, India. It is primarily engaged in the business of manufacture and supply of aluminium fittings and other products.

Shareholding Pattern (as of April 30, 2006)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Mr. Paramjit Singh	4,020	44.56
2.	Ms. Rachna Uppal	2,500	27.72
3.	Ahluwalia Contracts (India) Limited	2,500	27.72
	Total	9,020	100.00

There has been no change in the capital structure of Ahlcons India Private Limited in the last six months.

Board of Directors

As of April 30, 2006, the board of directors of Ahlcons India Private Limited consists of:

1. Ms. Rachna Uppal;
2. Mr. Paramjit Singh; and
3. Mr. Rai Singh.

Financial Performance

(Rs. in thousands, except share data)

	Year ended March 31		
	2003	2004	2005
Income	63,533	56,556	164,626
Profit after tax/ (Loss)	913	1,139	7,788
Equity Share Capital	902	902	902
Reserve and Surplus*	1,924	3,178	10,812
Earning per Share (of Rs. 100 each)	101.22	126.27	863.42
Book Value per share (of Rs. 100 each)	313.30	452.33	1,298.66

* Net of revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Ahluwalia Builders and Development Group Private Limited

Corporate Information

Ahluwalia Builders and Development Group Private Limited was incorporated under the Companies Act on October 20, 1984 in New Delhi. Its registered office is located at B-4/205, Safdurjung Enclave, New Delhi 110 029, India. It is primarily engaged in the business of construction.

Shareholding Pattern (as of April 30, 2006)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mr. Bikramjit Ahluwalia	7,800	23.81
2	Ms. Sudershan Walia	1,600	4.89
3.	Ms. Rohini Ahluwalia	8,700	26.56
4.	Ms. Rachna Uppal	650	1.98
5.	Mr. Sat Pal	500	1.53
6.	Mr. Yash Pal	500	1.53
7.	Mr. Shiv Ram	250	0.76
8.	Ms. Sunita Walia	398	1.21
9.	Mr. Surender Walia	200	0.61
10.	Ms. Mukta Ahluwalia	3,700	11.29
11.	Mr. Vikas Ahluwalia	6,800	20.76
12.	Ahluwalia Contracts (India) Limited	1,662	5.07
	Total	32,760	100.00

There has been no change in the capital structure of Ahluwalia Builders and Development Group Private Limited in the last six months.

Board of Directors

As of April 30, 2006, the board of directors of Ahluwalia Builders and Development Group Private Limited consists of:

1. Mr. Bikramjit Ahluwalia;
2. Ms. Sudershan Walia; and
3. Mr. Vikas Ahluwalia.

Financial Performance

(Rs.in thousands, except share data)

	Year ended March 31		
	2003	2004	2005
Income	0	0	0
Profit after tax/ (Loss)	(10)	(12)	(10)
Equity Share Capital	3,276	3,276	3,276
Reserve and Surplus*	(649)	(661)	(671)
Earning per Share (Rs.)	(0.31)	(0.37)	(0.31)

	Year ended March 31		
	2003	2004	2005
Book Value per share (Rs.)	80.19	79.82	79.51

* Net of revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Tidal Securities Private Limited

Corporate Information

Tidal Securities Private Limited, an investment company, was incorporated under the Companies Act on August 1, 1996 in New Delhi. Its registered office is located at B-4/205, Safdarjung Enclave, New Delhi 110 026, India.

Shareholding Pattern (as of April 30, 2006)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mr. Bikramjit Ahluwalia	40,000	16.83
2	Mr. Vikas Ahluwalia	42,000	17.67
3.	Ms. Mukta Ahluwalia	36,000	15.15
4.	Mr. Surinder Walia	2,500	1.05
5.	Ms. Sudershan Walia	15,000	6.31
6.	Ms. Rachna Uppal	6,700	2.82
7.	Mr. Paramjit Singh	29,000	12.20
8.	Ms. Rohini Ahluwalia	42,000	17.67
9.	Mr. Shobhit Uppal	24,500	10.30
	Total	237,700	100.00

There has been no change in the capital structure of Tidal Securities Private Limited in the last six months.

Board of Directors

As of April 30, 2006, the board of directors of Tidal Securities Private Limited consists of:

1. Ms. Rachna Uppal;
2. Mr. Vikas Ahluwalia; and
3. Ms. Rohini Ahluwalia.

Financial Performance

(Rs.in thousands, except share data)

	Year ended March 31		
	2003	2004	2005
Income	0	0	0
Profit after tax/ (Loss)	(19)	(23)	(19)
Equity Share Capital	2,377	2,377	2,377
Reserve and Surplus*	(33)	(54)	(71)

	Year ended March 31		
	2003	2004	2005
Earning per Share (Rs.)	(0.08)	(0.10)	(0.08)
Book Value per share (Rs.)	9.86	9.77	9.70

* Net of revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Capricon Industrials Limited

Corporate Information

Capricon Industrials Limited was incorporated under the Companies Act on December 21, 1984 in New Delhi. Its registered office is located at B-4/205, Safdurjung Enclave, New Delhi 110 029, India. It is primarily engaged in the business of construction.

Shareholding Pattern (as of April 30, 2006)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mr. Bikramjit Ahluwalia	15,740	8.27
2	Mr. Vikas Ahluwalia	36,340	19.10
3.	Mr. Ashwani Kumar	1,000	0.53
4.	Ms. Pushpa Rani	5,540	2.91
5.	Mr. Vinay Pal	2,000	1.05
6.	Ms. Sudershan Walia	16,135	8.49
7.	Ms. Swaran Lata Bajaj	1,000	0.53
8.	Mr. Vinod Vij	2,510	1.32
9.	Mr. Paramjit Singh	14,000	7.36
10.	Ms. Rohini Ahluwalia	28,030	14.73
11.	Ms. Rachna Uppal	16,650	8.75
12.	Mr. Sat Pal	10,210	5.37
13.	Mr. Yash Pal	10,280	5.40
14.	Ms. Surendra Walia	1,000	0.53
15.	Mr. Avinderjit Singh	2,130	1.12
16.	Mr. Harvinderjit Singh	1,880	0.99
17.	Ms. Ram Piari	1,680	0.88
18.	Mr. M.K. Jain	1,000	0.53
19.	Ms. Preeti Vij	1,000	0.53
20.	Mr. B.K. Sharma	2,000	1.05
21.	Ms. Rita Vij	500	0.26
22.	Mr. O.P. Arora	1,000	0.53
23.	Mr. Mohinder Singh	1,350	0.70
24.	Ahluwalia Contracts (India) Limited	17,274	9.07
	Total	190,249	100.00

There has been no change in the capital structure of Capricon Industrials Limited in the last six months.

Board of Directors

As of April 30, 2006, the board of directors of Capricon Industrials Limited consists of:

1. Mr. Bikramjit Ahluwalia;
2. Ms. Sudershan Walia; and
3. Ms. Rohini Ahluwalia.

Financial Performance

(Rs.in thousands, except share data)

	Year ended March 31		
	2003	2004	2005
Income	0	0	0
Profit after tax/ (Loss)	(34)	(23)	(23)
Equity Share Capital	1,902	1,902	1,902
Reserve and Surplus*	(240)	(263)	(286)
Earning per Share (Rs.)	(0.2)	(0.1)	(0.1)
Book Value per share (Rs.)	8.74	8.62	8.50

* Net of revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Procon One International Private Limited

Corporate Information

Procon One International Private Limited was incorporated under the Companies Act on February 8, 1999 in New Delhi. Its registered office is located at B-1/13, Malviya Nagar, New Delhi 110 017, India. It is primarily engaged in the business of civil construction.

Shareholding Pattern (as of April 30, 2006)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Mr. Vikas Ahluwalia	10,100	24.81
2.	Mr. Saurabh Bajaj	10,000	24.57
3.	Ms. Simran Ahluwalia	20,000	49.14
4.	Mr. Vivek Walia	500	1.23
5.	Ms. Rina Bharat Kaushal	100	0.25
	Total	40,700	100

There has been no change in the capital structure of Procon One International Private Limited in the last six months.

Board of Directors

As of April 30, 2006, the board of directors of Procon One International Private Limited consists of:

1. Mr. Vikas Ahluwalia; and

2. Ms. Simran Ahluwalia

Financial Performance

(Rs. in thousands, except share data)

	Year ended March 31		
	2003	2004	2005
Income	3,638	1,576	19
Profit after tax/ (Loss)	(952)	0	(83)
Equity Share Capital	407	407	407
Reserve and Surplus*	(793)	(793)	(876)
Earning per Share (Rs.)	(23.39)	(0.01)	(2.03)
Book Value per share (Rs.)	(9.48)	(9.48)	(11.52)

* Net of revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

None of our Promoter Group Companies have been restricted from accessing the capital markets.

Except as disclosed above, other than Ahluwalia Builders and Development Group Private Limited, Capricon Industrials Limited and Procon One International Private Limited and Ahluwalia Construction Group, none of the members of our Promoter group have common pursuits being in the construction business.

Other Information

In relation to the natural persons who are part of our Promoter group due to their relationship with our Promoters, other than the persons already named as our Promoters, ("Immediate Relatives of Promoters"), any companies in which such Immediate Relatives of Promoters or HUF or firm of which they are members hold 10% or more of the share capital ("Companies of Immediate Relatives of Promoters"), and any companies in which the Companies of Immediate Relatives of Promoters hold 10% or more of the share capital do not currently have any material business association with our Promoters or our Company, except as disclosed in the section titled "Financial Statements-Related Party Transactions" beginning on page 134 of this Draft Red Herring Prospectus. Further, such persons/ entities have at no point of time, been a promoter or a shareholder or a director of our Company. The Promoters/Directors of our Company and such persons/ entities are not common defendants in any litigation. Consequently, we have no access to and are not disclosing any information, financial or otherwise, in relation to such persons/ entities.

Subsidiaries

We do not have any subsidiaries, however we hold substantial investments in the equity shares of Ahlcon Parenterals (India) Limited, the details of which are as follows:

Ahlcon Parenterals (India) Limited

Corporate Information

Ahlcon Parenterals (India) Limited ("**Ahlcon Parenterals**") was incorporated by the name Gujrat Inject (Rajasthan) Limited under the Companies Act on January 20, 1992 in New Delhi. The company changed its name to Ahlcon Parenterals (India) Limited August 3, 1993. Its registered office is located at 4, Community Centre, Saket, New Delhi 110 017, India. The company is primarily engaged in the manufacture and supply of pharmaceutical products and medical equipment.

Shareholding Pattern (as of April 30, 2006)

Name of the shareholder	No. of equity shares	Percentage of total equity holding
Mr. Bikramjit Ahluwalia	597,412	8.30
Ms. Sudershan Walia	9,710	0.14
Ms. Rohini Ahluwalia	469,710	6.52
Mr. Shobhit Uppal	20,500	0.29
Ms. Rachna Uppal	4,010	0.05
Ms. Mukta Ahluwalia	10	0.00
Mr. Madan Gopal	10	0.00
Mr. Vikas Ahluwalia	20,000	0.28
Ms. Santosh Ahluwalia	4,000	0.05
Mr. Raj Kumar Ahluwalia	4,000	0.05
Ahluwalia Contracts (India) Limited	2,650,090	36.81
Ahluwalia Builders and Development Group Private Limited	119,000	1.65
Tidal Securities Private Limited	244,500	3.40
Capricon Industrials Limited	248,000	3.44
Others	2,809,198	39.02
Total	7,200,150	100.00

Board of Directors

As of April 30, 2006, the board of directors of Ahlcon Parenterals consists of:

1. Mr. Bikramjit Ahluwalia;
2. Mr. M.K.G. Pillai;
3. Ms. Rohini Ahluwalia;
4. Ms. Sudershan Walia;
5. Mr. Arun Kumar Gupta;
6. Mr. V.K. Sachdeva;
7. Mr. G.P. Talwar;
8. Mr. S.S. Arora; and
9. Mr. S.C.L. Gupta

Financial Performance

(Rs. in thousands, except share data)

	Year ended March 31		
	2003	2004	2005
Income	166,371	298,583	356,505
Profit after tax/ (Loss)	2,000	15,226	22,265
Share Capital#	81,002	81,002	81,002
Reserve and Surplus*	2,382	17,965	32,254
Earning per Share (Rs.)	0.29	2.16	3.12
Book Value per share (Rs.)	10.33	12.46	14.48

* Net of revaluation reserves.

Rs. 72,001,500 equity share capital and Rs. 9,000,000 redeemable preference share capital.

Share Quotation

The shares of Ahlcon Parenterals are listed on BSE, the Delhi Stock Exchange, the JSE and the CSE.

Highest and lowest price on BSE in the last six months:

Month	High (Rs.)	Date	Low (Rs.)	Date
November, 2005	72.95	November 30, 2005	62.10	November 23, 2005
December, 2005	74.90	December 2, 2005	71.30	December 15, 2005
January, 2006	83.40	January 16, 2006	70.20	January 9, 2006
February, 2006	74.30	February 3, 2006	66.00	February 23, 2006
March, 2006	68.90	March 1, 2006	54.50	March 27, 2006
April, 2006	73.40	April 23, 2006	61.60	April 3, 2006

Closing price on the BSE as of May 6, 2006 was Rs. 72.70.

Market Capitalisation on the BSE as of May 6, 2006 was Rs. 523.45 million.

Promise v. Performance

(Except as specified otherwise, Rs. in millions)

Particulars	F. Y. 1994 – 95*		F. Y. 1995 – 96		F. Y. 1996 - 97	
	Projected	Actual	Projected	Actual	Projected	Actual
	(12 months)	(10 months 11 days)	(12 months)	(12 months)	(12 months)	(12 months)
Capacity Utilization	60%	45.14%#	70%	52.95%**	80%	75.45%
Sales	84.00	61.92	98.00	80.30	112.00	83.11
Other Income	Nil	2.49	Nil	2.71	Nil	2.81
Gross Profit	37.61	13.40	44.64	11.80	51.66	3.58
Depreciation	12.91	5.38	13.00	7.44	13.00	10.37
Interest	21.14	10.74	20.86	17.75	18.86	23.96
Cash Accrual	16.47	3.06	16.58	(5.54)	22.41	(19.97)
Profit before Income Tax	3.04	(2.72)	10.35	(13.39)	19.40	(30.74)
Profit after Income Tax	3.04	(2.72)	10.35	(13.39)	16.18	(30.74)
E.P.S. (Rs.)	0.42	-	1.43	-	2.24	-
Dividend %	-	-	10%	-	10%	-
Book Value (Rs.)	10.42	9.83	10.86	7.97	12.11	3.69
Equity Capital	72.00	71.95	72.00	71.97	72.00	71.97
Free Reserve	3.04	(1.3)	6.2	(14.64)	15.18	(45.38)
Net Worth	75.04	70.7	78.2	57.33	87.20	26.58

*Commencement of commercial production was as on May 21, 1994 as against April 1, 1994 as projected.

Includes work receipt of Rs. 14.17 million, which was not projected.

** Includes work receipt of Rs. 13.95 million, which was not projected.

Details of Public Issue/Rights Issue in the last three years

There have been no public issues of equity shares or rights issue by Ahlcon Parenterals in the three years preceding the date of filing of this Draft Red Herring Prospectus.

Mechanism for Redressal of Investor Grievance

The complaints received, if any, are normally attended to and replied within one week of receipt by Ahlcon Parenterals. There are no outstanding complaints from the shareholders of Ahlcon Parenterals as of April 30, 2006.

Related Party Transactions

Transaction with Related Parties

(Rs. in million)

S.No.	Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec.31,2005
1	Key Management Personnel and their relatives						
	Rent Paid						
	Mrs. Sudershan Walia	0.00	1.80	0.60	0.60	0.60	0.45
	Mr. Bikramjeet Ahluwalia	0.00	0.00	0.01	0.07	0.07	0.05
	Mrs. Rachna Uppal	0.00	0.00	0.00	0.00	0.00	0.45
	Total	0.00	1.80	0.61	0.67	0.67	0.95
	Managerial Remunerations						
	Mr. Bikramjeet Ahluwalia	0.00	1.92	3.32	3.29	3.31	2.50
	Mrs. Sudershan Walia	0.00	0.36	0.55	0.54	0.54	0.42
	Mr. Shobhit Uppal	0.00	0.84	1.28	1.37	1.38	1.78
	Mr. Vikaas Ahluwalia	0.00	0.35	0.90	0.90	0.90	0.67
	Director Sitting Fee	0.00	0.02	0.06	0.06	0.04	0.05
	Total	0.00	3.49	6.11	6.16	6.17	5.42
	Work Receipts						
	Mrs. Sudershan Walia	0.00	2.30	0.00	0.00	0.00	0.00
	M/s Ahluwalia Construction Group	0.00	0.00	0.00	0.00	2.56	3.04
	Total	0.00	2.30	0.00	0.00	2.56	3.04
	Sale of Goods						
	M/s Ahluwalia Construction Group	0.00	0.00	0.00	0.00	2.31	21.29
2	With Related Entities & Associates						
	Work Receipts						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	12.50	21.25	0.00	0.00
	Advance received against Contract work						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	1.17	0.00	0.00	0.00	0.00

	Interest Received						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	0.00	0.00	5.21	2.00
	Sale of Goods						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	1.22	1.95	4.21	6.06	7.02
	Lease Rent/Hire Charges Received						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	10.80	12.00	5.00	0.00
	M/s Ahlcons India Pvt. Ltd.	0.00	0.00	0.47	0.47	0.16	0.00
	Total	0.00	0.00	11.27	12.47	5.16	0.00
	Rent received						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	0.56	0.56	0.56	0.42
	M/s Ahlcons India Pvt. Ltd.	0.00	0.00	0.81	0.54	0.00	0.00
	Total	0.00	0.00	1.37	1.10	0.56	0.42
	Payment against Contract work						
	M/s Ahlcons India Pvt. Ltd.	0.00	0.00	13.25	4.68	11.71	0.00
	M/s S & S Technocrats Pvt. Ltd.	0.00	0.85	0.71	0.00	0.00	0.00
	Total	0.00	0.85	13.96	4.68	11.71	0.00
	Purchase of Materials						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.67	0.93	2.67	5.73	4.30
	M/s Ahlcons India Pvt. Ltd.	0.00	27.81	43.34	15.78	40.55	43.73
	M/s Procon One International Pvt. Ltd.	0.00	0.00	2.50	0.00	0.00	0.00
	Total	0.00	28.48	46.77	18.45	46.28	48.03
	Loan Taken						
	M/s Ahluwalia Builders & Development Group Pvt. Ltd.	0.00	0.00	1.40	1.30	1.30	0.00
	Purchase of vehicle						
	M/s Procon One International Pvt. Ltd.	0.00	0.00	0.75	0.00	0.00	0.00
	Loan repaid						
	M/s Ahluwalia Builders & Development Group Pvt. Ltd.	0.00	0.00	1.40	0.00	0.00	1.30
	Loan received back						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	0.00	0.00	26.37	21.00
	Sale of machinery						

	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	0.00	0.00	15.00	0.00
	Work in progress						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	20.32	0.00	0.00	0.00
	Dividend received						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	0.00	0.00	0.00	2.65
	M/s Ahlcons India Pvt. Ltd.	0.00	0.00	0.00	0.00	0.00	0.04
	Total	0.00	0.00	0.00	0.00	0.00	2.69
	Amount due from / to Related parties						
1	Loan to body corporate						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	40.37	62.37	62.37	36.00	15.00
	Advance recoverable in cash or in kind						
	M/s Ahlcons India Pvt. Ltd.	0.00	5.24	0.00	0.00	0.00	0.00
	Sundry Debtors						
	(Key Management Personnel)						
	Mrs. Sudershan Walia	0.00	0.78	0.00	0.00	0.00	0.00
	M/s Ahluwalia Construction Group	0.00	0.00	0.00	0.00	0.31	1.07
	Total	0.00	0.78	0.00	0.00	0.31	1.07
	Sundry Debtors						
	(Company under common control)						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.00	13.45	28.81	49.18	51.94
2	Due to related parties included in current liabilities						
	(Key Management Personnel)						
	Mr. Bikramjeet Ahluwalia	0.00	0.65	0.48	1.87	2.56	3.08
	Mrs. Sudershan Walia	0.00	0.14	0.14	0.84	0.43	0.91
	Mr. Shobhit Uppal	0.00	0.35	0.73	1.05	0.35	0.94
	Mr. Vikaas Ahluwalia	0.00	0.06	0.04	0.33	0.76	0.69
	Mrs. Rachna Uppal	0.00	0.00	2.50	0.00	0.00	0.00
	Total	0.00	1.20	3.89	4.09	4.10	5.62
	(Company under						

	common control)						
	M/s Ahlcon Parenterals (India) Ltd.	0.00	0.36	0.00	0.00	0.00	0.00
	M/s Ahlcons India Pvt. Ltd.	0.00	0.00	9.47	9.17	16.64	0.76
	Total	0.00	0.36	9.47	9.17	16.64	0.76

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend and dividend tax paid by our Company during the last five fiscal years is presented below.

Particulars	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Number of Equity Shares of (million shares)*	3.14	3.14	3.14	3.14	3.14
Rate of Dividend (%)	-	-	-	-	15%
Interim	-	-	-	-	
Final	-	-	-	-	15%
Amount of Dividend on Equity Shares (Rs. million)	-	-	-	-	4.71
Interim	-	-	-	-	-
Final	-	-	-	-	4.71
Total Dividend Tax relating to Equity Shares (Rs. Million)	-	-	-	-	0.66

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

Pursuant to the terms of some of our loan agreements, namely from UTI Bank and ICICI Bank we cannot declare or pay any dividend to our shareholders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions therefor or if we are in default of the terms and conditions of such loan agreements.

FINANCIAL STATEMENTS

AUDITORS REPORT

To,
The Board of Directors
Ahluwalia Contracts (India) Ltd.
4, Community Centre, Saket,
New Delhi -110017

Dear Sirs,

We have examined and found correct the Audited Accounts of AHLUWALIA CONTRACTS (INDIA) LIMITED for the past five financial years ended 31st March, 2001, 2002, 2003, 2004, 2005, and nine months period ended on 31st December, 2005 being the last date upto which the accounts of the company have made up and audited by us read together with the Accounting Policies and Notes on Accounts in Annexure-IV of the said audited financial statement, at the date of signing this report, we are not aware of any material adjustment which would affect the result shown by these accounts in accordance with the requirement of Part-II of Schedule II to the Companies Act, 1956.

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 (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) and our terms of reference with the company dated 31.3.2006 requesting us to make this report for the Purpose of the offering Memorandum as aforesaid, we report that:

- a. The restated profits of the company for the financial years ended 31st March, 2001, 2002, 2003, 2004, 2005 and nine months period ended on 31st December 2005 are as set out in Annexure I of this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regrouping as in our opinion are appropriate and described in the Notes to Adjustments carried out in Restated Financial Statements and Significant Accounting Policies and Notes on Accounts appearing in Annexure III & IV respectively of this report.
- b. The restated assets and liabilities of the company as at 31st March, 2001, 2002, 2003, 2004, 2005 and nine months period ended on 31st December 2005 are as set out in Annexure II to this report after making such adjustment and regrouping as in our opinion are appropriate and described in the Notes to Adjustments carried out in Restated Financial Statements and Significant Accounting Policies and Notes on Accounts appearing in Annexure III & IV respectively of this report.
- c. The restated Cash flow statement of the Company as at March 31, 2001, 2002, 2003, 2004, 2005 and nine month's period ended on December 31, 2005 are as shown in Annexure V to this report.
- d. The rates of dividend paid by the company in respect of years ended on 31st March, 2001, 2002, 2003, 2004, 2005 and nine month's period ended on December 31, 2005 are as shown in Annexure-VI to this report.
- e. We have examined the following Financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the offer document:
 - i Accounting Ratios as appearing in Annexure VII to this report.
 - ii Capitalization Statement appearing in Annexure VIII to this report.
 - iii Statement of tax shelters as appearing in Annexure IX to this report.
 - iv Details of other income as appearing in Annexure X to this report.
 - v Details of sundry debtors as appearing in Annexure XI to this report.
 - vi Details of loans and advances as appearing in Annexure XII to this report.
 - vii Details of unsecured loans as appearing in Annexure XIII to this report.
 - viii Details of secured loans as appearing in Annexure XIV to this report.

- ix Details of Investments as per Annexure-XV.
- x Details of contingent liabilities as appearing in Annexure XVI.
- xi Details of related party disclosures as appearing in Annexure XVII to this report.
- xii Details of Principal terms of loans and assets charged as security in Annexure XVIII to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and notes on Account attached in Annexure IV respectively to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Companies Act and the SEBI Guidelines.

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

Thanking you

For Arun K. Gupta & Associates
Chartered Accountants

(Ashok Agrawal)
Partner
Membership No: 501820
May 8, 2006

ANNEXURE -I

STATEMENT OF PROFIT & LOSSES AS RESTATED

(Rs. in million)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
INCOME						
Sales:						
a)Of products manufactured by the company (contract receipt)	783.34	1406.89	1703.21	2537.04	2786.31	2484.00
b)Real Estate	43.16	7.51	2.62	4.10	8.35	5.52
c)Trading	-	-	25.54	59.28	22.47	5.16
d)Ready Mix concrete	-	-	-	-	187.38	297.21
Total	826.50	1414.40	1731.37	2600.42	3004.51	2791.89
Other income / Other sale*	2.75	10.52	4.87	9.82	14.70	14.34
Interest	6.19	5.88	4.82	6.36	12.21	10.77
Rent	1.54	1.89	1.88	1.61	2.75	4.60
Hire Charges	4.95	8.07	11.27	12.47	5.15	0.00
TOTAL (A)	841.93	1440.76	1754.21	2630.68	3039.32	2821.60
EXPENDITURE						
Works Cost	696.90	1203.44	1493.58	2362.36	2637.37	2345.74
Staff cost	37.43	56.22	65.05	68.18	89.65	88.81
Administrative & other expenses	44.20	65.16	60.69	80.74	139.52	119.89
Managerial Remuneration	3.74	3.49	6.11	6.16	6.17	5.42
Interest & other Financial Charges	9.06	19.61	25.34	32.97	33.40	29.00
Depreciation	15.24	35.58	23.66	38.63	47.21	66.36
Provision for Diminution in Value of investment	(3.58)	9.07	3.86	(0.30)	(13.28)	0.00
Total (B)	802.99	1392.57	1678.29	2588.74	2940.04	2655.22
Net profit before tax (A-B)	38.94	48.19	75.92	41.94	99.28	166.38
Taxation - Current	13.65	22.69	25.87	16.31	28.22	64.22
Deferred Tax Liability / (Assets)	0.00	(0.88)	4.16	(0.73)	(0.73)	(6.25)
Profit After Tax	25.29	26.38	45.89	26.36	71.79	108.41

* Please refer to Annexure X in this section for the break-up of other income/other sale.

ANNEXURE -II

STATEMENTS OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in million)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
A. Fixed Assets:						
Gross Block	255.93	308.26	374.89	402.41	529.39	689.40
Less: Depreciation	71.88	106.29	129.32	154.42	191.80	257.19
Net Block	184.05	201.97	245.57	247.99	337.59	432.21
Less: Revaluation reserve	9.18	9.02	8.85	8.68	8.51	8.39
Net Block after adjustment for Revaluation Reserve	174.87	192.95	236.72	239.31	329.08	423.82
B. Investment:	31.79	19.00	19.77	25.46	28.74	31.33
C. Current Assets, Loans And Advances:						
Inventories	99.02	102.52	196.60	119.13	225.60	291.24
Sundry Debtors	81.46	139.42	338.53	449.09	557.72	644.99
Cash and Bank Balances	81.43	99.95	142.23	144.72	344.37	372.35
Loans and Advances	110.43	80.20	122.31	154.27	142.71	228.29
Other current Assets	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	372.34	422.09	799.67	867.22	1270.40	1536.88
D. Liabilities & Provisions:						
Secured Loans	62.36	52.60	94.09	127.82	219.64	230.49
Unsecured Loans	0.00	0.00	0.00	6.30	8.70	6.10
Deferred Tax Liability (net)	0.00	22.16	26.32	25.59	24.86	18.60
Current Liabilities And Provisions	316.41	355.47	685.85	695.85	1031.94	1286.07
TOTAL	378.77	430.22	806.26	855.56	1285.14	1541.25
NET WORTH	200.23	203.82	249.90	276.43	343.08	450.78
E. Networth Represented By:						
1. Share Capital	31.38	31.38	31.38	31.38	31.38	31.38
2. Reserves	179.07	182.25	227.97	254.16	320.41	428.70
Less: Revaluation Reserve	9.18	9.02	8.85	8.68	8.51	8.39
Reserves (Net of Revaluation reserve)	169.89	173.23	219.12	245.48	311.90	420.31
Less: Miscellaneous						

exp. Not written off	1.04	0.79	0.60	0.44	0.20	0.92
Reserve (Net of misc. expenses and Revaluation reserve)	168.85	172.44	218.52	245.04	311.70	419.39
Networth (excluding Revaluation Reserve)	200.23	203.82	249.90	276.43	343.08	450.78

ANNEXURE - III

NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

1. Restated financial statements have been prepared in respect of five years commencing from the financial year 2000-2001 to 2004-2005 and for the nine months period ended December 31, 2005. As a result of restatement, adjustments pertaining to the period prior to 2000-2001 have been adjusted against the reserves as on March 31, 2000.

2. Details of various items adjusted in the restated accounts.

(a) **Prior period items:**

These represent material adjustments in respect of items relating to a specific year but booked in a subsequent year. These have been adjusted to the year to which these pertained to.

(b) **Tax impact of adjustments / Impact of prior period Tax adjustments:**

Adjustment of Income Tax provision upon finalisation of the assessment has been restated in the concerned year to which it pertained to.

3. (a) The company has issued 9414384 bonus shares in the ratio of three shares for every one share held by the existing shareholders as on that date, as approved by the members in their extra ordinary general meeting held on 25th February, 2006.

(b) Earnings per share is calculated in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.

(c) The restated numbers of equity shares have also been adjusted to reflect the issue of 9414384 shares as bonus shares issued by way of capitalization of accumulated profits/reserves as approved in the Extra Ordinary General Meeting of the Company held on 25th February, 2006.

4. **Auditors' Qualifications**

There were no qualification in respect of the years/period under review having impact on the profitability and statement of assets and liabilities. Therefore, no adjustment in this respect has been made in the restated financial statement.

5. The impact of Adjustments carried out in the Restated Accounts are as provided below:

(Rs. in million)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Profit after tax as per attached accounts	18.91	11.79	45.88	25.94	43.95	110.57

Impact of Adjustments						
Prior period items	1.26	(2.21)	0.00	0.00	0.00	0.00
Tax impact thereon	(0.50)	0.79	0.00	0.00	0.00	0.00
Impact of Prior period Income tax	5.62	15.13	0.01	0.42	27.84	(2.16)
Impact of Deferred Tax (Liability) / Assets	0.00	0.88	0.00	0.00	0.00	0.00
Total impact on profit after tax	6.38	14.59	0.01	0.42	27.84	(2.16)
Profit / (Loss) after tax as per restated accounts	25.29	26.38	45.89	26.36	71.79	108.41

ACCOUNTING POLICIES & NOTES TO ACCOUNTS**(A) SIGNIFICANT ACCOUNTING POLICIES****(a) BASIS OF PREPARATION OF FINANCIAL STATEMENT /REVENUE RECOGNITION**

- (i) The Financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles, in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time and provisions of the Companies Act, 1956 as adopted by the company, unless otherwise stated.
- (ii) The company generally follows Mercantile System of accounting and recognizes items of Income and Expenditure on accrual basis except: -
 - Interest on refunds and Insurance & other claims are being accounted for on cash basis.
 - Claims against the company are accounted for on cash basis.
 - Work contract tax deducted at source including on advances by clients are charged to profit and loss account in the year of deduction and the refunds, if any, are accounted in the year of receipt.
- (iii) Work Receipts are taken on percentage completion method, stated on the basis of physical measurement of work actually completed at the balance sheet date, taking in to account the contractual price and revision thereto.

The site mobilization expenditure for site installation is apportioned over the period of contract in proportion to value of work done. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

- (iv) Expenditure incurred in respect of additional cost/delays are accounted in the year in which they are incurred.

Claims made in respect thereof are accounted as work receipts in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client.

- (v) In respect of sub contracts given on back-to-back basis, work receipts and expenses are accounted for on cash basis. In other sub contracts expenses are accounted on the basis of bills certified by principal. Cost of sub contract includes the cost of material wherever applicable.
- (vi) In respect of Real Estate projects the sales accounted for at the time of handing over the possession of the flat/space to the buyers.

(b) FIXED ASSETS

- (i) Fixed Assets are stated at Cost of Acquisition. Fixed Assets acquired under Hire Purchase Schemes are capitalized at their principal value and hire (finance) charges are charged off as revenue expenditure. Fixed Assets taken on lease are not treated as assets of the company and lease rentals are charged off as revenue expenditure.
- (ii) Company's land & buildings have been revalued as on 31-03-1992 by Government approved registered valuer on the basis of their prevailing day value. Difference between the total value of

these assets on revaluation and written down value as on 31.03.1992 of Rs. 10.70 millions has been credited to revaluation reserve account.

(c) **BORROWING COST**

Borrowing Costs specifically relatable upto acquisition of fixed assets are capitalized as part of the cost of fixed assets. Other borrowing costs are charged to revenue.

(d) **DEPRECIATION**

- (i) Depreciation is provided on straight-line method in accordance with Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on Addition/Deletion from the assets during the year is provided on pro-rata basis.
- (iii) Depreciation on items costing below Rs. 5000/- have been provided @ 100% on pro-rata basis.
- (iv) Depreciation is charged on the historical cost of Fixed Assets (Except for Revalued Assets) including taxes, duties and installation costs.
- (v) Depreciation on revalued amount of Fixed Assets is being charged to Revaluation Reserve A/c.
- (vi) Leasehold land is amortized over the period of lease.

(e) **INTANGIBLES**

Software costs relating to acquisition of initial software license fee and installation cost are capitalized in the year of purchase and amortized on straight-line basis over its useful life, which is considered to be of a period of five years.

(f) **IMPAIRMENT OF ASSETS**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use valuation is done by approved valuer/ the estimated future cash flows (discounted to their present value, based on an appropriate discounting factor) are used. Impairment losses are recognized in the profit and loss account.

(g) **INVESTMENT**

Quoted investments are valued cost or market price whichever is lower and unquoted investments are valued at cost or book value whichever is lower.

(h) **INVENTORIES**

- (i) Stock of Materials is valued at cost or net realizable value whichever is lower and stock of Real Estate Projects are valued at cost on the basis of expenses incurred on the project.
- (ii) All Financial, administrative, and other expenses directly incurred on various Real Estate Projects are debited to the cost of the projects.
- (iii) Work in progress is valued at contract rate on pro-rata basis for works done upto 31st March, based on the bills raised/certified in the next financial year. Wherever the bills are not raised/certified by the client, work in progress is valued on the basis of direct expenditure incurred on the particular project upto the date of Balance Sheet.

(i) DEFERRED REVENUE EXPENSES

The sales expenses incurred on the various Real Estate Projects are treated as Deferred Revenue expenditure. The same are charged/ chargeable to the Profit & Loss Account at the time of commencement of sales of respective projects.

(j) RETIREMENT BENEFITS

(i) Provisions for gratuity liability is made on the basis of premium actuarially assessed at the year-end and intimated by the Life Insurance Corporation of India in terms of a policy taken with them.

(ii) Other retirement benefits like earned leave, ex-gratia in lieu of bonus are accounted for on accrual basis.

(k) AMORTISATION

Public Issue expenses are being written off in 10 equal yearly installments.

(l) FOREIGN EXCHANGE TRANSACTIONS

(i) Transactions arising in Foreign Currency are converted at the exchange rates prevailing as on date of transactions. Monetary assets & Liabilities denominated in Foreign Currencies are restated at year-end exchange rate. All exchange difference arising on conversion are included in Profit & Loss Account except exchange differences on liabilities for acquisition of capital assets, which are adjusted in the carrying cost of respective fixed assets.

(ii) Gains & losses in respect of foreign exchange contract are recognized as income or expenses over the life of the contract, except in respect of fixed assets where such losses are adjusted in the carrying amount of fixed assets.

(m) TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax resulting from timing differences between book & tax profits is accounted for under the liability method, at the substantively enacted rate of tax on the balance sheet date, to the extent that the timing differences are expected to crystallise / capable of reversal as deferred tax charge / benefit in the profit & loss account and as deferred tax liability / assets in the balance sheet.

(B) NOTES TO ACCOUNTS

Directors' remuneration:

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Salary including sitting fees	3.74	3.49	6.11	6.16	6.17	5.42

Auditors' remuneration:*(Rs. in million)*

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Audit fees and others	0.24	0.18	0.19	0.27	0.28	0.72

CIF Value of Imports:*(Rs. in million)*

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
i. Raw materials	3.04	13.57	5.18	10.84	19.48	24.07
ii. Capital goods	30.55	0.00	0.00	0.46	0.12	1.12
iii. Trading goods	0.00	0.00	3.20	0.00	0.00	0.00
iv Goods in transit (consumables)	0.00	0.00	5.83	0.00	0.00	0.00
v. Earnings in foreign currency (work receipts)	0.00	13.53	18.83	0.00	0.00	0.00
vi. Expenditure in foreign currency						
a. Traveling	0.04	0.00	0.00	0.09	0.27	0.14
b. Technical Fees	0.09	0.00	0.00	0.00	0.00	0.00
c. Telephone Expenses	0.00	0.00	0.00	0.00	0.00	0.00
d. Bank charges	0.00	0.02	0.00	0.00	0.00	0.00
e. Testing fees	0.00	0.00	0.00	0.97	0.00	2.55
f. Courier charges	0.00	0.00	0.00	0.00	0.02	0.00

Deferred Tax

(I) The Deferred Tax liability comprises of tax effect of timing differences on account of

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
I Deferred tax liabilities	23.03	22.15	27.15	26.19	24.85	18.60
On account of timing differences in depreciation						
II Deferred tax assets						
On Account of expenses allowable on actual payment basis	0.00	0.00	0.83	0.60	0.00	0.00
Net deferred tax liability/(Assets) as on date	23.03	22.15	26.32	25.59	24.85	18.60
Deferred Tax Liability / (Assets) for the year	0.00	(0.88)	4.16	(0.73)	(0.73)	(6.25)

- (II) Deferred Tax Liability of Rs. 23.03 millions as at 31st March, 2001 has been adjusted out of the General reserves, as the AS-22 on Accounting for Taxes on Income was made applicable from 1.4.2001.

NOTES TO ACCOUNTS STANDARD AS ON DEC. 31, 2005

1. CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rupees in millions)

			Nine months Period ended Dec. 31, 2005	Previous Financial Year 2004-2005
(i)	a)	Counter guarantees given to bankers	939.21	752.80
	b)	Indemnity Bonds/Performance Bonds/ Surety Bonds given to client	184.70	142.79
	c)	Unexpired L/C / FLC	11.96	27.69
	d)	Work Contract Tax demand	57.02	57.02
	e)	Entry Tax demand	0.10	0.11
	f)	Demand of stamp duty on Real Estate Project	5.74	5.74
	g)	Claims against the company not Acknowledged as debt	6.26	2.49

2. Capital commitments:- Capital contracts remaining to be executed (net of payments) and not provided for Rs. 18.60 millions (Previous year Rs. 45.00 millions).
3. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for depreciation and for all known liabilities are adequate and not excess of the amount considered necessary.
4. Confirmation from Sundry Debtors, Advances Recoverable & Sundry Creditors and certain inoperative Bank Accounts appearing in the Balance Sheet are subject to confirmation.
5. Sundry creditors includes Rs. 0.76 millions (P.Y. Rs. 16.64 millions) being amount due to Small Scale Industrial Units as on 31st, Dec, 2005 as per the information available with the company. The small scale industries undertakings to whom amount outstanding for more than 30 days is Ahlcons India Pvt. Ltd.
6. Advance payments received towards contracts are secured by Bank Guarantees and/or indemnity bonds issued by the company.
- 7.(a) Fixed Deposit Receipts to the tune of Rs. 147.05 millions (P.Y. Rs. 147.33 millions) along with interest accrued Rs. 9.41 millions (P.Y. Rs. 6.12 millions) have been pledged with the Company's Bankers as margin for Bank Guarantees, Letters of Credits, Security Deposit and for Loans obtained from Banks.
- (b) Working capital facilities & Bank Guarantees availed by the company
 - From Canara Bank are secured by way of
 - 1) Personal guarantee of Managing Director and three other Directors of the company.
 - 2) Exclusive charge on current assets of three DDA projects namely
 - LIG Houses at Bakkarwala
 - Mega Housing Project at Vasant Kunj
 - Construction of 850 Mass Housing at Vasant Kunj

- 3) Hypothecation of stocks and book debts, other than that of 3 specific DDA projects by way of pari passu charges to held by all the member banks under MBA.
 - 4) Hypothecation of Plant & machinery – WDV Rs. 51.00 millions, as per audited balance sheet of 31.3.2000 and EMT of Commercial property at Plot No. 177, Block A, Okhla Industrial Area, Phase-I, New Delhi – Rs. 14.59 millions, EMT of Commercial property at No. 4, Community Centre, Malviya Nagar Extension, Saket, New Delhi – Rs. 60.00 millions, EMT of Residential building at 205, Block No. B-4, Safdarjung Enclave, New Delhi – Rs. 11.50 millions, EMT of property at B-7, Saket, New Delhi – Rs. 36.21 millions.
 - From Yes Bank Limited are secured by way of
 - 1) First pari passu charge on the current assets of the company.
 - 2) Personal guarantee of Mr. Bikramjit Ahluwalia.
- (c) **Term Loan facilities :**
- from ICICI Bank is secured by way of
- 1) First charge on all current assets of the company ranking pari passu with other participating Banks. Exclusive charge on all the assets – inventories, consumables, work-in-progress and receivables pertaining to the project being funded under this proposal.
 - 2) Personal Guarantees of Mr. Bikramjit Ahluwalia, Mrs. Sudarshan Walia & Mr. Vikaas Ahluwalia.
- from UTI Bank is secured by way of
- 1) First pari passu charge on the entire current assets of the company.
 - 2) Personal Guarantees of Mr. Bikramjit Ahluwalia, Mrs. Sudarshan Walia, Mr. Vikaas Ahluwalia & Mr. Shobhit Uppal.
- (d) Term Loan facilities taken for machinery from ABN Amro Bank, ICICI Bank, HDFC Bank & Kotak Mahindra Bank are secured by way of hypothecation of specified machinery. Further secured by personal guarantee of the Managing Director / other Directors.
- (e) Other Term Loan from GE Capital Services India are secured by way of hypothecation of specified machinery. Further secured by personal guarantee of the Managing Director / other Directors.
- (f) Bank guarantees facilities availed from –
- 1) Allahabad Bank is secured by way of
 - a) Hypothecation charge over company's entire current assets on pari passu basis with other banks.
 - b) Pledge of 1400000 equity shares of Ahlcon Parenterals (India) Limited.
 - c) Equitable mortgage of residential property at B-10 saket, New Delhi, value Rs. 54.80 millions as on 8.8.99
 - 2) Punjab & Sind Bank is secured by way of
 - a) Pledge of 500239 equity shares of the company.
 - b) Personal guarantee of the following directors :-
 - (i) Mr. Bikramjit Ahluwalia
 - (ii) Mrs. Sudarshan Walia
 - (iii) Mr. Shobhit Uppal
 - (iv) Mr. Vikaas Ahluwalia
 - c) Pari Passu charge on current assets of the company with other banks.
 - 3) Bank of Maharashtra is secured by way of
 - a) Pari Passu charge on current assets of the company.
 - b) Personal guarantee of all the Directors in their personal capacity.
 - 4) Syndicate Bank is secured by way of

- a) First pari passu charge on entire current assets (other than those exclusively charged to ICICI).
- b) Personal guarantee of the following directors :-
 - (i) Mr. Bikramjit Ahluwalia
 - (ii) Mrs. Sudarshan Walia
 - (iii) Mr. Shobhit Uppal
 - (iv) Mr. Vikaas Ahluwalia
- 5) ICICI Bank Ltd. is secured by way of
 - a) Personal guarantee of the following directors :-
 - (i) Mr. Bikramjit Ahluwalia
 - (ii) Mrs. Sudarshan Walia
 - b) First pari passu charge on entire current assets of the company.
- 6) UTI Bank Ltd. is secured by way of
 - a) First pari passu charge on entire current assets of the company.
 - b) Personal guarantee of the following directors :-
 - (i) Mr. Bikramjit Ahluwalia
 - (ii) Mrs. Sudarshan Walia
 - (iii) Mr. Shobhit Uppal
 - (iv) Mr. Vikaas Ahluwalia
8. The company is mainly engaged in the business of construction. Keeping in view the multifarious jobs at different sites and practical difficulties in measuring building material, individual details with regard to quantities of stock, production, turnover and consumption of raw materials are not given.
- 9.(i) Loans to Body Corporate (shown under schedule 10) due from Ahlcon Parenterals (I) Ltd., includes Rs.15.00 millions (P.Y. Rs. 36.00 millions) (maximum amount due at any time during the nine month Rs. 36.00 millions) (P.Y. Rs. 62.37 millions).
- (ii) Current liabilities include a sum of Rs.0.76 millions (P.Y. Rs. 16.64 millions) due to companies in which Directors are interested.
- (iii) Sundry debtors includes amount due from companies in which Directors are interested Rs. 51.94 millions (P.Y. Rs. 49.18 millions) (Maximum balance at any time during the nine month Rs. 51.94 millions) (P.Y. Rs. 49.18 millions).
- (iv) Sundry debtors includes amount due from key management personnel in which Directors are interested Rs.1.07 millions (P.Y. Rs. 0.31 millions) (maximum amount due at any time during the nine month Rs.3.84 millions) (P.Y. Rs. 2.02 millions).
10. A sum of Rs. 0.01 millions Net debit (P.Y. Rs. 0.06 millions Net debit), relating to earlier years have been considered in respective heads of accounts.
11. Miscellaneous expenses includes cash embezzlement Rs. NIL (P.Y. Rs. 0.10 millions).
12. LEASES
 - a) The assets taken on lease have been treated as operating lease. The particulars are as follows:-
The total of future minimum lease payments under for each of the following period are :
 - i) Not later than one year - Rs. 4.50 millions
 - ii) Later than one year and not later than five years - Rs. 5.00 millions

- b) Lease payments recognised in the statement of profit & loss for the period.

13. AUDITORS' REMUNERATION

(Rupees in millions)

		Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
(i)	As Audit Fee	0.67	0.25
(ii)	Tax Audit Fee	0.06	0.02
(iii)	For other matters		0.01
		0.72	0.28

14. i) Managerial Remuneration paid/payable to Chairman and Managing Director, and other Directors for the period are as follows:

(Rupees in millions)

	Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
Salaries & other allowances	4.93	5.58
Perquisites	0.45	0.55
Director sitting fees	0.05	0.04
	5.42	6.17

- 15.a) Current tax is calculated in accordance with the tax laws applicable to the current financial year and accordingly charged to the profit and loss account for the period.

- b) The breakup of net deferred tax liability is as under :-

(Rupees in millions)

	As on 31.12.2005		As on 31.3.2005	
	Deferred tax liability	Deferred tax Assets	Deferred tax liability	Deferred tax Assets
Depreciation difference between book & Income tax	18.60	-	24.85	-
Expenses allowable on actual payments	-	-	-	-
Total	18.60	-	24.85	-
Net deferred tax liability	18.60		24.85	
Deferred tax liability/(assets) for the year	(6.25)		(0.73)	

16. **Related Party Disclosure:**

List of Related Parties (as ascertained by the management)

1. Parties under common control:

M/s Ahlcon Parenterals (India) Limited
M/s Ahluwalia Builders & Development Group (P) Ltd.
M/s Tidal Securities Private Ltd.
M/s Capricon Industrials Limited
M/s Ahlcons India Private Limited

M/s Procon One International Private Limited
M/s Vikas Associates
M/s. Ahluwalia Construction Group

2. Key Management Personnels:

Mr. Bikramjit Ahluwalia	Chairman & Managing Director
Mr. Shobhit Uppal	Whole Time Director
Mr. Vikaas Ahluwalia	Whole Time Director
Mrs. Sudershan Walia	Whole Time Director

3. Company in which relatives of a Director is Director

M/s. S & S Technocrates Pvt. Limited	Father of a Director is a Director
--------------------------------------	------------------------------------

4. Non Executive & Independent Directors:

Mr. Arun Kumar Gupta
Mr. Virender Kumar Sachdeva
Mr. S. K. Chawla
Mr. Balbir Singh

5. Relative of Key Management Personnel

Mrs. Rachna Uppal (Wife of Director)

Transactions with Related Parties

Rupees in millions

			Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
i)	<u>Interest receipts</u> Company under common control	:	2.00	5.21
ii)	<u>Sale of goods</u> Company under common control	:	7.02	6.06
iii)	<u>Lease rent / hire charges received</u> Company under common control	:	0.00	5.16
iv)	<u>Rent received</u> Company under common control	:	0.42	0.56
v)	<u>Payment against contract work</u> Company under common control	:	0.00	11.71
vi)	<u>Purchase of materials</u> Company under common control	:	48.03	46.28
vii)	<u>Sale of Machinery</u> Company under common control	:	0.00	15.00
viii)	<u>Rent Paid</u> Key management personnel and their relatives	:	0.95	0.67
ix)	<u>Managerial Remuneration</u> Key management personnel	:	5.42	6.17
x)	<u>Loan taken</u> Company under common control	:	0.00	1.30
xi)	<u>Loan repaid</u> Company under common control	:	1.30	0.00
xii)	<u>Work receipts</u> Key management personnel	:	3.04	2.56
xiii)	<u>Sale of Goods</u>		21.29	2.31

	Key management personnel	:		
xiv)	<u>Dividend received</u> Company under common control	:	2.69	0.00
xv)	<u>Loan received back</u> Company under common control	:	21.00	26.37

Amount Due from / to Related Parties:

Rupees in millions				
			Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
(i)	<u>Due from related parties included in, Loan to body corporate</u>			
	Company under common control	:	15.00	36.00
	Sundry Debtors			
	Company under common control	:	51.94	49.18
	Key management personnel	:	1.07	0.31
(ii)	<u>Due to related parties included in Current liabilities</u>			
	Company under common control	:	0.76	16.64
	Key management personnel	:	5.62	4.10

No amount has been written off or provided for in respect of transactions with the related parties.

17. Earnings Per Share:

		Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
a)	Calculation of weighted average number of equity shares of Rs.10 each.		
	Number of equity shares outstanding at the end of the year	3138128	3138128
b)	Restated number of equity shares	12552512	12552512
c)	Net profit after tax available for equity share holders (Rs. in millions)	110.57	43.95
c)	Basic and diluted earning (in rupees) per share of Rs. 10 each.	35.24	14.00

Notes:

- Earnings per share is calculated in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.
- The restated numbers of equity shares have also been adjusted to reflect the issue of 9414384 shares as bonus shares issued by way of capitalization of accumulated profits/reserves as approved in the Extra Ordinary General Meeting of the Company held on 25th February, 2006.

18. **Segment Reporting:**

STATEMENT OF RESTATED SEGMENT INFORMATION								
AS PER ACCOUNTING STANDARD - 17								
							(RS. IN MILLIONS)	
PARTICULARS	CONTRACT WORK		READY MIX CONCRETE		OTHERS OPERATIONS		TOTAL	
	Nine months period ended Dec. 31, 2005	Year ended March, 31, 2005	Nine months period ended Dec. 31, 2005	Year ended March, 31, 2005	Nine months period ended Dec. 31, 2005	Year ended March, 31, 2005	Nine months period ended Dec. 31, 2005	Year ended March 31, 2005
a) REVENUE								
Contract Receipts/ Sales	2484.00	2786.31	297.21	187.38	18.85	38.35	2800.06	3012.04
Inter- Segment Sales	0.00	0.00	9.51	6.57	0.00	0.00	9.51	6.57
Eliminations	0.00	0.00	(9.51)	(6.57)	0.00	0.00	(9.51)	(6.57)
TOTAL REVENUE	2484.00	2786.31	297.21	187.38	18.85	38.35	2800.06	3012.04
b) RESULT								
Segment Result	208.30	150.81	(8.26)	(10.34)	4.82	(0.95)	204.86	139.52
Less: Unallocated Expenses	0.00	0.00	0.00	0.00	0.00	0.00	44.10	62.67
Less: Interest Expenses	0.00	0.00	0.00	0.00	0.00	0.00	15.92	18.12
Add: Interest & other Income	0.00	0.00	0.00	0.00	0.00	0.00	21.54	40.55
Less: Income Tax (Including Deffered Tax)	0.00	0.00	0.00	0.00	0.00	0.00	57.97	27.49
Net Profit after Tax	0.00	0.00	0.00	0.00	0.00	0.00	108.41	71.79
c) OTHER INFORMATION								
Segment Assets	1289.49	985.94	134.36	85.27	11.21	12.49	1435.06	1083.70
Unallocated Assets	0.00	0.00	0.00	0.00	0.00	0.00	565.36	553.03
Segment Liabilities	1099.56	917.02	106.11	58.01	17.59	20.90	1223.26	995.93
Unallocated Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	317.99	289.21
Capital Expenditure	144.44	92.36	12.40	64.18	0.00	0.00	156.84	156.54
Unallocated Capital Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	19.66	16.55
Depreciation	55.51	38.30	4.75	3.07	0.07	0.09	60.33	41.46

Unallocated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	6.02	5.74
Non Cash Expenses other than Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.26	0.24

Notes: 1) The company commenced Ready Mix Concrete activities w.e.f. financial year 2004-05 accordingly segment reporting is made for the period 2004-05 and period ended 31st Dec, 2005.

2) Company operations have been categorised into two major business segments i.e. construction activities and Ready Mix Concrete in accordance with the accounting standard (AS-17) issued by the Institute of Chartered Accountants of India.

3) There are no geographical segments as there are no exports and all the turnover of the company takes place indigenously.

4) Inter segments transfers have been priced based on market prices charged to external customers for similar goods. These are then Eliminated.

5) Segment result is segment revenue less segment expense includes all expenses directly attributable to the segments.

19. Disclosure in accordance with Accounting Standard –7 (Revised)- amount due from/ to customers on construction

Contracts

(Rupees in millions)

	Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
Contract revenue recognised as revenue in the period	1823.51	1337.20
Contract costs incurred and recognised profits (less recognised losses) upto the reporting date	1936.75	1323.97
Advances received	492.69	368.80
Retention money	81.42	32.96
Gross amount due from customers for contract work	4.46	17.31
Gross amount due to customers for contract work	-	-

Note:-The above information is given only in respect of contracts entered into on or after 01.04.2003 and are in progress as on balance sheet date.

20. Previous year figures have been regrouped and/or rearranged wherever considered necessary to make them comparable with current year figures.
21. Additional information pursuant to the provisions of paragraph 3, 4-C and 4-D of part II of Schedule VI of the Companies Act, 1956:

In view of the diverse nature of contracts undertaken by the Company and wide variety of material concerned, the additional information has been furnished to the extent practicable.

(a) **FLATS CONSTRUCTED, SOLD & STOCKS THEREOF**

	Unit	Opening Stock	Constructed	Sold/ Capitalised	Closing Stock
Current Nine Months Flat/Space	Sq.ft.	3657	-	3657	- Nil -
Previous Year Flat/Space	Sq.ft.	12282	-	8625	3657

(b) **CIF VALUE OF IMPORTS (Payment Basis)**

	Nine months Period ended Dec. 31, 2005	(Rupees in millions) Previous Year ended March 31, 2005
Raw Materials	24.07	19.48
Capital Goods	1.12	0.12

(c)(I) **EXPENDITURES IN FOREIGN CURRENCY (PAYMENT BASIS)**

	Nine months Period ended Dec. 31, 2005	(Rupees in millions) Previous Year ended March 31, 2005
Travelling expenses	0.14	0.27
Courier charges	-	0.02
Testing Fees	2.55	-
	2.69	0.29

(II) **SECURITY DEPOSIT IN FOREIGN CURRENCY**

	Nine months Period ended Dec. 31, 2005	Previous Year ended March 31, 2005
Earnest money deposit	-	0.37

(d) **CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIAL**

	Nine months Period ended Dec. 31, 2005		Previous Year ended March 31, 2005	
	Amount	(%).	Amount	(%)
Raw Materials				
Imported	32.64	1.93	26.32	1.48
Indigenous	1653.75	98.07	1745.88	98.52
Total =	1686.39	100.00	1772.20	100.00
Stores & Spares				
Imported	-	-	-	-
Indigenous	24.55	100.00	27.90	100.00
Total =	24.55	100.00	27.90	100.00

(e) **RAW MATERIAL CONSUMED**

(Rupees in millions)

Item	Unit	Nine months Period ended Dec. 31, 2005		Previous Year ended March 31, 2005	
		Qty.	Value Rs.	Qty.	Value Rs.
Plastic scrap	Kg.	2,86,365	5.35	237800	4.96
Ready Mix Concrete Raw Material :-					
a) Cement	Bags	7,23,272	98.29	542011	73.19
b) Stone Grit	Cft.	36,36,577	62.05	2894451	47.78
c) Badarpur sand	Cft.	22,48,951	39.36	1560863	27.71
d) Chemical	Kg.	2,74,100	7.13	207335	6.11
Construction Material	-	-	1474.21	-	1612.45
Total =			1686.39		1772.20

(f) **PARTICULARS REGARDING FINISHED GOODS**

(Rupees in millions)

	Class Of Goods	Unit	Licensed Capacity	Installed Capacity *	Actual Production	Opening Stock		Closing Stock		Sales	
						Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Current Nine Months	Plastic Granules	Kg.	N.A.	390000	270000	Nil	Nil	Nil	Nil	270000	7.02
	Ready Mix Concrete	Cum.	N.A.	228240	** 120317	Nil	Nil	Nil	Nil	120317	297.21
Previous Year	Plastic Granules	Kg.	N.A.	390000	233000	Nil	Nil	Nil	Nil	233000	6.06
	Ready Mix Concrete	Cum	N.A.	115440	88290	Nil	Nil	Nil	Nil	88290	187.38

* Being a technical matter relied upon by auditors as certified by the management.

** Excludes captive consumption

(g) **PARTICULARS REGARDING TRADING GOODS**

(Rupees in millions)

Nine Months Period Ended Dec. 31, 2005:-

Sl. No.	A. Item	Unit	Opening stock		Purchase		Sales		Closing Stock	
			Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
1	Unitised 11 KV / 0.433, KV 500 KVA mobile type sub station	Nos.	-	-	2	2.20	2	2.63	-	-
2	11 KV load break switch	Nos.	-	-	12	0.82	12	0.93	-	-
3	Other	-	-	-	-	1.46	-	1.60	-	-
	Gross Total	-	-	-	-	4.48	-	5.16	-	-

Previous Year Ended March 31, 2005 :-

(Rupees in millions)

Sl. No.	Item	Unit	Opening stock		Purchase		Sales		Closing Stock	
			Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
1	Street light fixtures	Nos.	-	-	334	2.47	334	2.13	-	-
2	11 m high pole –	Nos.	-	-	197	3.39	197	2.36	-	-

	90 LBS rail pole									
3	11 KV / 0433, KV 500 KVA transformer	Nos.	-	-	13	2.82	13	2.82	-	-
4	11 KV load break switch	Nos.	-	-	27	1.88	27	2.09	-	-
5	Others	-	-	52.56	-	11.14	-	13.06	-	-
	Gross Total	-	-	52.56	-	21.70	-	22.46	-	-

ANNEXURE-V

RESTATED CASH FLOW STATEMENT

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
A Cash Flow arising from Operating activities						
Net profit before tax, Interest and Extra ordinary items	42.49	59.65	89.33	61.29	117.40	182.30
Adjustment for:						
Depreciation	15.24	35.59	23.67	38.63	47.21	66.36
Interest Received	(6.19)	(5.88)	(4.82)	(6.36)	(12.21)	(10.77)
Rent Received	(1.54)	(1.89)	(1.88)	(1.61)	(2.75)	(4.60)
Hire charges Received	(4.95)	(8.07)	(11.27)	(12.47)	(5.16)	0.00
Foreign Exchange Fluctuation	0.13	(0.06)	(0.01)	0.00	0.00	0.00
Provision for diminution in value of Investment	(3.58)	9.07	3.86	(0.30)	(13.28)	0.00
Miscellaneous Expenses Written off	1.15	0.26	0.19	0.16	0.24	0.26
Consultancy Receipts	(0.35)	0.00	(0.40)	0.00	(1.37)	0.00
Loss on Sale of Fixed Assets	0.19	0.38	0.13	3.54	14.48	0.00
Loss on Sale of Shares	0.00	0.22	0.00	0.03	0.00	0.00
Profit on Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	(3.10)
Profit on Sale of Shares	0.00	0.00	0.00	0.00	(3.75)	0.00
Operating profit before Working Capital changes	42.59	89.27	98.80	82.91	140.81	230.45
Adjustment for:						
Trade Receivable	(18.04)	(57.95)	(199.12)	(110.56)	(108.63)	(87.27)
Inventories	29.81	(3.50)	(94.08)	77.47	(106.47)	(65.65)
Trade Payable	(33.68)	39.06	330.38	10.00	330.72	250.47
Loans and Advances	(39.56)	30.23	(42.11)	(31.96)	11.57	(84.06)
Cash generated from Operations	(18.88)	97.10	93.87	27.85	268.00	243.95
Direct Taxes Paid	(13.65)	(22.69)	(25.87)	(16.31)	(28.23)	(62.10)
Interest paid	(3.55)	(11.46)	(13.41)	(19.34)	(18.12)	(15.92)
Consultancy receipts	0.35	0.00	0.40	0.00	1.37	0.00
Increase in miscellaneous expenditure	0.00	0.00	0.00	0.00	0.00	(0.98)
Foreign Exchange fluctuations	(0.13)	0.06	0.01	0.00	0.00	0.00
Net Cash from Operating Activities	(35.86)	63.00	55.00	(7.80)	223.02	164.96
B Cash Flow from Investing Activities						
Purchase of Fixed Assets	(75.62)	(54.39)	(69.69)	(47.89)	(173.09)	(166.39)
Purchase of Shares	0.00	0.00	(4.63)	(162.16)	(7.14)	(2.59)
Sale of Shares	(10.69)	3.49	0.00	156.74	20.88	0.00
Sale of Fixed Assets	0.91	0.34	2.13	3.13	21.63	8.39
Interest Received	6.19	5.88	4.82	6.36	12.21	10.77
Rent Received	1.54	1.89	1.88	1.61	2.75	4.60
Hire Charges Received	4.95	8.07	11.27	12.47	5.16	0.00

Net cash from Investing activities:	(72.72)	(34.72)	(54.23)	(29.74)	(117.60)	(145.23)
C Cash Flow from financing Activities:						
Proceeds from Long term borrowing	61.63	(9.76)	47.56	35.37	91.22	119.89
Repayment of Long term borrowing	0.00	0.00	(46.28)	(25.83)	(40.31)	(46.84)
Proceeds from Short term borrowing	0.00	0.00	40.21	30.49	76.11	52.50
Repayment of Short term borrowing	(5.03)	0.00	0.00	0.00	(32.80)	(117.30)
Net Cash from Financing Activities	56.60	(9.76)	41.50	40.03	94.22	8.25
Net Increase/Decrease in Cash & Cash Equivalents	(51.98)	18.52	42.27	2.49	199.64	27.98
Opening Cash & Cash equivalents	133.42	81.43	99.95	142.23	144.72	344.37
Closing Cash & Cash Equivalents	81.43	99.95	142.23	144.72	344.37	372.35

ANNEXURE -VI

STATEMENT OF DIVIDEND PAID FOR LAST 5 YEARS

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
No. of Equity shares of Rs. 10/- each	3138128	3138128	3138128	3138128	3138128	3138128
Rate %	0.00	0.00	0.00	0.00	15%	0.00
Amount of Dividend(Rs. in millions)	0.00	0.00	0.00	0.00	4.71	0.00
Dividend Tax (Rs. in millions)	0.00	0.00	0.00	0.00	0.66	0.00
Total Payout(Rs. in millions)	0.00	0.00	0.00	0.00	5.37	0.00

ANNEXURE -VII

STATEMENT OF ACCOUNTING RATIOS AS RESTATED

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
EPS Basic (Rs. Per Share)	2.01	2.10	3.65	2.10	5.72	8.64
Cash EPS (Rs. Per Share)	3.33	5.00	5.56	5.47	10.65	13.94
Return on Networth (RONW)(%)	12.63	12.94	18.36	9.54	20.92	24.05
Net assets Value per Share (NAV)(Rs)	15.95	16.24	19.91	22.02	27.33	35.91
Restated Number of Equity Shares	12552512	12552512	12552512	12552512	12552512	12552512

Notes:

- (a) Earnings per share is calculated in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.
- (b) The restated numbers of equity shares have also been adjusted to reflect the issue of 9414384 shares as bonus shares issued by way of capitalization of accumulated profits/reserves as approved in the Extra Ordinary General Meeting of the Company held on 25th February, 2006.

$$\text{Basic Earning Per Share} = \frac{\text{Net Profit after tax attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

$$\text{Return on net worth} = \frac{\text{Net Profit after tax attributable to equity share holders}}{\text{Net worth of equity share holders}}$$

$$\text{Net asset value per share} = \frac{\text{Net worth of equity share holders}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

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, miscellaneous expenses written off, loss on sale of fixed assets and loss on sale of investments.

ANEXURE -VIII

CAPITALISATION STATEMENT AS RESTATED

(Rs. in million)

Particulars	Previous Year Ended 31/03/2005	Nine months Period Ended 31/12/2005	Post Issue
Secured Loans	219.64	230.49	
Unsecured Loans	8.70	6.10	
Total Debts	228.34	236.59	
Less : Short Term Debts (Working capital loan)	54.02	21.82	
Total Long Term Debt	174.32	214.77	
Shareholders funds			
Share Capital	31.38	31.38	Note 1
* Reserves & Surplus	311.70	419.39	Note 1
Total Shareholders funds	343.08	450.77	Note 1
Long term Debt/Equity Ratio	0.51	0.48	Note 1

* Net of revaluation reserves and miscellaneous expenditure not written off.

Notes : 1) The post issue capitalisation cannot be determined till the process of book building is completed.

2) Long term debts have been considered on the basis of the tenure of the loans as originally sanctioned, exceeding one year.

ANNEXURE - IX

TAX SHELTER STATEMENT

(Rs. in million)

Particulars		Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Tax Rate (including Surcharge & Education Cess)		39.55%	35.70%	36.75%	35.88%	36.59%	33.66%
Profit as per Profit & Loss Account		37.68	50.40	75.92	41.94	99.28	166.38
Tax at Notional Rate	(A)	14.90	17.99	27.90	15.05	36.33	56.00
Adjustments							
Impact in respect of Depreciation on Fixed Assets		(2.10)	0.90	(4.37)	(0.94)	(5.94)	7.60
(Profit) / Loss on sale of Assets		0.07	0.14	0.05	1.27	5.30	(1.04)
Other adjustments		(1.37)	4.16	2.20	0.73	(8.04)	(0.75)
Other disallowances as assessed / Intimation u/s 143(1)		1.45	0.10	0.00	0.03	0.39	0.00
Tax Burden / (saving) thereon	(B)	(1.95)	5.30	(2.12)	1.09	(8.29)	5.81
Total tax as per Income Tax Return / Computation		12.95	23.29	25.78	16.13	28.03	61.81

ANNEXURE - X

DETAILS OF OTHER INCOME RESTATED

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Exchange Fluctuation	0.00	0.06	0.01	0.00	0.00	0.00
Liabilities Written Back	0.53	7.02	0.82	1.86	2.04	0.21
Sales (Granules)	0.29	1.22	1.95	5.36	6.06	7.02
Sale of Scrap	1.28	2.22	1.69	2.61	1.48	1.15
Sales Tax Refund	0.30	0.00	0.00	0.00	0.00	0.17
Dividend Receipt	0.00	0.00	0.00	0.00	0.00	2.69
Consultancy Receipt	0.35	0.00	0.40	0.00	1.37	0.00
Profit on Sale of Investment	0.00	0.00	0.00	0.00	3.75	0.00
Profit on Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	3.10
Total	2.75	10.52	4.87	9.82	14.70	14.34

ANNEXURE-XI

SUNDRY DEBTORS (UNSECURED)

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Over six months	15.32	10.30	26.25	39.44	90.92	100.30
Other Debts	66.15	129.11	312.29	409.65	466.80	544.69
Less: Provision for doubtful Debts	0.00	0.00	0.00	0.00	0.00	0.00
Total	81.46	139.42	338.53	449.09	557.72	644.99

ANNEXURE-XII

**LOANS & ADVANCES RESTATED
(UNSECURED CONSIDERED GOOD)**

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Loan to body corporate	76.37	40.37	62.37	62.37	36.00	15.00
Staff advances	0.68	0.95	0.47	1.12	1.14	2.10
Advances recoverable in cash or in kind or for value to be received	24.30	25.89	26.42	44.24	55.40	153.74
Prepaid expenses	5.07	9.27	16.86	11.02	16.43	20.04
Income tax deducted at source (Net of Current Tax Provision)	4.01	3.73	16.19	35.52	33.74	37.42
Total	110.43	80.20	122.31	154.27	142.71	228.29

ANNEXURE-XIII

STATEMENT OF UNSECURED LOANS

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Loan from body corporate (interest Free)	0.00	0.00	0.00	6.30	8.70	6.10

ANNEXURE -XIV

STATEMENT OF SECURED LOANS

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
TERM LOANS						
From bank	30.00	25.00	35.86	33.78	91.07	179.85
From others	27.31	23.91	12.40	17.86	38.05	16.20
VECHICLE LOAN						
From Bank	0.96	1.95	1.48	5.03	36.48	12.62
From others	4.09	1.74	3.13	0.34	0.02	0.00
WORKING CAPITAL LOAN						
From Bank	0.00	0.00	39.58	70.00	54.02	21.82
Interest accrued and due on above loans	0.00	0.00	1.64	0.82	0.00	0.00
Total	62.36	52.60	94.09	127.82	219.64	230.49

ANNEXURE - XV

STATEMENT OF INVESTMENT

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
Quoted Investments						
Ahlcon Parenterals (India) Limited	31.87	28.15	28.15	28.15	28.15	28.15
Addi Industries Limited	0.00	0.00	4.62	0.00	0.00	0.00
JCT Limited	0.00	0.00	0.00	10.00	0.00	0.00
Allahabad bank	0.00	0.00	0.00	0.00	0.00	1.73
Syndicate Bank	0.00	0.00	0.00	0.00	0.00	0.86
Unquoted Investments	0.00	0.00	0.00	0.00	0.00	0.00
Ahluwalia Builders & Development Group Pvt. Ltd.	0.17	0.17	0.17	0.17	0.17	0.17
Ahlcons India Pvt. Ltd.	0.25	0.25	0.25	0.25	0.25	0.25
Capricon Industrials Ltd.	0.17	0.17	0.17	0.17	0.17	0.17
National Saving Certificate	0.05	0.05	0.06	0.06	0.06	0.06
Total	32.50	28.78	33.41	38.80	28.79	31.39
Less Provision for Diminution in value of Investments	0.71	9.78	13.64	13.34	0.06	0.06
Net Total	31.79	19.00	19.77	25.46	28.74	31.33
Market value of quoted investments	31.20	18.42	21.83	24.86	60.02	192.14

ANNEXURE - XVI

CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. in million)

Particulars	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
a) Counter guarantee given to bankers	208.93	351.52	503.65	532.58	752.80	939.21
b) Corporate guarantee to bank - on A/c Ahlcon Parenterals (I) Ltd.	53.50	0.00	0.00	0.00	0.00	0.00
c) Unexpired Letter of credit	0.00	0.00	7.43	18.20	27.69	11.96
d) Sales tax demand	0.11	0.00	0.00	0.00	0.00	0.00
e) Surety in favour of custom authorities on behalf of Ahlcon Parenterals (I) Ltd.	12.60	12.60	12.60	0.00	0.00	0.00
f) Claims against the company not acknowledged as debts	0.93	0.93	0.93	2.06	2.49	6.26
g) Work Contract tax demand	0.00	0.00	1.32	20.01	57.02	57.02
h) Demand of stamp duty on real estate project	0.00	0.00	5.74	5.74	5.74	5.74
i) Entry tax demand	0.00	0.00	0.00	1.02	0.11	0.10
j) Income tax demand	0.00	0.00	0.00	3.52	0.00	0.00
k) Indemnity bonds	0.00	0.00	80.41	106.73	142.79	184.70
l) Capital contracts remaining to be executed (net of advances)	0.00	20.50	0.00	0.00	4.50	18.60

ANNEXURE-XVII

RELATED PARTIES DISCLOSURES

Transactions with Related Parties

(Rs. in million)

Particulars		Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
1.	Key Management Personnel and their relatives					
	Rent Paid	1.80	0.61	0.67	0.67	0.95
	Managerial Remuneration	3.49	6.11	6.16	6.17	5.42
	Work Receipts	2.30	0.00	0.00	2.56	3.04
	Sale of Goods	0.00	0.00	0.00	2.31	21.29
2	With related entities & associates					
	Work receipts	0.00	12.50	21.25	0.00	0.00
	Interest received	0.00	0.00	0.00	5.21	2.00
	Sale of goods	1.22	1.95	4.21	6.06	7.02
	Lease Rent/hire charges received	0.00	11.27	12.47	5.16	0.00
	Rent received	0.00	1.37	1.10	0.56	0.42
	Payment against contract work	0.85	13.96	4.68	11.71	0.00
	Purchase of material	28.48	46.77	18.45	46.28	48.03
	Loan taken	0.00	1.40	1.30	1.30	0.00
	Advance received against contract work	1.17	0.00	0.00	0.00	0.00
	Purchase of Vehicles	0.00	0.75	0.00	0.00	0.00
	Loan repaid	0.00	1.40	0.00	0.00	1.30
	Loan received back	0.00	0.00	0.00	26.37	21.00
	Sale of Machinery	0.00	0.00	0.00	15.00	0.00
	Work in progress	0.00	20.32	0.00	0.00	0.00
	Dividend received	0.00	0.00	0.00	0.00	2.69

Amount Due from / to Related Parties

(Rs. in million)

Particulars		Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months Period ended Dec. 31, 2005
1.	<u>Due from related parties included in</u>					
	<u>Loan to body corporate</u>	40.37	62.37	62.37	36.00	15.00
	Company under common control					
	Sundry Debtors	0.00	13.45	28.81	49.18	51.94
	Company under common control					
	Key management personnel	0.78	0.00	0.00	0.31	1.07
	Advance recoverable in cash or in kind	5.24	0.00	0.00	0.00	0.00
2.	<u>Due to related parties included in current liabilities</u>					
	Company under common	0.36	9.47	9.17	16.64	0.76

	control					
	Key management personnel	1.20	3.89	4.09	4.10	5.62

No amount has been written off or provided for in respect of transactions with the related parties.

List of Related Parties (as ascertained by the management)

1. Parties under common control:

M/s Ahlcon Parenterals (India) Limited
M/s Ahluwalia Builders & Development Group (P) Ltd.
M/s Tidal Securities Private Ltd.
M/s Capricon Industrials Limited
M/s Ahlcons India Private Limited
M/s Procon One International Private Limited
M/s Vikas Associates
M/s. Ahluwalia Construction Group

2. Key Management Personnels:

Mr. Bikramjit Ahluwalia Chairman & Managing Director
Mr. Shobhit Uppal Whole Time Director
Mr. Vikaas Ahluwalia Whole Time Director
Mrs. Sudershan Walia Whole Time Director

3. Company in which relatives of a Director is Director

M/s. S & S Technocrates Father of a Director is a Director
Pvt. Limited

4. Non Executive & Independent Directors:

Mr. Arun Kumar Gupta
Mr. Virender Kumar Sachdeva
Mr. S. K. Chawla
Mr. Balbir Singh

5. Relatives of Key Management Personnel

Mrs. Rachna Uppal (Wife of Director)

ANNEXURE – XVIII

A. At present the company is enjoying the following credit facilities from different Banks/Financial institutions :-

S. No.	Name & Address of Banks	Nature of Limits	Limits Sanctioned	Limits Availed as on 31.12.05	Securities created / to be created	Fees / Pricing
			(Rs. in millions)	(Rs. in millions)		
1	Canara Bank S.D. Area, New Delhi- 10016	Bank Guarantee Limits (B.G.)	400.00	322.57	1. 10% cash margin in the shape of FDRs. 2. Prime Security in respect of all loans	1.25% p.a. on A.P.G 1% on others
		Inland Letter of Credit (ILC) /Foreign Letter of Credit (FLC)	50.00	6.46	1.Hypothecation of stocks and book debts other than that of three specific projects by way of pari passu charge to be held by all the member banks under MBA	60% of normal commission (At present 1%p.a.)
		Overdraft against Cash Credit (OCC) Limits/ Overdraft against Bills Discounted (ODBD)	75.00	0.00	2. Exclusive charge on current assets of three projects namely	9.00% p.a. (BPLR - 1.75%)
		Credit against Discounted Bills (CDB)	5.00	0.00	:Construction of LIG Houses at Bakkarwala, Pocket A, New Delhi	9.00% p.a. (BPLR - 1.75%)
					Mega Housing Project 2304 HIG/MIG/LIG HOUSES behind Pkt, D-6, Vasant Kunj.	
					Construction of 850 mass housing at Vasant Kunj, Near Sultangarh.	
					2.Collateral Security	
					a. Plant & Machinery Rs. 51.00 millions	
					b. Commercial Property at Plot No.177, Block A , Okhla Industrial Area , Phase-I, New Delhi FVG Company. Rs. 14.59 millions	

					c. Commercial Property at No.4, Community Centre ,Malviya Nagar ,Saket, New Delhi. Rs. 59.99 millions	
					d. Residential Building at 205, Block No.-B4, Safdarjung Residential Scheme, Saket, New Delhi. Rs. 11.50 millions	
					e. EMT of property at B-7, Saket, New Delhi. Rs. 36.21 millions	
					3.Personal guarantee of the following directors:-	
					(i) Mr. Bikramjit Ahluwalia	
					(ii) Mrs. Sudarshan Walia	
					(iii) Mr. Shobhit Uppal	
					(iv) Mr. Vikaas Ahluwalia	
			Total	530.00	329.04	
2	Allahabad Bank I.F.B., 17, Parliament Street, New Delhi-1	Bank Guarantee Limits	200.00	200.88	1. 10% margin in the shape of FDRs. Prime : 1. Hypothecation charge over company's entire current assets including book debts both present and future on pari passu basis with other banks (except charges of Canara Bank on three specific DDA projects). Collateral : 1.Pledge of 1400000 equity shares of Rs.10 each of M/s APIL. Aggregating Rs. 14 millions 2.Equitable mortgage of residential property at B-10, Saket, New Delhi belonging to Bikramjeet Ahluwalia valued at Rs.54.80 millions as	1% p.a.

					on 08.08.1999	
		Term Loan I (Mumbai Project)	65.00	0.00	1. Negative Lien of 30% share of Mumbai Property, commercial space at 6-60/B, Santacruz, Mumbai	9% p.a.
					2. Extension of mortgage charge of Mohan Coop.property	
		Term Loan II (Delhi Project)	105.00	0.00	1. Equitable Mortgage of Mohan Coop. property. Plot to be purchased.	9% p.a.
		Total	370.00	200.88		
3	Punjab & Sind Bank H-Block, Connaught Place New Delhi-1	Bank Guarantee Limits	50.00	55.00	1. 10% margin in the shape of FDRs. 2. Pledge of 500,239 equity shares of Ahluwalia Contracts (India) Ltd. (ACIL) of Director's relatives 3. Personal guarantee of the following directors:- (i) Mr. Bikramjit Ahluwalia (ii) Mrs. Sudarshan Walia (iii) Mr. Shobhit Uppal (iv) Mr. Vikaas Ahluwalia 4. Pari Passu charge on current assets of the company with other banks under Multiple Banking Arrangement.	1% p.a. on financial 1.50% p.a. on PBG
		Total	50.00	55.00		
4	Bank of Maharashtra Press Enclave, Saket, New Delhi-110017	Bank Guarantee Limits	10.00	2.32	1. Deposit Margin 10% 2. Pari Passu Charge on current assets of the company 3. Counter Guarantee by the Company/Directors/ Guarantors 4. Personal Guarantee of all the Directors in their personal capacity 5. Personal Guarantee of Sh. B.K. Sharma (Executive	3% p.a.

					Director)	
		Total	10.00	2.32		
5	Syndicate Bank R. K. Puram, Sector-V, New Delhi-110022	Bank Guarantee Limits	150.00	99.94	1. 10% cash margin in the shape of FDRs. 2. First pari passu charge on entire current assets (other than those exclusively charged to ICICI) 3. Personal guarantee of the following directors:- (i) Mr. Bikramjit Ahluwalia (ii) Mrs. Sudarshan Walia (iii) Mr. Shobhit Uppal (iv) Mr. Vikaas Ahluwalia	1% p.a.
		Total	150.00	99.94		
6	ICICI Bank Ltd. 59, Nehru Place, New Delhi-110019	Bank Guarantee Limits (Regular) (Financial Guarantee restricted to Rs. 400 lacs)	215.00	158.76	1. 10% cash margin in the shape of FDRs. 2. Personal Guarantees of following directors:- (i) Mr. Bikramjit Ahluwalia (ii) Mrs. Sudarshan Walia 3. First pari passu charge on entire current assets of the company	0.80% p.a.
		Foreign Letter of Credit (FLC's) & Inland Letter of Credit (ILC's) SEBI Project	30.00	5.50	1. Personal Guarantees of following directors:- (i) Mr. Bikramjit Ahluwalia (ii) Mrs. Sudarshan Walia (iii) Mr. Vikaas Ahluwalia 2. First pari passu charges on entire current assets of the company with other participating Banks 3 Exclusive charge on all assets funded under this proposal	1.80% p.a.
		Corporate Loan for SEBI Project	45.00	15.00	----- DO -----	8.40% p.a.
		Total	290.00	179.26		

7	UTI Bank Limited K-12, Green Park Main, New Delhi-110016	Bank Guarantee Limits (Regular)	100.00	99.70	1. 10% cash margin in the shape of FDRs. 2. First pari passu charge on the entire current assets of the company, both present and future. 3. Personal guarantees of the following directors:- (i) Mr. Bikramjit Ahluwalia (ii) Mrs. Sudarshan Walia (iii) Mr. Shobhit Uppal (iv) Mr. Vikaas Ahluwalia	Below Rs. 5 millions 1% p.a. above Rs. 5 millions 0.80% p.a.
		Corporate Term Loan	100.00	100.00	1. First pari passu charge on the entire current assets of the company, both present and future. 2. Personal guarantees of the following directors:- (i) Mr. Bikramjit Ahluwalia (ii) Mrs. Sudarshan Walia (iii) Mr. Shobhit Uppal (iv) Mr. Vikaas Ahluwalia	8.40% p.a.
		Total	200.00	199.70		
8	YES Bank Limited Chanakyapuri, New Delhi	Cash Credit/Letter of Credit for RMC	30.00	21.82	1.First pari passu charge on the current assets of the company. 2.Personal Guarantee of Mr. Bikramjit Ahluwalia	8.75% p.a.
		Total	30.00	21.82		
		Grand Total	1630.00	1087.97		

B. OTHER SECURED LOANS

Sl. No.	Credit Facility	Outstanding as on 31.12.2005 (Rs. in millions)	Security	Fees/Pricing		
1	Hire Purchase Equipment Finance from Banks	64.85	Hypothecation of respective assets financed and Personal Guarantee of Directors	Interest rates varying from 4.5% to 9.5% per annum		
2	Hire Purchase Equipment Finance from others	16.20	Hypothecation of respective assets financed and Personal Guarantee of Directors	Interest rates varying from 4.5% to 9.5% per annum		
3	Hire Purchase Vehicle/ Commercial Vehicle Finance from Banks	12.62	Hypothecation of respective assets and Personal Guarantee of Directors	Interest rates varying from 4.5% to 9.5% per annum		
	Total	93.67				

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

You should read the following discussion of financial condition and results of operations together with audited unconsolidated financial statements (as restated) for the period March 31, 2003, 2004, 2005, nine months ended December 31, 2005 and nine months ended December 31, 2004 under Indian GAAP including schedules, annexure and notes thereto and the reports thereon, which appear in the section titled "Financial Statements" beginning on page 120 of this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report prepared by M/s Arun K. Gupta & Associates, Chartered Accountants, dated May 8, 2006. You should also read the section titled 'Risk Factors' beginning on page 10 of this Draft Red Herring Prospectus which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion is based on internally prepared statistical information and or publicly available information.

All references to a particular fiscal are to the 12-month period ended March 31 of that year. In this section, any reference to "we", "our", or "us" refers to Ahluwalia Contracts (India) Limited.

Overview of the Business of our Company

We provide end to end turnkey construction solutions and are equipped with a full range of project capabilities, such as engineering design, procurement of resources, construction management and timely commissioning of projects. Over the past four decades, our integrated knowledge and skills have led us to become a reputed turnkey construction company, with a national presence. We have successfully executed a number of prestigious projects, in the past, such as ITC Grand Central at Mumbai, ITC Sonar Bangla at Kolkata, Ansal Plaza at New Delhi, IFCI Tower at New Delhi, Signature Towers at Gurgaon, Apollo Hospital at Kolkata, Fortis Hospital at Noida, Goa Legislative Assembly and Chancery Building at Dubai.

We are primarily in the business of construction of a wide range of structural buildings such as healthcare facilities, hotels, educational institutions, information technology parks, commercial complexes and malls, group housing projects and corporate office premises. We have plans to further enhance our real estate reach by owning and developing lands and building upon our marketing capabilities.

Factors that may affect results of our operations

Except as otherwise stated in this Draft Red Herring Prospectus, the Risk Factors given in this Draft Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Performance of the civil construction and infrastructure sectors;
- Increasing competition in the construction industry;
- Ability to attract, recruit and retain skilled personnel;
- Increases in labour costs, raw materials prices, prices of plant and machineries and insurance premia;
- Manufacturers' defects or mechanical problems with Company's plant and machineries or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies;
- Severe and adverse weather conditions affecting the operations;
- Amount and variability of payment terms that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the construction industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

Significant Accounting Policies

The Company maintains its accounts on an accrual basis and in accordance with the accounting standards referred to in section 211 (3c) and other provisions on the Companies Act. Some of the significant accounting policies we implement, for the various accounting heads, are as mentioned below:

a) Basis Of Preparation Of Financial Statement /Revenue Recognition

- i. The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles, in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time and provisions of the Companies Act as adopted by the company, unless otherwise stated.
- ii. Our Company generally follows mercantile system of accounting and recognizes items of income and expenditure on accrual basis except: -
 - (a) Interest on refunds and insurance and other claims are being accounted for on cash basis.
 - (b) Claims against our Company are accounted for on cash basis.
 - (c) Work contract tax deducted at source including on advances by clients are charged to profit and loss account in the year of deduction and the refunds, if any, are accounted in the year of receipt.
- iii. Work receipts are taken on percentage completion method, stated on the basis of physical measurement of work actually completed at the balance sheet date, taking in to account the contractual price and revision thereto. The site mobilization expenditure for site installation is apportioned over the period of contract in proportion to value of work done. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.
- iv. Expenditure incurred in respect of additional cost/delays is accounted in the year in which they are incurred. Claims made in respect thereof are accounted as work receipts in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client.
- v. In respect of sub-contracts given on back-to-back basis, work receipts and expenses are accounted for on cash basis. In other sub-contracts expenses are accounted on the basis of bills certified by principal. Cost of sub-contract includes the cost of material wherever applicable.
- vi. In respect of real estate projects the sales accounted for at the time of handing over the possession of the flat/space to the buyers.

b) Fixed Assets

- i. Fixed assets are stated at cost of acquisition. Fixed assets acquired under hire purchase schemes are capitalized at their principal value and hire (finance) charges are charged off as revenue expenditure. Fixed assets taken on lease are not treated as assets of the company and lease rentals are charged off as revenue expenditure.
- ii. Company's land and buildings have been revalued as on March 31, 1992 by a government approved registered valuer on the basis of their prevailing day value. Difference between the total value of these assets on revaluation and written down value as on March 31, 1992 of Rs. 10.70 millions has been credited to revaluation reserve account.

c) Borrowing Cost

Borrowing costs specifically relatable upto acquisition of fixed assets are capitalized as part of the cost of fixed assets. Other borrowing costs are charged to revenue.

d) Depreciation

- i. Depreciation is provided on straight-line method in accordance with Schedule XIV of the Companies Act.
- ii. Depreciation on addition/deletion from the assets during the year is provided on pro-rata basis.
- iii. Depreciation on items costing below Rs. 5000 have been provided @ 100% on pro-rata basis.
- iv. Depreciation is charged on the historical cost of fixed assets (Except for revalued assets) including taxes, duties and installation costs.
- v. Depreciation on revalued amount of fixed assets is being charged to Revaluation Reserve Account.
- vi. Leasehold land is amortized over the period of lease.

e) Intangibles

Software costs relating to acquisition of initial software license fee and installation cost are capitalized in the year of purchase and amortized on straight-line basis over its useful life, which is considered to be of a period of five years.

f) Impairment of Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use valuation is done by approved valuer/ the estimated future cash flows (discounted to their present value, based on an appropriate discounting factor) are used. Impairment losses are recognized in the profit and loss account.

g) Investment

Quoted investments are valued at cost or market price whichever is lower and unquoted investments are valued at cost or book value whichever is lower.

h) Inventories

- i. Stock of materials is valued at cost or net realizable value whichever is lower and stock of real estate projects are valued at cost on the basis of expenses incurred on the project.
- ii. All financial, administrative, and other expenses directly incurred on various real estate projects are debited to the cost of the projects.
- iii. Work in progress is valued at contract rate on pro-rata basis for works done upto March 31, based on the bills raised/certified in the next financial year. Wherever the bills are not raised/certified by the client, work in progress is valued on the basis of direct expenditure incurred on the particular project upto the date of the Balance Sheet.

i) Deferred Revenue Expenses

The sales expenses incurred on the various real estate projects are treated as deferred revenue expenditure. The same are charged/ chargeable to the Profit and Loss Account at the time of commencement of sales of respective projects.

j) Retirement Benefits

- i. Provisions for gratuity liability is made on the basis of premium actuarially assessed at the year-end and intimated by the Life Insurance Corporation of India in terms of a policy taken with them.
- ii. Other retirement benefits like earned leave, ex-gratia in lieu of bonus are accounted for on accrual basis.

k) Amortisation

Issue expenses are being written off in ten equal yearly installments.

l) Foreign Exchange Transactions

- i. Transactions arising in foreign currency are converted at the exchange rates prevailing as on date of transactions. Monetary assets and liabilities denominated in foreign currencies are restated at year-end exchange rate. All exchange difference arising on conversion are included in Profit and Loss Account except exchange differences on liabilities for acquisition of capital assets, which are adjusted in the carrying cost of respective fixed assets.
- ii. Gains and losses in respect of foreign exchange contract are recognized as income or expenses over the life of the contract, except in respect of fixed assets where such losses are adjusted in the carrying amount of fixed assets.

m) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax resulting from timing differences between book & tax profits is accounted for under the liability method, at the substantively enacted rate of tax on the balance sheet date, to the extent that the timing differences are expected to crystalise / capable of reversal as deferred tax charge / benefit in the profit and loss account and as deferred tax liability / assets in the balance sheet.

Other Industry and Company specific Information

Significant dependence on a few entities across our business units

We are not dependent on any single customer or on a select few number of customers, nor are we dependent on construction activities in a particular sector as we are into construction across diversified structures such as commercial, industrial, and residential buildings. Also, we are not dependent on one or few suppliers for sourcing of our raw materials.

Known trends and uncertainties that have or are expected to have a material adverse impact on sales, revenues or income from operations

There are no trends or uncertainties that have had or are expected to have a material adverse impact on our revenues or income from our operations.

Relationships between costs and revenues

We believe, there are no known relationships between our costs and revenues.

Seasonality of business

There is no seasonal nature to our business. However, severe weather conditions may materially and adversely affect our construction activities and may result in damage to our equipments or facilities, which may result in the suspension of operations for some time.

Competitive conditions

We face competition from larger and well-established players. However, we have strong relationships with our customers and enjoy repeat business opportunities from them on a regular basis. For details of our competition, please refer to the section titled “Business – Competition” beginning on page [●] of this Draft Red Herring Prospectus.

New products and/or services in the recent past

We have not added any new product or services to our business over the past financial year.

Results of Operations

The following table sets forth certain information with respect to our results of operation for the periods indicated:

(Rs. in million, except for percentages)

	As of nine months ended December 31, 2005	As of fiscal		
		2005	2004	2003
Income through contract receipts	2,484.00	2,786.31	2,537.04	1,703.21
<i>(as a % of total income)</i>	88.04	91.68	96.45	97.09
Income from real estate	5.52	8.35	4.10	2.62
<i>(as a % of total income)</i>	0.20	0.27	0.16	0.15
Income from RMC division	297.21	187.38	0.00	0.00
<i>(as a % of total income)</i>	10.53	6.17	0.00	0.00
Income from trading activities	5.16	22.47	59.28	25.54
<i>(as a % of total income)</i>	0.18	0.74	2.25	1.46
Income from other sources of income	29.71	34.81	30.26	22.84
<i>(as a % of total income)</i>	1.05	1.15	1.15	1.30
Total Income	2,821.60	3,039.32	2,630.68	1,754.21
<i>(as a % of total income)</i>	100.00	100.00	100.00	100.00
Works cost	2,345.74	2,637.37	2,362.36	1,493.58
<i>(as a % of total income)</i>	83.14	86.78	89.81	85.14
Staff cost	88.81	89.65	68.18	65.05
<i>(as a % of total income)</i>	3.15	2.95	2.59	3.71
Administrative and other expenses	119.89	139.52	80.74	60.69
<i>(as a % of total income)</i>	4.25	4.59	3.07	3.46
Managerial remuneration	5.42	6.17	6.16	6.11
<i>(as a % of total income)</i>	0.19	0.20	0.23	0.35
EBIDTA	261.74	166.61	113.24	128.78
<i>(as a % of total income)</i>	9.28	5.48	4.31	7.34
Interest and other financial charges	29	33.40	32.97	25.34
<i>(as a % of total income)</i>	1.03	1.10	1.25	1.44
Depreciation	66.36	47.21	38.63	23.66

<i>(as a % of total income)</i>	2.35	1.55	1.47	1.35
Provision for diminution in value of investment	0.00	(13.28)	(0.30)	3.86
<i>(as a % of total income)</i>	0.00	(0.44)	(0.01)	0.22
Net Profit Before Tax	166.38	99.28	41.94	75.92
<i>(as a % of total income)</i>	5.90	3.27	1.59	4.33
Current tax	64.22	28.22	16.31	25.87
<i>(as a % of total income)</i>	2.28	0.93	0.62	1.47
Deffered tax liability / (assets)	(6.25)	(0.73)	(0.73)	4.16
<i>(as a % of total income)</i>	(0.22)	(0.02)	(0.03)	0.24
Profit After Tax	108.41	71.79	26.36	45.89
<i>(as a % of total income)</i>	3.84	2.36	1.00	2.62

Income:

Our total income comprises of income from operations, which includes, amongst other sources:

- Income from execution of construction contracts;
- Income from the RMC division (sale of ready to use concrete);
- Income from trading activities; and
- Other sources of income, which for the purpose of this discussion includes Other Income, income from other sales, interest earned, rent receivables, and lease/hire charges earned by us.

Income from execution of contracts (contract receipts): One of our income sources is primarily from our business of executing third party contractual assignments covering various sectors and various categories of buildings such as, residential complexes, commercial buildings, hotels, hospitals among other structural constructions. The total income through contract receipts in the nine month period ended December 31, 2005 was Rs. 2,484.00 million which was 88.04% of the total income for the period. Contract receipts for fiscal 2005, 2004, and 2003 are Rs. 2,786.31 million, Rs. 2,537.04 million and Rs.1,703.21 million respectively, which was 91.68%, 96.45%, and 97.09% of our total income in such respective periods.

Income from RMC division: In fiscal 2005, we realized the opportunity for the use of ready mix concrete in the construction business, as it is an allied product in this industry and accordingly started our RMC division. We own batching plants for the production of RMC and also own a fleet of transit mixers to transport the RMC to client locations. This division now earns income from sale of ready mix concrete to third-party entities. The total income from sale of ready mix in the nine month period ended December 31, 2005 was Rs. 297.21 million which was 10.53% of our total income in this period. For the fiscal 2005, income from the RMC division was Rs. 187.38 million, which was 6.17% of our total income in that fiscal.

Income from trading activities: We have earned income from supply of electrical goods and other materials which we have presented as income from trading activities. Income from trading activities for the nine months ended December 31, 2005 was Rs. 5.16 million, constituting 0.18% of the total income for the respective period. Income from trading activities for the fiscal 2005, fiscal 2004, and fiscal 2003 are Rs. 22.47 million, Rs. 59.28 million and Rs. 25.54 million respectively. These were 0.74%, 2.25%, 1.46% of the total income for the respective periods.

Other sources of income: We have other income from lease rentals from properties received by us, lease rentals from machinery and equipment, interest earned from fixed deposits, rent receipts, investments, fixed assets, dividend receipts, sale of plastic granules and sale of scrap. For the purpose of this discussion, we have included these sources of income under the category other sources of income. The total income from such other sources as on nine month ended December 31, 2005, fiscal 2005, fiscal 2004, and fiscal 2003 was Rs. 29.71 million, Rs. 34.81 million, Rs. 30.26 million, and Rs. 22.84 million, which was 1.05%, 1.15%, 1.15%, and 1.30% of our total income in such respective periods.

Expenditure:

We account for all expenses incurred for a specific project as expenses for such project. All expenses which are incurred and which are not specific to a particular project are accounted for separately and are not included in the works cost of projects. Our total expenditure comprises of the following:

Works cost: The works cost consists of the cost of materials such as cement, steel and stone grits, contract labour, payments to sub-contractors, allowances of employees assigned to the projects, advertising and marketing expenses for specific projects, selling expenses such as brokerage payable to booking agents, finance charges incurred for the projects, etc. We incurred expenses amounting to Rs. 2345.74 million, Rs. 2,637.37 million, Rs. 2,362.36 million and Rs. 1493.58 million, which was 83.14%, 86.78%, 89.81% and 85.14% of our total income in the nine month period ended December 31, 2005, fiscal 2005, fiscal 2004 and fiscal 2003 respectively.

Staff cost: We had 565, 537, 443 and 444 employees as of December 31, 2005, fiscal 2005, fiscal 2004 and fiscal 2003, respectively. The total expenditure incurred by us as of nine months ended December 31, 2005, fiscal 2005, fiscal 2004 and fiscal 2003 was Rs. 88.81 million, Rs. 89.65 million, Rs. 68.18 million, and Rs. 65.05 million respectively. The staff cost includes the reimbursements to our employees, however, this cost head does not include costs of personnel who are assigned to specific projects, as these costs are absorbed in the works cost. The cost of such personnel form part of the works cost and development for the respective projects.

Administrative and other expenses: The administrative and other expenses include costs incurred for corporate advertisement and expenses incurred for general administration, i.e. expenses which are not assignable to any specific project. We incurred a cost of Rs. 119.89 million, Rs. 139.52 million, Rs.80.74 million, and Rs.60.69 million which was 4.25%, 4.59%, 3.07%, and 3.46% of our total income in the nine month period ended December 31, 2005, fiscal 2005, fiscal 2004, and fiscal 2003 respectively.

Interest and other financial charges: The finance expenses incurred by us includes interest charges payable by us for the short term and long term loans including on working capital loans, interest charges on loans for purchase of certain equipment, vehicles, etc and financial charges like processing fees for loans, bank guarantees and bank guarantee commissions. We incurred expenses amounting to Rs. 29.00 million, Rs. 33.40 million, Rs. 32.97 million, and Rs. 25.34 million, which was 1.03%, 1.10%, 1.25%, and 1.44% of our total income as on the nine month period ended December 31, 2005, fiscal 2005, fiscal 2004, and fiscal 2003 respectively.

Depreciation: Depreciation of building, plant and machinery, furniture, fixtures, motor vehicles, computers and certain other items used in construction such as 'shuttering' and 'scaffolding' amounted to expenses of Rs. 66.39 million, Rs. 47.21 million, Rs. 38.63 million and Rs.23.66 million, which was 2.35%, 1.55%, 1.47%, and 1.35% of our total income in the nine month period ended December 31, 2005, fiscal 2005, fiscal 2004, and fiscal 2003, respectively. Furthermore, in cases where the land is for a specific period as a lease from DDA, the cost of the building constructed thereon is amortized over the period of license from the DDA.

Taxation: Income taxes are accounted for in accordance with AS-22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise current tax, deferred tax and fringe benefit tax. Provision for current taxes is made at current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act. However, in case our liability for current taxes as calculated is less than 7.5% of our book profit (as defined by statute), we are liable to pay the Minimum Alternate Tax, or MAT, in accordance with section 115JB of the Income Tax Act. For details of the tax benefits available to us, see, the section titled "Statement of Tax Benefits" beginning on page 53 of this Draft Red Herring Prospectus.

Deferred taxes arise from timing differences between our book profits and our taxable profits that originate during an accounting period and which can be reversed in subsequent periods. Deferred taxes are measured using the tax rates and laws that have been enacted as of the date of financial statements in which they are recorded. We provide for deferred tax liability/assets on such timing differences subject to prudent

considerations. Significant sources of deferred tax liabilities and assets include: (a) the timing difference in recording depreciation under Indian GAAP and under the Income Tax Act and (b) the inadmissibility of provisions of the Income Tax Act.

Comparison of Significant items of Income and Expenditure

Comparison of fiscal 2005 and fiscal 2004

(Rs. in million, except for percentages)

	Fiscal 2005	Fiscal 2004	Change (in %)
Income through contract receipts	2,786.31	2,537.04	9.83
Income from real estate	8.35	4.10	103.66
Income from trading activities	22.47	59.28	-62.10
Income from RMC division	187.38	-	-
Income from other sources of income	34.81	30.26	15.04
Total Income	3,039.32	2,630.68	15.53
Works cost	2,637.37	2,362.36	11.64
Staff cost	89.65	68.18	31.49
Administrative and other expenses	139.52	80.74	72.80
Managerial remuneration	6.17	6.16	0.16
EBIDTA	166.61	113.24	47.13
Interest and other financial charges	33.40	32.97	1.30
Depreciation	47.21	38.63	22.21
Provision for diminution in value of investment	(13.28)	(0.30)	4326.67
Net Profit Before Tax	99.28	41.94	136.72
Current tax	28.22	16.31	73.02
Deffered tax liability / (Assets)	(0.73)	(0.73)	0.00
Profit After Tax	71.79	26.36	172.34

New products or services

In fiscal 2005, we realized the opportunity for the use of ready mix concrete in the construction business, as it is an allied product in this industry and accordingly started our RMC division under the name of Ahlcon RMC. We own batching plants for the production of RMC and also own a fleet of transit mixers to transport the RMC to client locations.

Income:

Our total income comprising our income from operations and other income increased from Rs. 2,630.68 million in fiscal 2004 to Rs. 3,039.32 million in fiscal 2005, which is an increase of 15.53 %. This was primarily due to the increase in income from contract receipts and a major contribution from the income from our RMC division which was setup in this fiscal 2005.

Income from contract receipts:

Income from contract receipts went up from Rs. 2,537.04 million in fiscal 2004 to Rs. 2,786.31 million in fiscal 2005, which is an increase of 9.83%. This was primarily due to the increase in the size of our contractual projects and also to a certain extent an increase in the number of projects executed by us.

Income from real estate:

Our income from real estate, which primarily is from the sale of residential apartments has gone up by 103.66% from Rs. 4.1 million in fiscal 2004 to Rs. 8.35 million in fiscal 2005.

Income from RMC division:

We started our RMC division in the fiscal 2005 and this division earned Rs. 187.38 million during the first year of its operations in the fiscal 2005.

Income from other sources of income:

Our income from other sources apart from our main activities increased by 15.04% from Rs. 30.26 million in fiscal 2004 to Rs. 34.81 million in fiscal 2005. This can be attributed to the rise in income from rent receivables and interest on fixed deposits, apart from the increase of income through sale of other items and scrap.

Expenditure:

Works cost:

Our works cost increased from Rs. 2362.36 million in fiscal 2004 to Rs. 2,637.37 million in fiscal 2005, which is an increase of 11.64% increase was due to increase in the volume and of projects undertaken. However, the cost of construction and development as a percentage of total income decreased from 89.80% fiscal 2004 to 86.78% in fiscal 2005 due to better pricing of the new projects in the fiscal 2005.

Staff costs:

Our staff costs increased from Rs. 68.18 million in fiscal 2004 to Rs. 89.65 million in fiscal 2005, which is an increase of 31.49% and the staff costs as a percentage of total income increased from 2.59% in fiscal 2004 to 2.95% in fiscal 2005. This was due to increase in the number of personnel and increase in the average compensation structure.

Administrative and other expenses:

Our selling and general administrative expenses increased from Rs. 80.74 million in fiscal 2004 to Rs. 139.52 million in fiscal 2005, which is an increase of 72.80%. The increase was due to increase in the maintenance expenses of machinery and also due to induction of new machinery and equipments for our business operations. The administrative and other expenses as a percentage of total income increased from 3.07% in fiscal 2004 to 4.59% in fiscal 2005.

EBIDTA:

Our EBIDTA for the fiscal 2005 was Rs. 166.61 million and was Rs. 113.24 million in the fiscal 2004. This was an increase of 47.13% which can be attributed to an increase in our income from operations and also a corresponding control on our operating expenses.

Interest and other financial charges:

Our interest and other financial charges increased from Rs. 32.97 million in fiscal 2004 to Rs. 33.39 million in fiscal 2005, which is an increase of 1.30%. However, the Interest and other financial charges as a percentage of total income decreased from 1.25% in fiscal 2004 to 1.1% in fiscal 2005. This was primarily due increase in bank guarantee commissions owing to higher business volume and decrease in interest rates.

Depreciation:

Our depreciation increased from Rs. 38.63 million in fiscal 2004 to Rs. 47.21 million in fiscal 2005, which is an increase of 22.21%. Depreciation as a percentage of total income increased from 1.47% in fiscal 2004 to 1.55% in fiscal 2005. The increase was due to addition during the year in plant, machinery and shuttering material to the tune of Rs 126.98 million.

Net profit before tax:

Our net profit before tax has gone up from Rs. 38.63 million in fiscal 2004 to Rs. 47.21 million in fiscal 2005, which is an increase of 136.72%.

Provision for taxation:

Our provisions for tax liabilities increased from Rs. 16.31 million in fiscal 2004 to Rs. 28.22 million in fiscal 2005, which is an increase of 73.02%. The increase was due to increase in taxable income. However, during the same period our effective tax rate (provision for tax divided by the profit before tax) increased from 38.90% in fiscal 2004 to 28.43 % in fiscal 2005 due to an increase in taxable income.

Net profit after tax:

Our net profit after tax increased from Rs. 26.36 million in fiscal 2004 to Rs. 71.79 million in fiscal 2005, which is an increase of 172.36%. The increase was due to better profit margins. Our net profit after tax as a percentage of total income increased from 16.30% in fiscal 2004 to 21.40% in fiscal 2005.

Comparison of fiscal 2004 and fiscal 2003.

(Rs.in million, except for percentages)

	Fiscal 2004	Fiscal 2003	Change (in %)
Income through contract receipts	2,537.04	1,703.21	48.96
Income from real estate	4.10	2.62	56.49
Income from trading activities	59.28	25.54	132.11
Income from RMC division	-		
Income from other sources of income	30.26	22.84	32.49
Total Income	2,630.68	1,754.21	49.96
Works cost	2,362.36	1,493.58	58.17
Staff cost	68.18	65.05	4.81
Administrative and other expenses	80.74	60.69	33.04
Managerial remuneration	6.16	6.11	0.82
EBIDTA	113.24	128.78	-12.07
Interest and other financial charges	32.97	25.34	30.11
Depreciation	38.63	23.66	63.27
Provision for diminution in value of investment	(0.30)	3.86	-107.77
Net Profit Before Tax	41.94	75.92	-44.76
Current tax	16.31	25.87	-36.95
Deffered tax liability / (assets)	(0.73)	4.16	-117.55
Profit After Tax	26.36	45.89	-42.56

Income:

Our total income comprising our income from operations and other income increased from Rs. 1,754.21 million in fiscal 2003 to Rs. 2,630.68 million in fiscal 2004, which is an increase of 49.96%. This was primarily due to the increase in income from operations from Rs. 1,731.38 million in fiscal 2003 to Rs. 2,600.42 million in fiscal 2004, which is an increase of 50.19%. The increase in income from operations

was primarily due to increase in order of construction projects and revision of project pricing policy owing to increase in demand in the industry and the increase of other income was a result of increase in income from providing design and project consultancy.

Income from contract receipts:

Income from contract receipts went up from Rs. 1,703.21 million in fiscal 2003 to Rs. 2,537.04 million in fiscal 2004, which is an increase of 48.96%. This was primarily due to the increase in the value of our contractual assignments and also an increase in the number of projects executed by us.

Income from real estate:

Our income from real estate, which primarily is from the sale of residential apartments has gone up by 56.49% from Rs. 2.62 million in fiscal 2003 to Rs. 4.10 million in fiscal 2004.

Income from other sources of income:

Our income from other sources apart from our main activities increased by 32.49% from Rs. 22.84 million in fiscal 2003 to Rs. 30.26 million in fiscal 2004.

Expenditure:

Works cost:

Our works cost increased from Rs. 1,493.58 million in fiscal 2003 to Rs. 2,362.36 million in fiscal 2004, which is an increase of 58.17%. The increase was due to increase in the cost of projects undertaken. However, the works cost as a percentage of total income decreased from 75.58% in fiscal 2004 to 72.13% in fiscal 2005 due to a decrease in the steel prices over the last year.

Staff costs:

Our staff costs increased from Rs. 65.05 million in fiscal 2003 to Rs. 68.18 million in fiscal 2004, which is an increase of 33.04%. However, the staff costs as a percentage of total income decreased from 3.71% in fiscal 2003 to 2.59% in fiscal 2004. This decrease was due to a sharp increase in the total income for the fiscal 2004.

Administrative and other expenses:

Our administrative and other related expenses increased from Rs. 60.79 million in fiscal 2004 to Rs. 80.74 million in fiscal 2005, which is an increase of 33.04%. The selling and general administrative expenses as a percentage of total income increased from 3.46% in fiscal 2003 to 3.07% in fiscal 2004.

EBIDTA:

Our earnings before interest, depreciation and tax (EBIDTA) for the fiscal 2004 was Rs. 113.24 million and was Rs. 128.78 million in the fiscal 2003. This was an increase of 30.11% which can be attributed to a sharp increase in our income from operations and also a corresponding control on our operating expenses over the previous fiscal.

Interest and other financial charges:

Our interest and other financial charges increased from Rs. 25.34 million in fiscal 2003 to Rs. 32.97 million in fiscal 2003, which is an increase of 30.11%. However, the interest and other financial charges as a percentage of total income decreased from 1.44% in fiscal 2003 to 1.25% in fiscal 2004. This can be attributed to the better pricing on our bank guarantees.

Depreciation:

Our depreciation increased from Rs. 23.66 million in fiscal 2003 to Rs. 38.63 million in fiscal 2004, which is an increase of 63.27%. Depreciation as a percentage of total income increased from 1.35% in fiscal 2003 to 1.47% in fiscal 2004.

Net profit before tax:

Our profit before tax decreased from Rs. 75.92 in fiscal 2003 to Rs. 41.94 million in fiscal 2004, a decrease of 44.76%. Although there was an increase in our income from operations, we had to bear higher operating expenses in the fiscal 2004 owing to an increase in the prices of steel and cement. This resulted in a decrease in the EBIDTA and the net profit before tax.

Provision for taxation:

Our provisions for tax liabilities for the fiscal 2004 was Rs. 16.31 million as against Rs. 25.87 million in the fiscal 2003, which is an decrease of 44.76%.

Net profit after tax:

Our net profit after tax decreased from Rs. 45.89 million in fiscal 2003 to Rs. 26.36 million in fiscal 2004. this decrease of 42.56% was due to a higher component of operating expenses in our total income.

Significant developments after December 31, 2005

There have been no material developments after the date of the last audited balance sheet, i.e., December 31, 2005, except those detailed below:

- (i) We have made a bonus issue of 9,414,384 Equity Shares out of our profits, on March 31, 2006, in the ratio 3:1 to our existing shareholders;
- (ii) We have received fresh orders aggregating to Rs. 4385.12 million in the period between January 1, 2006 to April 30, 2006;
- (iii) We have been recommended for ISO 14001:1999 and OHSAS 18001:1999 certifications; and
- (iv) We have commissioned a new RMC plant at Bangalore.

Other than as stated herein our Directors hereby state that in their opinion there is no material development after the date of the last financial statements disclosed in this Draft Red Herring Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of our Company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Directors that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company or Directors.

I. Litigation against our Company

A. Contingent liabilities not provided for as on December 31, 2005

(Rs. in million)

Sr. No.	Category	Nine months Period ended Dec. 31, 2005	Previous Financial Year 2004-2005
1.	Counter guarantee given to bankers	939.21	752.80
2.	Indemnity Bonds/Performance Bonds/ Surety Bonds given to client	184.70	142.79
3.	Unexpired LC/FLC	11.96	27.69
4.	Work Contract Tax demand	57.02	57.02
5.	Entry Tax demand	0.10	0.11
6.	Demand of stamp duty on real estate project	5.74	5.74
7.	Claims against the company not Acknowledged as debt	6.26	2.49
	Total	1,204.99	988.64

B. Pending Litigation against our Company

1. Criminal Cases

There are 12 criminal cases pending against us before various courts in India. The details of these cases are as follows:

- (a) A first information report (No. 529/1995) was filed on November 14, 1995 in the police station, Hauz Khas, New Delhi against our employee Mr. Resham Singh under sections 34 and 304(A) of the IPC in relation to the death of Mr. Narayan Sharma as a result of an accident in the course of employment at our construction site at Delhi Lawn Tennis Association Stadium, New Delhi. The charge sheet has been filed and the matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi. The matter is listed on November 24, 2006 for prosecution evidence.
- (b) A first information report (No. 27/ 1998) was filed on January 17, 1998 in the police station, Mandir Marg, New Delhi against our employee Mr. Mahesh Pandey under section 304(A) of the IPC in relation to the death of Mr. Harun as a result of an accident in the course of employment at our construction site at Sun Air Hotel Limited, New Delhi. The charge sheet has been filed and the matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi. The matter is listed on June 5, 2006 for prosecution evidence.
- (c) A first information report (No. 553/1998) was filed on August 1, 1998 in the police station, Hauz Khas, New Delhi against our employee Mr. Suraj Singh under sections 279 and 337 of the IPC in relation to injuries suffered by Mr. Jeet Ram as a result of a road accident with Mr. Suraj Singh, near Qutab Institutional Area, New Delhi. The charge sheet has been filed and the matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi. A non-bailable

warrant has been issued against the accused. The matter has been listed on November 15, 2006 for hearing of the application for cancellation of the non-bailable warrant.

- (d) A first information report (No. 277/1999) was filed on May 24, 1999 in the police station, Vasant Kunj, New Delhi against our employee Mr. Laxman Singh under sections 288 and 304(A) of the IPC in relation to the death of Mr. Bhorik Lal as a result of an accident in the course of employment at our construction site at the Grand Hyatt Hotel, New Delhi. The charge sheet has been filed on October 23, 2000. The matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi and is listed on May 26, 2006 for framing of charge.
- (e) A first information report (No. 341/2002) was filed on August 19, 2002 in the police station, Sarojini Nagar against our employee Mr. Harish Singh under sections 288, 337 and 304(A) of the IPC, in relation to the death of Mr. Mritunjay as a result of an accident in the course of employment at our construction site at AIIMS Trauma Centre, New Delhi. The charge sheet has been filed on November 12, 2002. The matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi and is listed on February 27, 2007 for witness evidence.
- (f) M/s Shree Cement Limited has filed a complaint (No. 55/ 2000) before the Court of the Metropolitan Magistrate, Tis Hazari Courts, New Delhi on January 3, 2000 against one Mr. Rajesh Dudani and our Company through our Managing Director under section 138 of the Negotiable Instruments Act, 1881. Though, the dishonoured cheque of Rs. 50,000 was issued by Mr. Rajesh Dudani to the complainant, the complainant has contended that our Company introduced Mr. Rajesh Dudani to them and stood as guarantor for the payment of cement. On February 14, 2005, our Company filed an application under section 251 of the Code of Criminal Procedure, 1973 for striking off its name from the proceedings on the grounds that we have no relation with the accused or the complainant. The matter is fixed on July 7, 2006 for reply and arguments on the application moved by our Company for discharge of the case.
- (g) A first information report (No. 373/2000) was filed on December 2, 2000 in the police station, DLF, Gurgaon against our employee Mr. Anuj Gupta under sections 304(A) and 337 of the IPC in relation to the death of Mr. Bubloo as a result of an accident in the course of employment at our construction site at DLF, Phase-V, Gurgaon. The charge sheet has been filed and the matter is being heard by the Chief Judicial Magistrate, Gurgaon, The matter is listed on September 14, 2006 for prosecution evidence.
- (h) A first information report (No. 317/ 2001) was filed on September 4, 2001 in the police station, Chanakyapuri, New Delhi against our employee Mr. Mohammed Naseem under section 304(A) of the IPC in relation to the death of Mr. Santosh Kumar Rai as a result of an accident in the course of employment at our construction site at Bangladesh Embassy, Chanakyapuri, New Delhi. The charge sheet has been filed on February 25, 2002. The matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi and is listed for prosecution evidence on December 11, 2006.
- (i) A first information report (No. 33/2004) was filed on January 18, 2004 in the police station, Connaught Place against our employee Mr. Anil Kumar, a supervisor in our Company under section 337 of the IPC, in relation to the grievous injuries caused to Mr. Vinay Rai as a result of an accident in the course of employment at our construction site at Hotel Kanishka, New Delhi. The charge sheet has been filed on June 10, 2004. The matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi and is listed on November 24, 2006 for framing of charge.
- (j) A first information report (No. 80/2004) was filed on January 27, 2004 in the police station, Kalkaji, New Delhi against our employee Mr. Dev Narayan under section 304(A) of the IPC in relation to the death of Mr. Bhawani Prasad as a result of an accident in the course of employment at our construction site at Eros Corporate Tower, Nehru Place, New Delhi. The charge sheet has been filed and the matter is being heard before the Metropolitan Magistrate, Patiala House Courts,

New Delhi. Mr. Bikramjit Ahluwalia, our Chairman and Managing Director has also been impleaded as a co-accused. The matter is listed for framing of charge on November 28, 2006.

- (k) A first information report (No.129/2006) was filed on March 11, 2006 in the police station, Udyog Vihar, Gurgaon against our Company and our labour contractors, Mr. Deepak Mandal and Mr. Malu under sections 343, 506, 34 and 374 of the IPC and sections 25 and 56 of the Juvenile Justice (Care and Protection of Children) Act, 2000 wherein our Company has been accused of employing children as bonded labour on their construction site at Gurgaon. The matter is still pending and the charge sheet has not been filed till date.
- (l) A first information report (No. 122/2006) was filed on April 1, 2006 in the police station, Jadavpur, Kolkata against *inter alia*, our Company under sections 287 and 304A of the IPC in relation to the death of Mr. Birender, Mr. Rajesh Biswakarma and Mr. Jhantu as a result of an accident due to the collapse of a storage water tank at our construction site at South City, Prince Anwar Shah Road, Kolkata. The matter is still pending.

2. Excise Cases

There are two claims relating to excise duty pending before various courts and authorities of India. The aggregate amount of claims in these cases is approximately Rs. 6,175,428. A brief summary of the said cases is as follows:

- (a) The Additional Commissioner, Central Excise, Gurgaon, Delhi-III issued a show cause notice [No. C.N V-II (74) JC/AE/D-III/99/1609] dated June 28, 2001 to our Company on the grounds that our Company had wrongfully evaded excise duty of amount Rs. 2,318,356 during the financial years 1998-1999 and 2000-2001 in relation to alleged manufacturing of aluminium windows and doors by us at Richmond Park, DLF, Gurgaon. The demand was confirmed by the Commissioner of Central Excise, Delhi-III vide its order (Order-in-Original No. 20/CE/2005) dated May 27, 2005 and additionally a penalty of Rs. 2,318,356 was imposed. Our Company has filed an appeal (No. E/2906/05) against this order with the CESTAT, New Delhi on August 31, 2005. Our Company has also filed an application for grant of a stay (No. E/Stay/2178/05) for a waiver of pre-deposit of duty and penalty as levied in the order dated May 27, 2005. The CESTAT, vide order dated October 7, 2005, granted a stay in our favour. The appeal is still pending before the authorities.
- (b) The Joint Commissioner, Central Excise, Delhi-I issued a show cause notice [No. C. No. IV (Hdqs. Prev.) 15/31/2000/2749] dated November 15, 2001 to our Company stating that we had wrongfully evaded excise duty of amount Rs. 1,338,716 along with interest during the financial years 1999-2000 and 2000-2001 in relation to aluminium cladding activity conducted by us, which was classified as a manufacturing activity and therefore, we were liable to pay appropriate central excise duty on the cladding work. The demand was confirmed by the Joint Commissioner of Central Excise, Delhi-II vide its order (Order-in-Original No. 35/05) dated August 17, 2005 and an additional penalty of Rs. 200,000 was also imposed. Our Company has filed an appeal against the order of the Joint Commissioner of Central Excise, Delhi-II with the Commissioner of Central Excise (Appeals), New Delhi on October 28, 2005. The appeal is still pending before the authorities.

3. Sales Tax Cases

There are ten cases relating to sales tax against our Company. Three of these cases are in relation to refund orders granted by the assessment authorities wherein there is no liability on our part. The aggregate amount of sales tax duty in remaining seven cases is approximately Rs. 58,054,052. A brief summary of the said cases is as follows:

3.1 *Uttar Pradesh*

- (a) The Deputy Commissioner of Trade Tax, Ward-IV, Noida has passed an assessment order (No. 823) dated March 11, 2005 for the financial year 2001-2002 and demanded Rs. 109,338 under the Uttar Pradesh Tax on entry of goods Act, 2000. Separately, a refund of Rs. 436,440 vide order (No. 822) dated March 11, 2005 has been given under Rule 41(8) and 7(d) of the Uttar Pradesh Trade Tax Act, 1948 to our Company. Our Company requested the assessing authorities to adjust the amount payable as above with the refund of Rs. 436,400 under the Rule 41(8) of the Uttar Pradesh Trade Tax Act, 1948 which was to be paid to our Company for the assessment year of 2001- 2002. The same was accepted and adjusted on the file of the assessing authority. Separately, our Company has also filed an appeal on May 6, 2005 against the order (No. 822) dated March 11, 2005 before the Joint Commissioner (Appeal), Trade Tax, Range-III, Noida stating that the turnover and the tax assessed by the authorities was excessive and without any basis and has claimed a further refund of Rs. 2,499,199. The Joint Commissioner (Appeal) Trade Tax Range-III, Noida has dismissed our appeal vide its order dated April 18, 2006. We are in process of filing a second appeal before the Appellate Tribunal, Ghaziabad.
- (b) The Deputy Commissioner of Trade Tax, Ward-IV, Noida has passed an assessment order (No. 85) dated March 30, 2005 for the financial year 2002-2003 vide which the assessing officer has ordered Rs. 2,558,839 to be refunded to our Company after the verification from the treasury/ daily collection register. We are in process to follow up on the request for refund.
- (c) The Deputy Commissioner of Trade Tax, Ward-IV, Noida has passed an *ex-parte* provisional assessment order (No. 1189-1194) dated March 18, 2004 for the financial year 2003-2004 (upto September, 2003) and demanded an amount of Rs. 5,207,602 under section 41(5) of the Uttar Pradesh Trade Tax Act, 1948. Our Company filed an application dated May 5, 2004 under section 30(2) of the Uttar Pradesh Trade Tax Act, 1948 for re-assessment of the same. The application was accepted and accordingly an assessment order (No. 293) dated January 31, 2006 was passed by the Deputy Commissioner Ward-IV (A), Noida wherein the assessing authorities have acknowledged a refund of Rs. 2,935,920 in our favour. We are in process to follow up on the request for refund.
- (d) The Deputy Commissioner of Trade Tax, Ward-X, Ghaziabad has passed an assessment order (No. 790) dated February 28, 2006 for the financial year 2004-2005 under Section 41(5) of the Uttar Pradesh Trade Tax Act, 1948 and demanded an amount of Rs. 6,188,318, after adjustment of Rs. 81,310 (Order No. 791). The said demand is due on account of non-verification of work contract tax deducted at source certificates, which has to be verified by the assessing authorities. The matter is still pending. The Deputy Commissioner of Trade Tax, Ward-X, Ghaziabad has passed an assessment order (No. 791) dated February 28, 2006 for the financial year 2004-2005 under the Central Sales Tax Act, 1956 (as applicable in Uttar Pradesh) admitting refund of Rs. 81,310 and the excess amount has been adjusted against the liability under Section 41(5) of the Uttar Pradesh Trade Tax Act, 1948 as above.
- (e) The Deputy Commissioner of Trade Tax, Ward-X, Ghaziabad has passed an assessment order (No. 792) dated February 28, 2006 for the financial year 2004-2005 under Section 7-D of the Uttar Pradesh Trade Tax Act, 1948 and demanded an amount of Rs. 333,874. The said demand is due on account of non-verification of work contract tax deducted at source certificates, which has to be verified by the assessing authorities. The matter is still pending.
- (f) The Deputy Commissioner of Trade Tax, Ward-X, Ghaziabad has passed an assessment order (No. 793) dated February 28, 2006 for the financial year 2004-2005 under Rule 4(6) of the Uttar Pradesh Trade Tax Act, 1948 and demanded an amount of Rs. 313,997. The said demand is due on account of non-verification of work contract tax deducted at source certificates, which has to be verified by the assessing authorities. The matter is still pending.

3.2 *New Delhi*

- (a) The Sales Tax Officer, Ward 96, Delhi issued an assessment order (No. 3118) dated March 31, 2003 to our Company in relation to the assessment year 2001- 2002 and raised a demand of Rs. 3,426,202 on us. Our Company has filed a revision petition dated May 9, 2005 before the Additional Commissioner (Appeals) for re-assessment. The Additional Commissioner (Appeals) has remanded the case for re-assessment with the concerned assessing officer vide its order (No. 33) dated July 22, 2005. The matter is still pending.
- (b) The Sales Tax Officer, Ward 96, Delhi issued an assessment order (No. 11165) dated March 31, 2004 to our Company in relation to the assessment year 2002 -2003 and raised a demand of Rs. 8,544,061 on us. Our Company has filed a revision petition dated May 9, 2005 before the Additional Commissioner (Appeals) for re-assessment. The Additional Commissioner has remanded the case for fresh re-assessment vide their order (No. 25) dated July 19, 2005. The matter is still pending.
- (c) The Sales Tax Officer, Ward 96, Delhi issued a notice of assessment (No. 4046) dated March 30, 2005 to our Company in relation to the assessment year 2003-2004 and raised a demand of Rs. 38,348,396 from us. Our Company has filed an appeal dated May 9, 2005 before the Additional Commissioner, Sales Tax for re-assessment. The Additional Commissioner has remanded the case for re-assessment with the concerned assessing officer vide their order (No. 29) dated July 19, 2005, subject to a deposit of Rs. 10,000.
- (d) The Sales Tax Officer, Ward 96, Delhi issued a assessment order (No. 3365) dated March 31, 2006 to our Company in relation to the assessment year 2004-2005 under the Central Sales Tax Act, 1956 for an amount of Rs. 899,204 on account of non-submission of Form E-1. The matter is still pending and we are in the process of submission of the requisite forms.

4. **Income Tax Cases**

The Company has received a notice dated November 25, 2005 under Sections 142(1) and 143(2) of the Income Tax Act, 1961 from the Assistant Commissioner of Income Tax, Circle- 8(1), New Delhi for certain clarifications in connection with the return of income submitted by our Company for the assessment year 2003-2004. Pursuant to the clarifications, the Deputy Commissioner of Income Tax, Circle 8(1), New Delhi has issued an assessment order for the assessment year 2003-2004 wherein our total income has been assessed at Rs. 77,695,315 on February 28, 2006. Accordingly, on February 28, 2006, the Deputy Commissioner of Income Tax, Circle 8(1), New Delhi has issued a notice of demand of Rs. 3,271,830 under Section 156 of the Income Tax, 1961 for the assessment year 2003-2004. Further, the Deputy Commissioner of Income Tax, Circle 8(1), New Delhi has issued a show cause notice on February 28, 2006 under section 274 read with section 271 of the Income Tax Act, 1961 on allegations of concealment of particulars of income/ furnishing inaccurate particulars of income. Our Company was asked to show cause on April 13, 2006 why an order imposing a penalty should not be made against us. Our Company has filed an appeal on March 23, 2006 before the Commissioner of Income-Tax Appeals, New Delhi under section 246 of the Income Tax Act, 1961 denying that we have furnished inaccurate particulars of income as alleged and have prayed for a re-assessment. The matter is still pending.

5. **Cases Relating to Other Statutory Charges**

There are ten proceedings relating to statutory charges, pending against us before various courts, tribunals and authorities in India. The aggregate amount of claim in these proceedings, where financial claims have been made aggregates to approximately Rs. 5,869,985.

5.1 *Notices by statutory authorities*

- (a) The Deputy Commissioner of Stamps, Meerut and the Chief Controlling Revenue Authority, Board of Revenue, Allahabad has vide their orders dated March 20, 1991 and December 5, 2002 respectively imposed a demand of Rs. 5,741,980 on our Company on account of deficit stamp duty on certain property documents. Our Company has filed a writ petition (C.M.W.P No. 95/2003) against the Chief Controlling Revenue Authority, Board of Revenue, Allahabad, the Deputy Commissioner of Stamps, Meerut and the Additional District Magistrate (Revenue and Finance), Ghaziabad before the Allahabad High Court on January 10, 2003 challenging the orders dated December 5, 2002 and March 20, 1991 passed by the Chief Controlling Revenue Authority and the Deputy Commissioner of Stamps whereby we were liable to pay Rs. 5,741,980 as deficit stamp duty along with penalty on certain property documents executed with the Ghaziabad Development Authority. The final arguments for this case concluded on January 13, 2003 and the order is presently reserved.
- (b) The Cess Collector, Labour Department, New Delhi has issued a notice on July 14, 2005 under the Cess Act in respect of construction work at the Morarji Desai National Institute, New Delhi site by the Company requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Hospital Services Consultancy Corporation (India) Limited has deposited an amount of Rs. 825,000 on May 2, 2005 to the NDMC for payment of the cess on our behalf. We have filed a writ petition (W.P (C) No. 5863-64 of 2006) on April 19, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 21, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (c) The DDA has issued a notice bearing No. F5(2)/1988/IND dated November 1, 2005 to clear arrears for ground rent amounting to Rs. 1,075,470.07 with respect to leasehold property at A-177, Okhla, New Delhi. In furtherance of the above notice, our Company has vide its letter dated March 22, 2006 communicated to the DDA that it has deposited a sum of Rs. 947,465 on account of ground rent and interest. We have also clarified to the DDA vide our letter dated May 8, 2006 that they had wrongly calculated interest on ground rent vide their above notice and therefore, we owe no further dues to the DDA and accordingly, have requested them to issue us with a no dues certificate.
- (d) The Labour Commissioner, New Delhi has issued a notice on November 8, 2005 under the Cess Act in respect of construction work at Plot No. 3, Karkardooma, Delhi undertaken by Genius Promoters and Developers Private Limited requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Our Company has filed a writ petition (W.P (C) No. 6238-39 of 2006) on April 22, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 25, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (e) The Labour Commissioner, New Delhi has issued a notice on November 10, 2005 under the Cess Act in respect of construction work at Hotel Kanishka requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Our Company has filed a writ petition (W. P (C) No. 6436-37 of 2006) on April 27, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 28, 2006 in our favour wherein it has held that no coercive

action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.

- (f) The Labour Commissioner, New Delhi has issued a notice on November 11, 2005 under the Cess Act in respect of construction work at the corporate offices of Maruti Udyog Limited and Jasmine-Plot No. I, Phase II, Vasant Kunj requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Our Company has filed a writ petition (W.P (C) No. 5717-18 of 2006) on April 19, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 21, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (g) The Cess Collector, Labour Department, New Delhi has issued a notice on November 24, 2005 under the Cess Act in respect of construction work at the Conference Centre, University of Delhi, New Delhi requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Our Company has filed a writ petition (W. P. (C) No. 5723 of 2006) on April 15, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 21, 2006 in our favour Company wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (h) The Cess Collector, Labour Department, New Delhi has issued a notice on November 24, 2005 under the Cess Act in respect of construction work at the Academic Research Centre, University of Delhi, New Delhi requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Our Company has filed a writ petition (W. P (C) No. 5725-26 of 2006) on April 15, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 21, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (i) The Cess Collector, Labour Department, New Delhi has issued a notice on December 6, 2005 under the Cess Act in respect of construction of the multistoreyed parking cum commercial complex at 61, Nehru Place, New Delhi requiring our Company to deposit the cess amount of one per cent of the cost of construction of the project under section 3 of the Cess Act. Our Company has filed a writ petition (W. P. (C) No. 6196 of 2006) on April 24, 2006 before the High Court of Delhi at New Delhi against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 25, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (j) Mr. Ranjit Mishra has filed a complaint against our Company before the ROC on December 3, 2004 alleging, *inter alia*, non-receipt of dividend for the year 1995-1996 and 1996-1997 from our Company. The ROC vide its letter dated February 20, 2006 has issued a notice (No. JTA/Comp/2854/878) to our Company in relation to the above complaint filed by Mr. Ranjit Mishra. The ROC has asked our Company for its explanation failing which penal action was to be taken against our Company and our Directors. Our Company has vide letter dated March 13, 2006 to the ROC denied the allegations made by the complainant and stated that the complainant had neither presented the dividend cheque for payment to the banks nor presented it for revalidation. In furtherance of which the unclaimed dividend amount was transferred to the investor protection

fund account on January 27, 2004. The ROC has vide its letter JTA/Comp/2854/1425 dated March 31, 2006 requested our Company to furnish certain information in relation to proof of dispatch of dividend cheques to our shareholders and evidence of transfer of unclaimed dividend to the investor protection fund account. We have submitted the requisite documents to the ROC vide our letter dated May 11, 2006. Further, the ROC has vide its letter JTA/Comp/2854/2584 dated May 10, 2006 passed an order under section 234(1) of the Companies Act and has directed our Company to provide certain information within 15 days of receipt of the order, including dispatch of proof of dividend cheques for the years 1995-96 and 1996-97, bank statement as proof of transfer of unpaid/unclaimed dividend to a special account by our Company. The ROC has warned our Company that non-receipt of information required within 15 days of receipt of the order would entail action against our Company and our Directors under section 234(3A) and (4)(a) of the Companies Act. Our Company received this letter on May 20, 2006. The matter is still pending.

6. Labour Disputes

There are ten cases and claims relating to labour and service matters, which have been filed by employees of our Company and contract labourers employed by contractors for carrying out works in our Company. The total amount of claims in cases, where financial claims have been made, aggregates to approximately Rs. 1,209,820. In these cases, claims have been raised for *inter alia*, damages, compensation, reinstatement in service with payment of back wages, etc. The cases in this regard are as below:

- (a) Mr. P.M Verghese has filed a claim (I.D No. 334/ 1991) before the Presiding Officer, Labour Court, Delhi on July 18, 1991 alleging unlawful termination of services by our Company and has prayed for reinstatement of services with full back wages. The matter has been listed for management evidence on July 10, 2006.
- (b) Mr. Chetan Prasad has filed an application (Case No. WCCF 13 of 2001), before the Commissioner, Workmen's Compensation Act, 1923, District Jaipur on February 19, 2000 for compensation of Rs. 256,000 on account of the death of his wife, who was employed by our Company as a construction labourer under the provisions of the Workmen's Compensation Act, 1923. The claimant's wife died on account of an accident arising out of the course of her employment. The complainant has also impleaded the Directors of our Company as parties to this case. The matter is fixed for final arguments on June 12, 2006.
- (c) Mr. Ranjit Mishra has filed a claim (I.D No. 1227/ 2000) before the Presiding Officer Cum Labour Court, Gurgaon on October 8, 2002 alleging unlawful termination of his services and non-payment of retrenchment compensation by our Company and has prayed for reinstatement with full back wages. The matter has been fixed for taking the claimant's evidence on December 13, 2006.
- (d) Mr. Ganesh Jha has filed a claim (I.D. No. 1224/ 2000) before the Presiding officer Cum Labour Court, Gurgaon on October 8, 2002 alleging unlawful termination of services and non-payment of retrenchment compensation and notice pay by our Company and has prayed for reinstatement with full back wages and other benefits. The matter has been posted to December 13, 2006 for taking the claimant's evidence.
- (e) Mr. S. N Tiwari has filed a claim (I.D No. 675/ 2001), before the Presiding Officer, Labour Court No. VI, Karkardooma Courts, Delhi on October 9, 2002 alleging unlawful termination of services by our Company and has prayed *inter alia*, for reinstatement with full back wages. The matter has been posted on July 22, 2006 for management evidence.
- (f) Ms. Uma Devi Sharma has filed a claim of Rs. 743,820 against our Company (WCC No. 14/2004) dated May 21, 2003 before the Court of Workmen's Compensation Commissioner/ District Magistrate, Etah on account of the death of her husband, Mr. Hotilal Sharma caused by a fatal accident in the course of employment under the Workmen's Compensation Act, 1923. The District Magistrate, Etah has made our Company liable to pay Rs. 453,820 vide an *ex-parte* order on

October 26, 2004. Our Company has filed an application to dismiss the *ex-parte* order and the matter is still pending.

- (g) Mr. Iqtedar Hussain has filed a claim (I.D. No. 252/ 2004) before the Presiding officer, Labour Court, Karkardooma Courts, Delhi on June 2, 2004 alleging unlawful termination of services and withholding of wages by our Company and has prayed for reinstatement with full back wages and other benefits. The matter has been posted to July 24, 2006 for final hearing.
- (h) Satprakash has filed a claim (No. 599/ 2004) against our Company before the Civil Judge, Senior Division, Noida Gautam Budh Nagar on November 17, 2004 for compensation of Rs. 500,000 under the Workmen's Compensation Act, 1923 on account of fatal injuries suffered by him in an accident arising out of the course of his employment. The matter has been fixed on July 12, 2006 for arguments.
- (i) Mr. K. K. Mehta has filed a claim (I.D No. 758/2005) against our Company under the Industrial Disputes Act, 1947 before the Presiding Office Labour Court, Karkardooma. Our Company is yet to receive a copy of the claim and the matter has been listed for filing of our reply on May 29, 2006.
- (j) Mr. K. K. Mehta has filed a claim (L.C.A No. 2/2006) against our Company before the Presiding Office Labour Court, Karkardooma. The Company is yet to receive a copy of the claim from Mr. K. K Mehta and the matter has been listed for filing of our reply on May 29, 2006.

7. Civil Cases

There are 12 civil suits pending against us. The aggregate of claims in these cases is approximately Rs. 6,216,479. The cases in this regard are as below:

- (a) M/s Overseas Water Proofing Corporation had filed a suit for recovery (Suit No. 424/ 2003), before the Civil Judge, Tis Hazari Courts, New Delhi on August 25, 1994 for Rs.148,033 along with interest and costs on account of non-payment of dues against the waterproofing work done by the plaintiff at the M/s Frigorifico Allana, project site at Uttar Pradesh. The suit was decreed in favour of the plaintiff on December 9, 2005. Our Company has filed an appeal (Appeal No. RCA-4/ 2006) against the said judgement with the Court of the District Judge, Delhi on January 22, 2006. Our appeal has been dismissed by the Additional District Judge vide its order May 19, 2006.
- (b) M/s Overseas Water Proofing Corporation has filed a suit for recovery (Suit No. 766/1994), before the District Judge, Tis Hazari Courts, New Delhi on October 15, 1994 for Rs. 499,415 along with interest and costs for non-payment of dues against the work done at the Prefeti project site. The plaintiff on October 15, 1994 also filed an interim application for an ad-interim *ex parte* order restraining Perfetti India Limited from making payments of Rs. 499,415 to our Company for civil works done at the Maneswar, Haryana site. Vide its order dated October 20, 2004, the Additional District Judge, Delhi has restrained M/s Perfetti India Limited from making payments amounting to Rs. 499,415 to our Company. The matter has been transferred to the Courts at Rohini, New Delhi and the next date of hearing is June 1, 2006 for petitioner evidence.
- (c) M/s Overseas Water Proofing Corporation has filed a suit for recovery (Suit No. 638/2006), before the District Judge, New Delhi on August 17, 1994 for an amount of Rs. 282,591 along with interest and costs for non-payment of dues against the water proofing work done at the Rajasthan Beverages Limited's project site at Shahjahanpur. The matter is now posted for final arguments on July 19, 2006.
- (d) Gammon India Limited has filed a suit (Suit No. 76/1998) on April 28, 1998 for specific performance and mandatory injunction against Capricorn Industrials Limited, our Chairman and Managing Director, Mr. Bikramjit Ahluwalia and our Company before the Delhi High Court and has prayed for a decree for specific performance of the agreement to sell entered into between

- Gammon India Limited and Capricorn Industrials Limited directing the defendants, *inter alia*, to execute the sale deed and other documents of transfer in respect of the second floor at premises No. 16-17, Local Shopping Centre, Madanir, New Delhi in their favour along with a decree for a sum of Rs. 564,000 as damages. The matter is fixed for cross examination of the defendant on July 12, 2006.
- (e) Jai Prakash Industries Limited has filed an appeal (R.F.A No. 566/2003) before the Delhi High Court on April 17, 2003 against our Company challenging the order dated February 28, 2003 of the Additional District Judge dismissing a suit (Suit No. 379/1999) for recovery of Rs. 386,981 against our Company and Phoenix International Limited on account of non-payment against supply of cement. The appeal has been admitted and the matter is fixed on July 19, 2006 for arguments on the appeal.
 - (f) STP Texsa Limited had filed a summary suit (Suit No. 385/ 2004) for recovery of a sum of Rs. 444,419 along with interest and cost against our Company, Mr. S.K Trisal and our Director, Mr. Shobhit Uppal alleging therein that the said amount was outstanding on account of supply of water proofing material to our Company. The Additional District Judge vide order dated April 20, 2005 was pleased to grant leave to defend to us and other defendants subject to payment of Rs. 175,000 to STP Texsa Limited. The said order has been challenged by STP Texsa Limited vide a petition (Civil Misc (Main) 7954/2005) under Article 227 of the Constitution of India before the Delhi High Court. STP Texsa Limited also filed an application before the High Court for grant of stay against the order dated April 20, 2005. The High Court granted a stay on May 23, 2005 until the pendency of the petition. However, the High Court has vide its order dated May 8, 2006, dismissed the petition filed by STP Texsa Limited. The next date of hearing is on July 15, 2006 wherein the suit pending before the District Judge shall be taken up for trial. Our Company has to deposit Rs. 1,75,000 before July 15, 2006.
 - (g) Madhulika Consultants and Builders Private Limited has filed a suit for recovery (Suit No. 16/2004) before the Court of District Judge, Tis Hazari, New Delhi on January 24, 2004. The petitioner has claimed Rs. 684,336 along with interest and costs on account of non-payment of dues for water proofing work. The matter has been fixed for framing of issues on May 24, 2006.
 - (h) Saxena Electricals and Working Works have filed a suit (Suit No. 891/ 2004) before the Court of Additional Civil Judge (VII) (Sr. Division) on July 26, 2004 for recovery of Rs. 104,283.54 outstanding on account of certain electrification works carried out by them at our Company's multi-storeyed residential flats at Ghaziabad. The matter has been fixed for final arguments on May 26, 2006.
 - (i) Mr. Mukesh Sharma has filed a suit for recovery (Civil Suit No. 377/ 2004) against the Company before the Additional District Judge, Tis Hazari Courts, Delhi for non-payment of dues against the work of fabrication and erection at Pitampura Metro Station project site on August 26, 2004 and has prayed for Rs. 836,601.50 along with interest and costs. The matter has been fixed for arguments and recording of plaintiff evidence on July 19, 2006.
 - (j) Sona Sales Agencies have filed a civil suit for recovery (Suit No. 201/ 2004) before the Court of Civil Judge, Tis Hazari, New Delhi on November 20, 2004 on account of non-payment for goods purchased by our Company and have claimed Rs. 48,009 along with interest and costs. The matter is fixed for recording of defendant evidence on July 1, 2006.
 - (k) M/s Bharati Engineers (HUF) have filed a suit (Suit No. 120/2005) before the Court of the Additional District Judge, Tis Hazari Courts, New Delhi on September, 2005 for recovery of Rs. 551,760 along with costs and interest from our Company on account of supply of polysulphide seal and back up rod for construction of a multi level car parking for IFCI at Nehru Place, New Delhi. The matter has been dismissed in our favour on March 7, 2006 on account of non-prosecution by the petitioner. Thereafter, the petitioner filed an application for restoration of the suit which was accepted. The matter is now listed on May 29, 2006 for plaintiff evidence.

- (l) Shree Cement Limited has filed a petition (Civil Misc. Main No. 801/ 2005) under Article 227 of the Constitution of India before the Delhi High Court in 2005 against Mr. Rahul Dudani and others praying for the setting aside of the order dated February 8, 2005 by the Additional District Judge, Delhi in Suit No. 1563/2002 to quash the application of our Company to delete our name from the array of parties. The petitioner had earlier filed a suit (No.1563/2002) before the District Judge, Tis Hazari, New Delhi for recovery of Rs. 1,666,050 against the respondents on account of non-payment for the supply of cement. Our Company had filed an application in August 2003 under Order 1 Rule 10 read with section 151 of the Code of Civil Procedure, 1908 praying that our name be deleted from the array of parties as there was no cause of action against us and the same was granted by the Court on February 8, 2005. The matter is now listed for final arguments on July 7, 2006.

8. Consumer Complaints

Ms. Geeta Chopra has filed a complaint (No. 190/2006) under the Consumer Protection Act, 1986 before the Consumer Disputes Redressal Forum VII, New Delhi on allegations of deficiency of service and unfair trade practice in relation to sale of an apartment in Ahlcon Apartments constructed by our Company. The complainant has alleged that our Company has arbitrarily increased the price of the apartment and prayed that our Company either hand over possession of the apartment allotted to her at the previous agreed price or refund back her entire money and cancel the allotment, along with compensation of Rs. 25,000 and costs of Rs. 20,000. The Consumer Disputes Redressal Forum VII, New Delhi has on March 24, 2006 vide its order directed our Company against cancelling allotment to the complainant or transferring the apartment to any other person before the next date of hearing. The matter has been fixed for hearing on July 12, 2006.

9. Miscellaneous

There is one miscellaneous claim pending against us. The claim in this case is approximately Rs. 2,500,000. The case in this regard is as below:

- (a) Mr. Samridh Magan has filed an application (Claim Petition No. 63/ 2005) under Section 166 and 140 of the Motor Vehicles Act, 1988 before the Presiding Officer, Motor Accident Claim Tribunal, Karkardooma Courts against Mr. Bir Singh, our Company and Iffco Tokio General Insurance Company on February 4, 2005. The petitioner has prayed for compensation of Rs.2,500,000 along with costs and interest on account of injuries sustained in an accident involving Mr. Bir Singh, a driver employed with our Company. The petitioner has claimed that the driver was driving in a rash and negligent manner which resulted in the accident. The matter has been fixed for recording of petitioner's evidence on August 3, 2006.

10. Arbitration

There are a total of nine arbitration claims involving our Company. One arbitration claim has been filed against our Company wherein approximately Rs. 816,816 has been claimed from us. The remaining eight arbitration claims have been filed by us against various parties, against which certain parties have filed counter-claims. Only some of these counter-claims have been quantified by the other parties wherein approximately Rs. 8,760,268 has been claimed from our Company. The details of the arbitration claims are as follows:

- (a) Our Company has filed a claim for Rs. 108,060,264 against the Housing and Urban Development Corporation with respect to certain disputes in relation to the construction of guest houses at Cluster "B", HUDCO Place, Andrews Ganj, New Delhi undertaken by the Company on January 31, 1994. A counter claim of Rs. 36.572 million was filed by HUDCO. The arbitrator Mr. W.D Dandage awarded our Company with Rs. 953,093 on July 21, 1996. Objections were filed by our Company (Suit No. 2019A/1996) under section 30 of the Arbitration and Conciliation Act, 1996 to the award dated July 21, 1996 on grounds of error apparent on the face of the records and also

- on grounds of impartiality of the arbitrator on October 17, 1997. The next date of hearing is May 22, 2006 for arguments.
- (b) Our Company has filed a claim for Rs. 11,837,638.78 with interest on March, 16, 2002 against India Tourism Development Corporation Limited (ITDC) on account of losses incurred due to failure on part of ITDC to fulfill its contractual obligations and to make payments with respect to the contract for renovation of the annexe block at Ashok Hotel, New Delhi. ITDC filed a counter reply on June 4, 2002 wherein it has been submitted that there has not been any contractual failures on their part and has prayed that all our claims should be rejected with heavy costs. However, no claim amount has been quantified by ITDC. The hearing has been completed and the award is pending.
 - (c) Our Company has filed a claim of Rs. 102,270,047 with interest against the Union of India on October 15, 2002 on account of outstanding dues for the remodeling of Player's Building project, S.H: two level underground car parking at Indira Gandhi Stadium Complex, New Delhi. The Union of India has claimed a sum of Rs. 500,000 on account of costs for the arbitration in their counter reply dated March 31, 2004. The next date of hearing is May 23, 2006 for cross examination of claimant's witness.
 - (d) Our Company has filed a claim for Rs. 180,526,151.4 with interest and arbitration cost of Rs. 500,000 against the Union of India with respect to the remodeling of Player's Building at the Indira Gandhi Stadium on account of the failure of the Public Works Department to perform its contractual obligations on June 20, 2003. The Union of India has filed a counter claim for Rs. 555,250 on October 10, 2003 with interest. The next date of hearing is May 27, 2006 for arguments on the claims.
 - (e) Our Company has filed a claim for a sum of Rs. 32,061,253.57 along with interest against Malibu Estate Private Limited on September 30, 2003 on account of outstanding dues for certain construction activities undertaken by our Company at Malibu Town, Gurgaon. Malibu Estate Private Limited has filed a counter claim of Rs. 7,705,018.44 along with damages, costs and interest on December 4, 2003. The pleadings in the arbitration case have been completed and the award is pending.
 - (f) Our Company has filed a claim of Rs. 152,289,148.2 against the HUDCO for payment of running bills with respect to the work of construction of car parking basement at HUDCO Place, Khelgaon, Andrews Ganj, New Delhi on April 26, 2004 and also filed a notice for appointment of arbitrator. In furtherance of the dispute, HUDCO appointed an arbitrator Mr. L. R. Gupta vide letter dated May 31, 2004. However, Mr. L.R Gupta vide his letter dated June 15, 2004 resigned. Subsequently, HUDCO appointed another arbitrator, Mr. W.D Dandage on June 30, 2004. His appointment was challenged by the Company vide O.M.P No. 356/2004 dated October 6, 2004 under sections 12 and 14 of the Arbitration and Conciliation Act, 1996 before the Delhi High Court. Our Company has also filed an interlocutory application (No. 6845/ 2004) under section 9 of the Arbitration and Conciliation Act, 1996 on the same date for grant of stay of the arbitration proceedings. Vide order dated October 13, 2004, the High Court has granted a stay on the arbitration proceedings until the petition for removal of the arbitrator is decided. The matter is listed on July 13, 2006 before the Delhi High Court for arguments.
 - (g) Our Company has claimed a sum of Rs. 298.087 million against the Indira Gandhi Centre for the Arts (IGNCA) on December 20, 2004 with respect to certain losses incurred arising from the Sutradhara and underground parking project undertaken by our Company at IGNCA, Janpath. The arbitral tribunal has given instructions for exchange of documents and the next date of hearing is September 1, 2006 for further proceedings.
 - (h) Our Company has filed a petition for appointment of arbitrator (Arbitration Application No. 105/2005) to settle certain disputes arising out of certain construction work carried out by our Company for the DDA's Bakkarwala Project on April 19, 2005. The petition was rejected by the

Delhi High Court vide its order dated July 28, 2005 on the basis that there was no arbitration clause in the agreement between DDA and our Company. Our Company has filed a writ petition (Writ Petition No. 18206/ 2005) before the Delhi High Court challenging this order on September 9, 2005. The Delhi High Court passed an *ex parte* order on December 14, 2005 that the order passed by the single judge is to be construed as a judicial order against which an appeal would lie before the Supreme Court. We are in negotiations with the Chairman of the DDA for an amicable resolution since we were unable to file a special leave petition within the limitation period.

- (i) Group 4 Securities Guarding Private Limited has filed an application (Arbitration Application No. 180/2005) under Section 11 of the Arbitration and Conciliation Act, 1996 before the Court of the District Judge Tis Hazari, New Delhi for appointment of an arbitrator on September 15, 2005. The petitioner has claimed an amount of Rs. 816,816 along with interest and costs from our Company for providing guarding services at our factory premises. The matter is fixed for cross examination of the defendant evidence on July 12, 2006.

II. Litigations filed by our Company

Our Company has filed eight cases against various parties. The aggregate claims against our Company, where claims can be quantified, in these cases amount to Rs. 61,109,761 approximately.

- (a) Our Company has filed a suit (O.S No. 109/2005) against the DDA for a decree of permanent injunction restraining DDA from invoking the bank guarantees issued for Rs. 27,313,552 towards security performance given to the DDA for certain construction work undertaken by us at the DDA, Mega Housing project, Vasant Kunj, New Delhi on January 27, 2005. The High Court, vide order dated January 27, 2005, has issued an *ex-parte* ad interim injunction (I.A No. 670/05) under sections 148 and 149 of the Code of Civil Procedure, 1908 in C.A. (O.S) 109/ 05) restraining DDA from invoking the bank guarantees and further restraining Allahabad Bank from releasing the amount of the bank guarantees in favour of DDA. The next date of hearing is August 17, 2006 for cross examination of the claimant's witness.
- (b) Our Company has filed a writ petition (C.W.P No. 1371/ 2005) under Article 226 of the Constitution of India against the DDA on January 25, 2005 in relation to certain disputes arising out of construction work undertaken at the DDA, Mega Housing project site at Vasant Kunj, New Delhi. We have, *inter alia*, prayed for an order to withdraw/ quash enforcement of the letter (No. F-12(49) F 12 (49) EE(P) CC-V/WD-1/52) dated February 12, 2005 and letter (No. F 21(59) WD/I/DDA/A/01-02/VOL-IV/1371) dated January 12, 2005 issued by the DDA whereby the DDA threatened to invoke certain performance guarantees given by us and have also demanded Rs. 33,796,209 as compensation. DDA has prayed for dismissal of the petition along with exemplary costs on April 15, 2005. The costs have not been quantified by the DDA. The matter is still sub judice in the High Court and has been posted for arguments on September 6, 2006.
- (c) Our Company has filed a writ petition (W. P (C) No. 5654 of 2006) in the High Court of Delhi at New Delhi on April 15, 2006 against, *inter alia*, the Union of India, the Labour Commissioner and the DDA challenging the levy of cess under the Cess Act in respect of our construction site at 850, Mass Housing and the enforceability of provisions of the BOCWA, Vasant Kunj, Delhi. The High Court has passed an interim order dated April 18, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (d) Our Company has filed a writ petition (W.P. (C) No. 6205-06 of 2006) in the High Court of Delhi at New Delhi on April 22, 2006 against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act in respect of our construction site at Jessa Ram Hospital, Karol Bagh and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 25, 2006 in

- our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
- (e) Our Company has filed a writ petition (W. P (C) No. 6222-23 of 2006) in the High Court of Delhi at New Delhi on April 22, 2006 against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act in respect to our construction site V3S, Laxmi Nagar and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 25, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
 - (f) Our Company has filed a writ petition (W.P. (C) No. 6431-33 of 2006) in the High Court of Delhi at New Delhi on April 27, 2006 against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act in respect to our construction site at B.L. Kapoor Memorial Hospital, Pusa Road and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 28, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
 - (g) Our Company has filed a writ petition (W.P. (C) No. 5650 of 2006) in the High Court of Delhi at New Delhi on April 15, 2006 against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act in respect to our construction site at LIG, Bakkarwala and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 18, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.
 - (h) Our Company has filed a writ petition (W. P (C) No. 5653 of 2006) in the High Court of Delhi at New Delhi on April 15, 2006 against, *inter alia*, the Union of India, the Labour Commissioner, the Cess Collector and the Lt. Governor of Delhi challenging the levy of cess under the Cess Act in respect to our Mega Housing Project at Vasant Kunj and the enforceability of provisions of the BOCWA. The High Court has passed an interim order dated April 18, 2006 in our favour wherein it has held that no coercive action be taken against us for recovery of amounts due till the next date of hearing on May 23, 2006.

III. Litigation against Our Directors

Our Directors have no outstanding litigation towards tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults, non payment of statutory dues, proceedings initiated for economic offences, in their individual capacity or in connection with our Company and other companies with which the Directors are associated, except as below:

- (a) M/s Shree Cement Limited has filed a complaint (No. 55/ 2000) before the Court of the Metropolitan Magistrate, Tis Hazari Courts, New Delhi on January 3, 2000 against one Mr. Rajesh Dudani and our Company through our Chairman and Managing Director, Mr. Bikramjit Ahluwalia under section 138 of the Negotiable Instruments Act, 1881. Though, the dishonoured cheque of Rs. 50,000 was issued by Mr. Rajesh Dudani to the complainant, the complainant has contended that our Company introduced Mr. Rajesh Dudani to them and stood as guarantor for the payment of cement. On February 14, 2005, our Company filed an application under section 251 of the Code of Criminal Procedure, 1973 for striking off its name from the proceedings on the grounds that we have no relation with the accused or the complainant. The matter is fixed on July 7, 2006 for reply and arguments on the application moved by our Company for discharge of the case.
- (b) Mr. Chetan Prasad has filed an application (No. WCCF 13 of 2001), before the Commissioner, Workmen's Compensation Act, 1923, Jaipur on February 19, 2000 for compensation amounting to

- Rs. 256,000 on account of the death of his wife, who was employed by our Company as a construction labourer under the provisions of the Workmen's Compensation Act, 1923. The claimant's wife died by accident arising out of the course of her employment. The claimant has also impleaded the Directors of our Company as parties to this case. The matter is fixed for final arguments on June 12, 2006.
- (c) Gammon India Limited has filed a suit (Suit No. 76/1998) on April 28, 1998 for specific performance and mandatory injunction against Capricorn Industrials Limited, our Chairman and Managing Director, Mr. Bikramjit Ahluwalia and our Company before the Delhi High Court and has prayed for a decree for specific performance of the agreement to sell entered into between Gammon India Limited and Capricorn Industrials Limited directing the defendants, *inter alia*, to execute the sale deed and other documents of transfer in respect of the second floor at premises No. 16-17, Local Shopping Centre, Madanir, New Delhi in their favour along with a decree for a sum of Rs. 564,000 as damages. The matter is fixed for cross examination of the defendant on July 12, 2006.
 - (d) A first information report (No. 80/2004) was filed on January 27, 2004 before the Police Station, Kalkaji, New Delhi against our employee Mr. Dev Narayan under section 304(A) of the IPC in relation to the death of Mr. Bhawani Prasad as a result of an accident in the course of employment at our construction at Eros Corporate Tower, Nehru Place, New Delhi. The charge sheet has been filed and the matter is being heard before the Metropolitan Magistrate, Patiala House Courts, New Delhi. Mr. Bikramjit Ahluwalia, our Chairman and Managing Director has also been impleaded as a co-accused. The matter is listed on November 28, 2006 for framing of charge.
 - (e) STP Texsa Limited had filed a summary suit (Suit No. 385/ 2004) for recovery of a sum of Rs. 444,419 along with interest and cost against our Company, Mr. S.K Trisal and our Director, Mr. Shobhit Uppal alleging therein that the said amount was outstanding on account of supply of water proofing material to our Company. The Additional District Judge vide order dated April 20, 2005 was pleased to grant leave to defend to us and other defendants subject to payment of Rs. 175,000 to STP Texsa Limited. The said order has been challenged by STP Texsa Limited vide a petition (Civil Misc (Main) 7954/2005) under Article 227 of the Constitution of India before the Delhi High Court. STP Texsa Limited also filed an application before the High Court for grant of stay against the order dated April 20, 2005. The High Court granted a stay on May 23, 2005 until the pendency of the petition. However, the High Court has vide its order dated May 8, 2006, dismissed the petition filed by STP Texsa Limited. The next date of hearing is on July 15, 2006 wherein the suit pending before the District Judge shall be taken up for trial. Our Company has to deposit Rs. 1,75,000 before July 15, 2006.
 - (f) SBI, Secunderabad has filed a complaint (No. 449/2000) against our Director, Mr. Arun Kumar Gupta and M/s SNS Photo Company Limited before the Debts Recovery Tribunal, Hyderabad in 2000 for recovery of Rs. 7,600,000 on account of his standing as guarantor for default in payment of dues owed to SBI, Secunderabad by a company in which he was a director/ guarantor. The matter is still pending.
 - (g) Hari Om Maheshwari has filed a complaint (No. 12525/2000) under Section 138 of the Negotiable Instruments Act, 1881 on November 4, 2000 against our Director, Mr. Arun Kumar Gupta before the Chief Metropolitan Magistrate, New Delhi on account of dishonour of cheques issued by Mr. Arun Kumar Gupta wherein the complainant has alleged an amount of Rs. 7,500,000 due from Mr. Arun Kumar Gupta on account of his standing as guarantor for default in payment of money given to M/s SNS Photo Company Limited where he was a director. The matter has been fixed for recording of evidence on July 3, 2006.
 - (h) Usha Maheshwari has filed a complaint (No.12526/2000) under Section 138 of the Negotiable Instruments Act, 1881 on November 4, 2000 against our Director, Mr. Arun Kumar Gupta before the Chief Metropolitan Magistrate, New Delhi on account of dishonour of cheques issued by Mr. Arun Kumar Gupta wherein the complainant has alleged an amount of Rs.

2,500,000 due from Mr. Arun Kumar Gupta on account of his standing as guarantor for default in payment of money given to M/s SNS Photo Company Limited where he was a director. The matter has been dismissed in favour of Mr. Arun Kumar Gupta. The Company has yet to receive a copy of the order.

IV. LITIGATION AGAINST OUR PROMOTERS AND PROMOTER GROUP COMPANIES

A. Litigation against Capricorn Industrials Limited

I. Civil Cases

- (a) Gammon India Limited has filed a suit (Suit No. 76/1998) on April 28, 1998 for specific performance and mandatory injunction against Capricorn Industrials Limited, our Chairman and Managing Director, Mr. Bikramjit Ahluwalia and our Company before the Delhi High Court and has prayed for a decree for specific performance of the agreement to sell entered into between Gammon India Limited and Capricorn Industrials Limited directing the defendants, *inter alia*, to execute the sale deed and other documents of transfer in respect of the second floor at premises No. 16-17, Local Shopping Centre, Madanir, New Delhi in their favour along with a decree for a sum of Rs. 564,000 as damages. The matter is fixed for cross examination of the defendant on July 12, 2006.

II. Contingent liabilities not provided for as on March 31, 2005

(Rs. in million)

Sl. No.	Name of Company	Fiscal 2005
1.	Ahlcon Parenterals (India) Limited	37.09
2.	Ahlcons India Private Limited	5.36

V. MATERIAL DEVELOPMENTS

Except as stated elsewhere in this Draft Red Herring Prospectus, including the section titled “Management’s Discussion and Analysis of Financial Statements and Results of Operations” beginning on page 163 of this Draft Red Herring Prospectus and our financial statements included herein, no material developments have taken place since the date of the last financial statements disclosed in this Draft Red Herring Prospectus that would materially adversely affect the performance or prospects of our Company.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority/RBI are required to continue those activities.

A. Approvals for the Issue

We have received the following approvals relating to the Issue:

1. The Board of Directors has, pursuant to a resolution dated November 30, 2005 authorised the Issue.
2. The shareholders have, pursuant to a resolution dated February 25, 2006 under Section 81(1A) of the Companies Act, authorized the Issue.

B. Approvals for our business

1. SALES TAX REGISTRATIONS

Description	Reference/License No.	Issue Date	Expiry Date
Certificate of registration under the Chhattisgarh Value Added Sales Tax Act, 2003	11/07/3299/S	September 22, 2004	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Chhattisgarh	11/07/1920/C	September 22, 2004	Valid until cancelled.
Certificate of registration under the Gujarat Sales Tax Act , 1969	TIN No: 1922005531	March 12, 2003	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Gujarat	Guj99941895	March 12, 2003	Valid until cancelled.
Certificate of registration under the Gujarat Value Added Tax Act, 2003	TIN No: 1922005531	March 12, 2003	Valid until cancelled.
Certificate of registration under the Haryana General Sales Tax Act, 1973	16760	August 31, 1992	March 31, 2007
Certificate of registration under the Haryana Value Added Tax Act, 2003	TIN No: 06381825674	September 10, 2005	Valid until cancelled.
Certificate of registration under the Himachal Pradesh General Sales Tax Act, 1968	SIM-III-8129	August 7, 2002	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our	SIM-CST-5974	August 7, 2002	Valid until cancelled.

operations in Himachal Pradesh			
Certificate of registration under the Maharashtra Value Added Tax Act, 2005	TIN No: 27150000496V	April 1, 2006	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Maharashtra	TIN No: 27150000496C	April 1, 2006	Valid until cancelled.
Certificate of registration under the Rajasthan Sales Tax Act, 1994	08481604620	March 12, 1999	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Rajasthan.	1420/04834/WC	March 11, 1999	Valid until cancelled.
Certificate of registration under the Bengal Finance (Sales Tax) Act, 1941	UT/9564A	April 19, 1995	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in West Bengal	5676A(UT)C	April 24, 1995	Valid until cancelled.
Certificate of registration under the Tamil Nadu General (Sales Tax) Act, 1959	TNGST: 1403440/06-07	April 20, 2006	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Tamil Nadu	CST: 843643	April 20, 2006	Valid until cancelled.
Certificate of registration under the Punjab Value Added Tax Act, 2005.	TIN No: 03832013074	February 9, 2006	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Punjab	TIN No: 03832013074	February 9, 2006	Valid until cancelled.
Certificate of registration under the Delhi Value Added Tax Act, 2005.	TIN No: 07970255291/0902	December 1, 1999	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in New Delhi	TIN No: 07970255291/0902	December 1, 1999	Valid until cancelled.
Certificate of registration under the Uttar Pradesh Trade Tax Act, 1948	GC-0104373	November 25, 1993	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Uttar Pradesh	GC-5069434	November 25, 1993	Valid until cancelled.

Certificate of registration under the Karnataka Value Added Tax, 2005	TIN No: 29730397650	August 31, 2005	Valid until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Karnataka	TIN No: 29730397650	August 31, 2005	Valid until cancelled.

2. SERVICE TAX REGISTRATIONS

Description	Reference/License No.	Issue Date	Expiry Date
Service tax registration under section 69 of the Finance Act, 1994, (Karnataka)	(CON)(CCS)AABCA430 4KST006	December 5, 2005	Valid until cancelled.
Service tax registration under section 69 of the Finance Act, 1994, (New Delhi)	DL-II/ST/CS/10/AC/04	October 4, 2004	Valid until cancelled.
Service tax registration under section 69 of the Finance Act, 1994, (Haryana)	D-III/ST/R-II/CCS/02/2004	October 8, 2004	Valid until cancelled.
Service tax registration under section 69 of the Finance Act, 1994, (Rajasthan)	17/ST/CSC1/RIV/JPR-1/2005	April 21, 2005	Valid until cancelled.
Service tax registration under section 69 of the Finance Act, 1994, (West Bengal)	236/Construction Services/S.T. Cell/Central IV	October 29, 2004	Valid until cancelled.
Service tax registration under section 69 of the Finance Act, 1994, (Maharashtra)	M-IV/ST/CCS/67	December 10, 2004	Valid until cancelled.
Service tax registration under section 69 of the Finance Act, 1994, (Uttar Pradesh)	05/CONS/R-27/04-05	October 12, 2004	Valid until cancelled.

3. LABOUR LICENSES

- On February 25, 2003, the Deputy Labour Commissioner, Noida has granted our Company a license (No. 13/2003) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at India Exposition Mart Complex, Greater Noida. This license is valid upto December 31, 2006.
- On May 10, 2005, the Licensing Officer, New Delhi has renewed our Company's license (No. CLA/C/04/2005/DLC/CD/533) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Dr. B.L. Kapur Memorial Hospital, Pusa Road, New Delhi. The license is valid up to December 31, 2006.
- On July 22, 2005, the Registering Authority, Government of West Bengal, has granted our Company a licence (No. R-017/2005/LCN) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Mani Square, Kolkata. The license is valid up to June, 2006.
- On October 1, 2005, the Assistant Labour Commissioner, Bangalore, has granted our Company a license (No. ALCB-4/CLA/C194/2005-06) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Airport Road,

Bangalore. The license is valid up to July, 2006.

5. On October 26, 2005, the Deputy Labour Commissioner, Noida has granted our Company a license (No. 155/05) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at QCC building, Noida. This license is valid up to June 30, 2006.
6. On November 15, 2005, the Assistant Labour Commissioner, Bangalore has granted our Company a license (No. ALCB(3)/CLA/C-189/05-06) under the Contract Labour (Regulation and Abolition) Act, 1970, in relation to the labourers employed on our construction site at Brigade Metropolis, Bangalore. This license is valid up to November 15, 2006.
7. On January 7, 2006, the Licensing Officer, Mumbai has granted our Company a license (No. 046) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Chalet Hotel, Powai, Mumbai. This license is valid up to December 31, 2006.
8. On January 23, 2006, the Ministry of Labour, Office of the Regional Labour Commissioner (Central), Mumbai has renewed our license (No. B-ALC-I/46(206)/2004-L) under the Contract Labour (Regulation and Abolition) Act, 1970 for labourers employed on our construction site at Bandra Kurla Complex, Mumbai. This license is valid up to October 31, 2006.
9. On February 13, 2006, the Licensing Officer, NCT Delhi, has granted our Company a license (No. CLA/C/2006/DLC/W/54/305) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at District Centre, Raja Garden, New Delhi. The license is valid up to June 30, 2006.
10. On March 16, 2006, the Ministry of Commerce and Industry, Department of Commerce, Noida Special Economic Zone, Noida has granted our Company a license (No. NSEZ/06/2006) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at the Noida Special Economic Zone. This license is valid up to December 31, 2006.
11. On March 21, 2006, the Assistant Labour Commissioner and Registering Officer has granted our Company a labour license (No. ALC/B(1)/CLA/C-142/05-06) under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Construction of Brigade Gateway project, Bangalore. The license is valid up to March 20, 2007.

4. OTHER CERTIFICATIONS

1. Registration No. 11-43096-101 under the Employees State Insurance Act, 1948 dated April 30, 1998. The registration was effective from April 1, 1998.
2. Registration No. DL/7718 under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 dated August 16, 1985. The registration was effective from April 1, 1985.
3. On May 31, 2005, the Directorate of Industries, Government of Uttar Pradesh, has registered our RMC unit, M/s Ahlcon Ready Mix Concrete as a Small Scale Industrial Unit (SSI No. 13397) for manufacturing of ready mix concrete.
4. On June 15, 2005, our Company has filed an application before the Trade Marks Registry, New Delhi for registration of the trademark "Ahlcon Ready Mix Concrete".
5. On March 8, 2006, our Company has filed an application before the Trade Marks Registry, New Delhi for registration of our logo.

6. Registration under the Delhi Shops and Establishments Act, 1954 dated October 10, 1985 for our corporate office, B-4/205, Safdarjung Enclave, New Delhi.
7. Renewal of Certificate of enlistment (trade license) for the year 2005-2006 under the Kolkata Municipal Corporation Act, 1980 issued by the Kolkata Municipal Corporation dated December 24, 2005.

5. LICENSE/REGISTRATION APPLICATIONS

5.1 Labour license applications for renewal

1. On November 1, 2005, our Company has filed an application for renewal of our labour license (No. 134/2004) to the Deputy Labour Commissioner, Noida under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Sector-125, Noida.
2. On January 23, 2006, our Company has filed an application for renewal of our labour license (No. CLA/C/113/2005/DLC/S) to the Deputy Labour Commissioner, New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at 19, Friends Colony, New Delhi.
3. On March 22, 2006, our Company has filed an application for renewal of our labour license (No. 24/2004) to the Deputy Labour Commissioner, Noida under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Destination Point, Ansal Plaza at Greater Noida.
4. On March 24, 2006, our Company has filed an application for renewal of our labour license (No. CLA/C/39/2004/DLC/S) to the Deputy Labour Commissioner, New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Hotel Scopevista at Lodhi Hotel, New Delhi.
5. On April 8, 2006, our Company has filed an application for renewal of our labour license (No. ALC/HQ/4618/2004) to the Deputy Labour Commissioner (Central), New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Bakkarwala, Dwarka, New Delhi.
6. On April 16, 2006, our Company has filed an application for renewal of our labour license (No. CLA/C/DLC(E2005)/103) to the Deputy Labour Commissioner, New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at "V3S East Centre", Laxmi Nagar, New Delhi.
7. On April 21, 2006, our Company has filed an application for renewal of our labour license (No. ALC/HQ/77(06)/2004) to the Deputy Labour Commissioner, New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at 850, Mass Housing at Vasant Kunj, New Delhi.
8. On May 3, 2006, our Company has filed an application for renewal of labour license (No. CLA/C/04/2005/DLC/NDD/841) to the Deputy Labour Commissioner, New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Chancery Complex, Chanakyapuri, New Delhi.
9. On May 10, 2006, our Company has filed an application for renewal of our labour license (No. 1036/2005/LCS) to the Licensing Officer, Kolkata under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Prince Anwar Shah Road, Kolkata.

5.2 *Labour license applications*

1. On July 20, 2005, our Company has filed an application for grant of labour license to the Licensing Officer, Kolkata under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at IT Park, Rajarhat, Kolkata.
2. On October 26, 2005, our Company has filed an application for grant of labour license to the Labour Commissioner, Haryana under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Gurgaon One, Old Delhi Gurgaon Road, Gurgaon.
3. On March 2, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Chandigarh under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Park Centra commercial complex, Section-30, Gurgaon.
4. On March 2, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Chandigarh under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Golf View Corporate Tower 'B' at Village Wazirabad, Gurgaon.
5. On March 27, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Noida under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Savoy Club Building, Sector-62, Noida.
8. On April 4, 2006, our Company has filed an application for grant of labour license to the Licensing Officer, Kolkata under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Infinity Benchmark at Salt Lake, Kolkata.
9. On April 6, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Chandigarh under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Ansal Plaza, Palam Vihar, Gurgaon.
10. On April 24, 2006, our Company has filed an application for grant of labour license to the Licensing Officer, Mumbai under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Inorbit Mall, Vashi, Navi Mumbai.
11. On April 25, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Noida under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at group housing complex at Plot No. 8A, Sector-44, Noida.
12. On April 26, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Chandigarh under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site for ARTEMIS Medicare Services Private Limited at Gurgaon.
13. On April 27, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, Chandigarh under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Ferozpur Road, Ludhiana.

14. On May 8, 2006, our Company has filed an application for grant of labour license to the Deputy Labour Commissioner, New Delhi under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at Connaught Place, New Delhi.
15. On May 12, 2006, our Company has filed an application for grant of labour license to the Licensing Officer, Kolkata under the West Bengal Contract Labour Regulation and Abolition Rules in relation to the labourers employed on our construction site at 'Milan Mela', Permanent Trade Fair Complex, Kolkata.

5.3 Factories license application

1. On April 8, 2006, our Company has filed an application with the NDMC for grant of a license to work a factory under the Factories Act in relation to our RMC plant at Kirti Nagar, New Delhi.

6. LICENSES WHICH THE COMPANY IS YET TO APPLY

6.1 Labour licenses

1. Labour license under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at "Festival City" multiplex with integrated entertainment cum shopping complex, Ludhiana.
2. Labour license under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the labourers employed on our construction site at BHEL Employees Housing Co-operative Society, Kolkata.

6.2 Factory licenses

1. License to work a factory under the Factories Act in relation to our RMC plant at Loni, Ghaziabad.
2. License to work a factory under the Factories Act in relation to our RMC plant at Bangalore.

6.3 Registration under local shops and establishments legislations

1. Our Company is yet to apply for registration under the provisions of West Bengal Shops and Establishments Act, 1963 for our regional office at Kolkata.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on November 30, 2005, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the general meeting of the shareholders of the Company held on February 25, 2006 at New Delhi.

We have also obtained all necessary contractual consents required for the Issue. For further information, see section titled "Government and Other Approvals" beginning on page 191 of this Draft Red Herring Prospectus.

Prohibition by SEBI

Neither we, nor our Directors or the Promoters or the companies forming part of the Promoter group, or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Neither we, nor our Directors or the Promoters or the companies forming part of the Promoter group, or companies with which our Directors are associated with as directors or promoters, have been detained as wilful defaulters by the RBI or government authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.3.2 of the SEBI Guidelines as explained under with eligibility criteria calculated in accordance with financial statements under Indian GAAP:

Since our proposed Issue size would be more than five times of our pre-Issue net worth as per the audited balance sheet of the preceding financial year, we are required to comply with the conditions of Clause 2.3.2 of the SEBI Guidelines for this Issue.

Clause 2.3.2 of the SEBI Guidelines provides that a listed company that does not fulfill the conditions given in Clause 2.3.1 of the SEBI Guidelines shall be eligible to make a public issue, subject to complying with the conditions specified in Clause 2.2.2 of the SEBI Guidelines.

Clause 2.2.2 of the SEBI Guidelines provides that the following conditions must be fulfilled for a company to be eligible for a public issue:

- (i) The issue is made through the book-building process with at least 50% of the net offer to the public being allotted to QIBs, failing which the full subscription money shall be refunded

OR

- (i) The project has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies will be refunded.

AND

- (ii) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

OR

- (ii) There shall be compulsory market-making for at least 2 years from the date of listing of the shares.

Accordingly, in compliance with Clause 2.3.2 of the SEBI Guidelines, the Issue is being made through the book build process, with at least 50% of the Net Issue being allotted to QIBs. In case we do not receive subscriptions of at least 50% of the Net Issue from QIBs, we shall forthwith refund the entire subscription monies. The post-issue face value capital of the Company is Rs. 15.68 crores, which is more than the minimum requirement of Rs. 10 crores.

Hence, we are eligible under Clause 2.3.2 of the SEBI Guidelines.

Disclaimer Clause

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 THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED AND UTI BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES 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 MANAGERS ARE 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 MANAGERS, SBI CAPITAL MARKETS LIMITED AND UTI BANK LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 23, 2006 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, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

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;

THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES IN THE NATURE OF 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 ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer of the Company and BRLMs:

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in any 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 our website, www.acilnet.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLMs and us dated May 22, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLMs 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 centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

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), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi, India only.

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

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. NSE has given in its letter dated [●] permission to us to use NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 100 million and the market capitalization shall not be less than Rs. 250 million at the time of listing). The NSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities 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/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated [●], permission to the Company to use BSE's name in this Draft Red Herring Prospectus as

one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; 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 to mean that this Draft Red Herring Prospectus 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 Delhi Stock Exchange

As required, a copy of this Draft Red Herring Prospectus has been submitted to Delhi Stock Exchange. Delhi Stock Exchange has given vide its letter dated [●], permission to the Company to use Delhi Stock Exchange's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. Delhi Stock Exchange has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. Delhi Stock Exchange does not in any manner:

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

Disclaimer Clause of CSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to CSE. CSE has given vide its letter dated [●], permission to the Company to use CSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. CSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. CSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
2. Warrant that this Company's securities will be listed or will continue to be listed on CSE; 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 to mean that this Draft Red Herring Prospectus has been cleared or approved by CSE. 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 CSE 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 JSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to JSE. JSE has given vide its letter dated [●], permission to the Company to use JSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. JSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. JSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
2. Warrant that this Company's securities will be listed or will continue to be listed on JSE; 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 to mean that this Draft Red Herring Prospectus has been cleared or approved by JSE. 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 JSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the ROC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with ROC.

Listing

Our existing shares are listed on the Delhi Stock Exchange, the CSE and the JSE.

Applications have been made to the NSE, the BSE, the Delhi Stock Exchange, the CSE and the JSE for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the

Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

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

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors; and (b) Book Running Lead Managers, Syndicate Members, Escrow Collection Bank(s), Banker to the Issue, Registrar to the Issue, Legal Advisors to the Issue and the Monitoring Agency, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the ROC and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the ROC.

Arun K. Gupta & Associates, our Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with the ROC.

Expert Opinion

Except as stated in the sections titled “Statement of Tax Benefits” and “Financial Statements” beginning on page 53 and 120 respectively of this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (Rs. in million)
Lead management fees and underwriting commissions*	[•]
Advertising and Marketing expenses	[•]
Printing and stationery	[•]
Others (Registrars fee, legal fee, etc.)	[•]
Total estimated Issue expenses	[•]

* Will be incorporated after finalisation of Issue Price

All issue expenses shall be borne by the Company. In addition, listing fees will be paid by the Company.

Fees Payable to the BRLMs, Brokerage and Selling Commission

The total fees payable to the BRLMs including brokerage and selling commission for the Issue will be as per the memorandum of understanding executed between the Company and the BRLMs dated May 22, 2006, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Registrar’s memorandum of understanding dated May 22, 2006 copy of which is available for inspection at our 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 or speed post or under certificate of posting.

Particulars Regarding Public/ Rights Issues during the Last Five Years

We have not made any public or rights issue during the last five years.

Issues otherwise than for cash

Except as stated in the section titled “Capital Structure” beginning on page 34 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash in the last five years.

Companies under the Same Management

There are no companies under the same management as per the erstwhile section 370(IB) of the Companies Act, other than those mentioned under the section titled “Our Promoters and Promoter Group” beginning on page 103 of this Draft Red Herring Prospectus.

Purchase of Property

Except as stated in the section titled “Objects of the Issue” beginning on page 41 of this Draft Red Herring Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Draft Red Herring Prospectus.

Except as disclosed in the section titled “Financial Statements-Related Party Transactions” beginning on page 134 of this Draft Red Herring Prospectus, we have not purchased any property in which any Directors have any direct or indirect interest in any payment made thereof.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Promise v/s Performance

(Except as specified Rs. in millions)

Particulars	F.Y.1995-1996		F.Y.1996-1997		F.Y.1997-1998	
	Projected (12 months)	Actual (12 months)	Projected (12 months)	Actual (12 months)	Projected (12 months)	Actual (12 months)

Total Receipts	705.10	853.30	810.80	944.68	932.80	902.30
PBIDT	68.10	58.01	91.50	62.85	110.30	57.57
PBT	57.10	49.49	78.50	47.43	95.30	44.33
PAT	37.10	25.29	45.00	26.43	53.50	29.83
Cash Profits	41.30	31.11	51.40	39.32	59.70	38.89
Net Worth	119.32	120.46	161.06	139.82	210.06	169.49
Return on Net Worth (%)	31.09	20.99	27.94	18.90	29.79	17.60
Dividend (%)	15	15	15	20	15	0
EPS (Rs./Share)	11.82	8.05	14.34	8.42	17.05	9.51
CEPS (Rs./Share)	13.16	9.91	16.38	12.53	19.02	12.39
NAV (Rs./Share)	38.02	38.39	51.33	44.56	66.94	54.01

Promise v/s Performance – Last Issue of Group/Associate Companies

For information regarding promise v/s. performance for Promoter Group Companies, see the sections titled “Risk Factors” and “Our Promoters and Promoter Group” beginning on pages 10 and 103, respectively of this Draft Red Herring Prospectus

Outstanding Debentures or Bonds or Redeemable Preference Shares

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this Draft Red Herring Prospectus.

Remuneration Payable to the Directors

Please refer to the section titled “Our Management-Remuneration of our Directors” beginning on page 95 of this Draft Red Herring Prospectus.

Stock Market Data for our Equity Shares

Our Equity Shares are listed on the Delhi Stock Exchange, JSE and CSE but have not been actively traded in the six month period ending April 30, 2006.

Other Disclosures

Except as disclosed in the section “Capital Structure” beginning on page 34 of this Draft Red Herring Prospectus, our Promoter group, or our Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

Mechanism for Redressal of Investor Grievances

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period as specified under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 from the last date of dispatch of letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the respective Syndicate Member or collection centre where the application was submitted.

We have received a notice from the ROC on February 20, 2006 in relation to an investor grievance complaint, to which we have replied on March 13, 2006. The ROC has vide its letter dated May 10, 2006 served us on order under section 234(1) of the Companies Act and has directed us to submit various documents within 15 days of receipt of the letter. Our Company received this letter on May 20, 2006. The matter is still pending. There are no other outstanding investor grievance complaints as on date of this Draft Red Herring Prospectus. For details of the ROC notice, please see the section titled “Outstanding Litigation and Material Developments” beginning on page 175 of this Draft Red Herring Prospectus.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue to address routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Vipin Kumar Tiwari, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

B- 4/205, Safdarjung Enclave,
New Delhi 110 029
India
Tel: +91 11 2619 4643
Fax: +91 11 2619 4635
Email: publicissue@acilnet.com

Changes in Auditors

There has been no change in the auditors of our Company in the past three years.

Capitalisation of Reserves or Profits

Except as disclosed in the section titled “Capital Structure” beginning on page 34 of this Draft Red Herring Prospectus, we have not capitalised any reserves or profits during the last five financial years.

Revaluation of Assets

We have not revalued our assets in the past five years.

ISSUE STRUCTURE

The present Issue of 3,125,000 Equity Shares comprising of Net Issue of 2,968,750 Equity Shares and a reservation for Employees of 156,250 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process.

	Employees	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 156,250 Equity Shares	At least 1,484,375 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Up to 445,312 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 1,039,063 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 5% of size of the Issue**	At least 50% of Net Issue or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders#	Up to 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if respective category is over subscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Share thereafter	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	Such number of Equity Shares such that the Bid Amount does not exceed Rs. [●] million	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialized form
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	(a) a permanent employee of the Company as of [●] and based and present in India as on the date of submission of the Bid cum Application	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, venture capital funds registered with SEBI, regional rural banks,	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts	Individuals (including HUFs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	Form; or (b) a director of the Company, whether a whole-time director, part time director or otherwise as of [●] and based and present in India as on the date of submission of the Bid cum Application Form.	co-operative banks and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	100% of Bid Amount	10% of Bid Amount	100% of Bid Amount	100% of Bid Amount

**Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any portion of the Net Issue, except the QIB portion, would be allowed to be met with spillover from any other portions at the discretion of the Company in consultation with the BRLMs.*

*** Any under-subscription in Equity Shares, if any, reserved for Employees would be included in the Net Issue and allocated in accordance with the description in the section titled "Issue Procedure-Basis of Allocation" beginning on page 231 of this Draft Red Herring Prospectus.*

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

If at least 50% of the Net Issue is not subscribed to by QIBs, the entire application money will be refunded forthwith.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefor.

Letters of Allotment or Refund Orders

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Issue/Closing Date. Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds

through NEFT, Direct Credit or RTGS. In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through ECS facility, NEFT, Direct Credit or RTGS. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by “Under Certificate of Posting” or registered post or speed post or ECS or NEFT or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake 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 (including through ECS, NEFT, Direct Credit or RTGS) will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15-day time as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above or if, in a case where the refund or portion thereof is made in electronic manner through ECS, NEFT, Direct Credit or RTGS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit or RTGS. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders

Bid/Issue Programme

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 centres mentioned on the Bid cum Application Form and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Price Band will be decided by our Company in consultation with the BRLMs and announced and advertised at least one day prior to the Bid/Issue Opening Date. The Price Band shall be advertised at least one day prior to the Bid/Issue Opening Date in [●], an English language

newspaper with wide circulation and in [●], a Hindi language newspaper with wide circulation. The announcement on the Price Band shall also be made available on the websites of the BRLMs and at the terminals of the Syndicate.

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 advertised at least one day prior to the Bid/Issue Opening Date.

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

ISSUE PROCEDURE

Book Building Procedure

In terms of Clause 2.3.2 of the SEBI Guidelines, this Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue will be allocated on a proportionate basis to QIB Bidders. If at least 50% of the Net Issue is not subscribed to by QIBs, the entire application money will be refunded forthwith. Further, up to 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Net 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.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company in consultation with BRLMs may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and bids under the Employee Reservation Portion, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders 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 CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our 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 ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public applying on a non-repatriation basis	White
Bidders in the Employee Reservation Portion	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 registered under the applicable laws in India and authorized to invest in equity shares;
4. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
5. Scientific and/or industrial research organizations in India authorized to invest in equity shares;

6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
7. Mutual funds registered with SEBI;
8. Venture capital funds registered with SEBI;
9. State industrial development corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
11. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares; and
12. Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares.
13. A permanent employee or a Director (whole-time Director, part time or otherwise) of the Company, who is an Indian National and is based in India, excluding any Promoter or member of the Promoter group. The permanent employees should be on the payroll of the Company as of [●] and the Directors should be Directors on the date of this Draft Red Herring Prospectus.

Note:

This Issue is being offered to the Indian public only. Non-residents such as FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the government of India, OCBs cannot participate in this Issue.

Participation by Associates of BRLMs and Syndicate Members:

Associates of BRLMs and Syndicate Members may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLMs and Syndicate Members shall be on a proportionate basis.

Further, the BRLMs 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 applicable law.

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 and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid /Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the

Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

(c) For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.100,000 may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an over subscription in the Employee Reservation Portion, the maximum allotment to any Employee will be capped at up to [●] Equity Shares.

Information for the Bidders:

- (a) Our Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.
- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

Method and Process of Bidding

- (a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement. Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- (b) 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 the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 days.
- (c) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details, see the section titled “Issue Procedure - Bids at Different Price Levels” beginning on page 215 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be

considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

- (d) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a 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 section titled “Issue Procedure - Build up of the Book and Revision of Bids” beginning on page 220 of this Draft Red Herring Prospectus.
- (e) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (f) During the Bidding Period, Bidders may approach a member 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, subject to the terms of the Syndicate Agreement and this Draft Red Herring Prospectus.
- (g) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled “Issue Procedure - Terms of Payment” beginning on page 217 of this Draft Red Herring Prospectus.

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.
- (b) In accordance with the SEBI Guidelines, our Company reserves the right to revise the Price Band during the Bidding Period. 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.
- (c) In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- (d) We, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- (e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders in excess of Rs. 100,000 and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (f) Retail Individual Bidders who bid at Cut-off Price and Employees bidding under the Employee Reservation Portion at Cut-Off Price agree that they shall purchase the Equity Shares at any price

- within the Price Band. Retail Individual Bidders bidding at Cut-Off Price and Employees bidding under the Employee Reservation Portion at Cut-Off Price 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, who Bid at Cut-off Price and Employees bidding under the Employee Reservation Portion at Cut-Off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion at Cut-Off Price, 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 (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion in terms of this 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 Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion, 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 or the Refund Account, as the case may be.

Application in the Issue

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 74,219 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Escrow Mechanism

We shall open Escrow Accounts with the Escrow Collection Banks in whose favour the Bidders shall write the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account and the Refund Account as per the terms of the Escrow Agreement.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details please see the section titled “Issue Procedure - Payment Instructions” beginning on page 226 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.

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 the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

Each category of Bidders i.e. QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled “Issue Structure” beginning on page 208 of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. 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 allotment, will be refunded to such Bidder within 15 days from the Bid /Issue Closing Date, failing which we 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 the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid /Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be displayed on-line at all bidding centers and at the websites of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the Bidder(s)
 - Investor category – individual, corporate, or Mutual Fund etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid cum Application Form number
 - Margin Amount paid upon submission of Bid cum Application Form
 - Depository participant identification no. and client identification no. of the beneficiary 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 our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (h) It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

Build up of the book and revision of Bids

- (a) Bids registered through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period 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. 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) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must 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 this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment 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 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 members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid /Issue Closing Date, the BRLMs will analyze the demand generated at various price levels.
- (b) We, in consultation with the BRLMs, shall finalise the “Issue Price” and the number of Equity Shares to be allocated in each investor category.
- (c) The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and this Draft Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

- (d) Any under-subscription in the Employee Reservation Portion would be included in the Net Issue. Under-subscription, if any, in any category of the Net Issue, other than the QIB Portion, would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 74,219 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
- (e) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- (g) In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and ROC Filing

- (a) We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the ROC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. Investors should note that the Company shall ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue;
- (b) The BRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder; and
- (c) Such Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

INVESTORS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THIS ISSUE.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will 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 physical 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 and specified in the physical book. As a result, a revised CAN may 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) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and the Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days from the date of Allotment.
- (b) As per the SEBI Guidelines, **Equity Shares will be issued and allotted only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We shall give credit to the beneficiary account with Depository Participants within 15 working days from the date of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit and RTGS. In case of other applicants we shall ensure dispatch of refund orders, if any, of value up to Rs 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs 1500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit or RTGS. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of the Bid/Issue Closing Date.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or ECS or NEFT or Direct Credit or RTGS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialized form, within 15 days from the Bid/Issue Closing date;
- Dispatch of refund orders (including through ECS, NEFT, Direct Credit or RTGS) shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders (including through ECS, NEFT, Direct Credit or RTGS) are not dispatched and /or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

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

Dispatch of refund orders

We shall ensure dispatch of refund orders, if any, by “Under Certificate of Posting” or registered post or speed post or ECS or NEFT or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders (including through ECS, NEFT, Direct Credit or RTGS) shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

GENERAL INSTRUCTIONS

Do’s:

- a) Check if you are eligible to apply.
- b) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated 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) Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN card or PAN allotment letter should be submitted with the Bid cum Application Form. 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.
- h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form
- i) 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 Floor Price or higher than the Cap Price.
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.
- (d) Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest.
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.
- (f) Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders and Bidders bidding under the Employee Reservation Portion, for whom the Bid Amount exceeds Rs. 100,000).
- (g) 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.
- (h) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

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 or blue colour).
- (b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) 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.

- (d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (f) For Bidders bidding under the Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of Bid Amount does not exceed Rs. [●]
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's depository account details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE 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 and 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 or give credit through ECS, NEFT, Direct Credit or RTGS and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advices/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ECS credit or credit through NEFT, Direct Credit or RTGS for refunds/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(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through through ECS, NEFT, Direct Credit or RTGS. 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 BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

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, our Company reserves the right to reject such Bids in whole or in part.

In case of the Bids made pursuant to a power of attorney by Mutual Funds, 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, our Company reserves the right to reject such Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we/the BRLMs may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Employees

For the purpose of the Employee Reservation Portion, Employee means any of the following:

- (a) a permanent employee of the Company as of [●] and based and present in India as on the date of submission of the Bid cum Application Form.
- (b) a director of the Company, whether a whole-time director, part time director or otherwise as of [●] and based and present in India as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. blue colour Form).
- Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ first Bidder should be Employees.
- Only Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.

- Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Employees who Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off Price. This facility is not available to other Employees whose Bid Amount in any of the bidding options exceeds Rs. 100,000.
- The maximum bid under Employee Reservation Portion by an Employee cannot exceed Rs. [●].
- Bid by Employees can be made also in the “Net Issue” portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 156,250 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 156,250 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to “Basis of Allotment” beginning on page 231 of this Draft Red Herring Prospectus.

Bids made by Insurance Companies

In case of the 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, our Company reserves the right to reject such Bids in whole or in part.

Bids made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

BIDS BY NON-RESIDENTS

This Issue is being offered to the Indian public only. Non-residents such as FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the government of India, OCBs cannot participate in this Issue.

This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of the Equity Shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

PAYMENT INSTRUCTIONS

We shall open Escrow Accounts 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 the 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

- (i) 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 favour of the Escrow Account and submit the same to the members of the Syndicate.
- (ii) **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 members of the Syndicate by the BRLMs.**
- (iii) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: **“Escrow Account – ACIL Public Issue-QIB”**
 - (b) In case of other Bidders : **“Escrow Account – ACIL Public Issue”**
- (iv) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
- (v) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- (vi) 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 Issue Account.
- (vii) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and 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 banker's clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the 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 stockinvest instrument in lieu of cheques or bank 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 equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication 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 this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications.

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 for which the Bid has been made.

Bids made by Employees both under Employees Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

‘PAN’ or ‘GIR’ Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card(s) or PAN allotment letter(s) 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 of the Income Tax Rules, 1962), 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 of the Income Tax Rules, 1962), 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 licence (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 by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number (“UIN”)

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs 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.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, 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.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bidders in the Employee Reservation Portion, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of first Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
4. Bids by Non-Residents;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. **PAN not stated if Bid is for Rs. 50,000 or more or copy of PAN, Form 60 or Form 61, as applicable, or GIR number furnished instead of PAN. See the section titled “Issue Procedure—PAN or GIR No” beginning on page 238 of this Draft Red Herring Prospectus;**
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids as defined in this Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

15. Bids accompanied by stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
18. Bid cum Application Form does not have the Bidder's depository account details;
19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 215 of this Draft Red Herring Prospectus;
22. Bids by OCBs;
23. Bids by QIBs not submitted through members of the Syndicate.
24. Bids by Employees or Directors of the Company not eligible to apply in the Employee Reservation Portion.

Equity Shares in dematerialised 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 de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) an agreement dated [●] between NSDL, us and Registrar to the Issue;
- b) an agreement dated [●] between CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with 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 with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

- h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communication 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, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Vipin Kumar Tiwari, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

B-4/205, Safdarjung Enclave,
New Delhi 110 029, India.
Tel: +91 11 2619 4643
Fax: +91 11 2619 4635
E-mail: publicissue@acilnet.com

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 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 Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this category is for less than or equal to 1,039,063 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are for more than 1,039,063 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to 445,312 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- In case the valid Bids in this category are for more than 445,312 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation refer below

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 category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 74,219 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled “Illustration of Allotment to QIBs” appearing below. If the valid Bids by Mutual Funds are for less than 74,219 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Net Issue size, i.e. 1,484,375 Equity Shares.
- 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 up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available 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 over subscription in the QIB Portion, all QIB Bidders who have submitted Bids at or 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.

Except for any Equity Shares allocated to QIB Bidders due to under-subscription in the Retail Portion and/or Non-Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to a maximum of [●] Equity Shares. For the method of proportionate basis of allocation refer below.

D. For Employee Reservation Portion

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 156,250 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 156,250 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 allocation, refer below.
- Only Employees (as defined above) are eligible to apply under Employee Reservation Portion.

Method of Proportionate basis of allocation in the Issue

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) 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 all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
- The successful Bidders out of the total Bidders for a 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.

If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1	Net Issue to the Public	200 million equity shares
2	Allocation to QIB (50%)	100 million equity shares
	Of which:	
	a. Reservation to MF (5%)	5 million equity shares
	b. Balance for all QIBs including MFs	95 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	5	95	42.42

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled “Issue Structure” beginning on page 208 of this Draft Red Herring Prospectus.
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
- The balance 95 million Equity Shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled “Allocation of balance 95 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II of the table above) X 95 / 495
For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
The numerator and denominator for arriving at allocation of 95 million shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND REFUND ORDERS

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of

all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit or RTGS.

Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by “Under Certificate of Posting” or registered post or speed post or ECS, NEFT, Direct Credit or RTGS as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid /Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- dispatch of refund orders, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit and RTGS, within 15 (fifteen) working days of the Bid /Issue Closing Date would be ensured; and
- we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, 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.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit and RTGS. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds

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. 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 BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference

1. **NEFT**
Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a 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.
2. **ECS**
Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned fifteen centers.
3. **Direct Credit**
Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.
4. **RTGS**
Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where 246 refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Undertaking by our Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us; and
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued thereunder. Whilst, the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

As per current foreign investment policies, foreign direct investment (“FDI”) in the construction sector is allowed upto 100% under the automatic route. With regard to FDI in the real estate sector, Press Note No. 2 (2005 series), published by the Government of India has permitted FDI of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects, subject to certain conditions enumerated therein. A short summary of the conditions is as follows:

- (a) Minimum area to be developed is 10 hectares in case of serviced housing plots and 50,000 sq. mts. in case of construction development projects. Where the development is a combination project, it can be either 10 hectares or 50,000 sq.mts.
- (b) Minimum capitalization of US\$10 million for wholly owned subsidiary and US\$5 million for a joint venture has been specified and it is required to be brought in within six months of commencement of business of the company.
- (c) Further, the investment is not permitted to be repatriated before three years from completion of minimum capitalization except with prior approval from FIPB.
- (d) At least 50% of the project is required to be developed within five years of obtaining all statutory clearances and the responsibility for obtaining it is cast on the foreign investor. Further, the sale of undeveloped plots is prohibited.

Note:

This Issue is being offered to the Indian public only. Non-residents such as FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the government of India, OCBs cannot participate in this Issue.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

CAPITAL

Share Capital

3. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in clause 'V' of Memorandum of Association.

Increase of Capital by the Company and how carried into effect

4. The Company may in General Meeting from time to time by ordinary resolution increase its capital by creation of new share which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new share shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with Section 87 and 88 at 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.

New Capital same as Existing Capital

5. Except in-so-far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Redeemable Preference Shares

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option at the Company are to be liable, to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption;

Provisions to Apply on Issue of Redeemable Preference Shares

7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect.
 - (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;
 - (b) No such shares shall be redeemed unless they are fully paid;
 - (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the shares are redeemed;
 - (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits, which would otherwise have been available for dividend, be

transferred to a reserve fund, to be called “the Capital Redemption Reserve Account”, a sum equal to the nominal amount of the shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company,

- (e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of Capital

- 8. The Company may (Subject to the provisions of Sections 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by special resolution reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power Company would have, if it were omitted.

Sub-Division, Consolidation Cancellation of Shares

- 9. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time sub-divide or consolidate its shares, or any of them and the resolution where by any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other Subject as aforesaid the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Modification of Rights

- 10. Whenever the capital, by reason of the issue of preference shares or otherwise is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Sections of 106 and 107 of the Act, be modified, commuted, affected, abrogated dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions hereafter contained as to general meeting shall mutatis mutandis apply to every such meeting. This article is not to derogate from any power the Company would have if this article was omitted.

The rights conferred upon the holders of the shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of share of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

SHARES AND CERTIFICATES

Restriction on Allotment and Return of Allotment

- 11. The Board of Directors shall observe the restrictions to allotment of shares to the public contained in Sections 69 and 713 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Further Issue of Shares

12. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, which ever is earlier, it is proposed to increase the subscribed capital of the Company by allotment further shares whether out of unissued share capital or out of increased share capital, then,
- (a) Such further shares shall be offered to the persons who, at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date,
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the persons concerned to renounce the shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) hereof shall contain a statement of this right; PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose them of in such manner and to such person(s) as they may think in their sole discretion fit.
- (2) Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the Company in general meeting or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of Clause (1) hereof shall be deemed;
- (a) To extend the time within which the offer should be, accepted; or
 - (b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company:

- (i) To convert such debentures or loans into shares in the Company or
- (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that Government in this behalf and
- (b) In the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of the debentures or the raising of the loans.

Shares under Control of Director

13. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the company) shall be under the control of the Directors who may allot or otherwise dispose off the same to such persons on such terms and conditions and at such time, as they think fit and with full power subject to the sanction of the Company in general meeting to give any person the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount subject to the provisions of Section 78 and 79 of the Act at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit.

Application of Premium Received on Shares

- 14(1) Where the Company issues shares at premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "THE SHARE PREMIUM ACCOUNT" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this article, apply as if the share premium account were paid up share capital of the Company.
- (2) The share premium account may, notwithstanding anything in clause (1) hereof be applied by the Company
 - (a) in paying up unissued shares of the Company, to be issued to the members of the Company, as fully paid bonus shares;
 - (b) in writing off the preliminary expenses of the Company;
 - (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Power also to Company in General Meeting to Issue Shares

15. In addition to and without derogating from the power for that purpose conferred on the Board under the Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share determine that any share (whether

forming part of the original capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such considerations as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Shares at a Discount

16. The Company may issue at a discount shares in the Company of a class already issued, if the following conditions are fulfilled, namely:
- (a) The issue of the shares at a discount is authorised by a resolution passed by the Company in general meeting and sanctioned by the Company Law Board;
 - (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the shares are to be issued : and
 - (c) The shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

Instalments of Shares to be Duly Paid

17. If by the conditions of any allotment of any shares the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment and in the case of non-payment of interest and expenses forfeiture and the like and all the other relevant provisions of the Articles shall apply as if such instalments were a call duly made and notified as hereby provided.

The Board may Issue Shares as Fully Paid-Up

18. Subject to the provisions of the Act, and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for service rendered to the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid up shares.

Acceptance of Shares

19. Any application signed by or on behalf of an applicant for shares in the Company, followed by allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accept any shares and whose name is therefore placed on the register shall, for the purpose of these article, be a member.

Deposit and Call etc. to be a Debt Payable

20. The money, if any, which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the register of

members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

21. Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts at such time or times and such manner as the Board of Directors shall from time to time, accordance with the Company's requisitions require or fix for the payment thereof.

Share Certificate

- 22.(a) Every member or allottee of shares shall be entitled without payment, to receive one certificate for all the shares of the same class registered in his name. Every share certificate shall specify the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed-by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee as the Directors shall determine. The certificates of the title too shall be issued under the Seal of Company and shall be signed in conformity with the provisions of the Companies (Issue of Shares Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of share certificates and maintenance of books and documents relating to issue of Share Certificate shall be in accordance with the provisions of the aforesaid rules. Such certificates of title to shares shall be completed and kept ready for delivery within two months after the allotment and within one month after the application for the registration of the transfer of any such shares unless the conditions of issue of shares provide otherwise,

Renewal of Share Certificate

23. No Certificate of any share or shares shall be issued either in exchange for those which are subdivided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the pages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.

PROVIDED THAT no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfers have been fully utilised.

New Certificate to be Granted on Delivery of the Old Certificates

24. New certificates shall not be granted under the provisions of the foregoing article except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof of destruction on loss, and upon such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification.

The First Named of Joint Holders Deemed Sole Holder

25. If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

Company not Bound to Recognize any Interest in Share other than of Registered Holder

26. Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute thereto, in accordance with these Articles, in the person from time to time registered as holders thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Trust not Recognised

- 27.(a) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any shares as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or limited notice thereof. The provisions of Section 153 of the Act, shall apply.
- (b) Share may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of any firm or partnership.

Declaration by Person not Holding Beneficial Interest in any Shares

- 28(1) Notwithstanding anything herein contained a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in but who does not hold the beneficial interest in such shares, shall, by the Act, within such time and in such forms as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in the manner provided in the Act.
- (2) A person who holds a beneficial interest in a share or a class of share of the Company, shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.
- (3) Whenever there is a change in the beneficial interest in a share referred to above the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.
- (4) Notwithstanding anything contained in the Act, and Articles 26 and 27 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Funds of Company not to be Applied in Purchase of Shares of the Company

29. None of funds of the Company shall, except as provided by Section 77 of the Act, be employed in the purchase of its own shares unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any share in the Company in its holding Company.
- 29A. Notwithstanding anything contained in these Articles, the company may buy back its own shares or securities, as the Board of Directors may think fit and as and when necessary, and such buy back of shares or securities shall be made subject to such terms and conditions and approvals, as may be permitted by law.

INTEREST OUT OF CAPITAL

Interest out of Capital

33. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings, or the provisions of any plan, which cannot be made profitable for lengthy period, the company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 238 of the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provision of the plant.

DEBENTURES

Debentures with Voting Rights not to be Issued

- 34.(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business Debentures stock, bonds or other securities with the right to allotment of or conversion into share shall not be issued except with the sanction of the Company in General Meeting.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with provisions of Section 123 of the Act.
- (d) Certain charges (which expression includes mortgages) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditors unless registered as provided in Section 125 of the Act.
- (e) A contract with the Company to take up and pay any debentures of the Company may be enforced by a decree for specific performance.
- (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock, and within two months after the application for the registration of the transfer of any such debentures or debenture-stock have completed and ready for delivery the certificate of all debenture stock allotted or transferred.
- (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of Debenture Trust Deed and inspection thereof.

- (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Directors may make Call

- 35.(a) Subject to the provisions of Section 91 of the Act the Board of Directors may from time to time by Resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the members in respect of all money and unpaid on the shares whether on account of the nominal value of shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the persons at the times and places appointed by the Board of Directors. A call may be made payable by instalments. A call may be postponed or revoked as the board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last proceeding call.

Liability of Joint-Holders

- (b) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Notice of calls

36. Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

When Call deemed to have been made

37. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

Directors may Extend time

38. The Board of Directors may, from time to time at its discretion, extend the time fixed [or the payment of any call and may extend time to all or any of the members the Board of Directors may such may deem fairly entitled to such extension, but no member shall be entitled to extension as of right except as a matter of grace and favour.

Amount Payable at fixed time or by Instalments to be treated as Calls

39. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.

When Interest on Call or Instalment Payable

40. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest on the same at such rate not exceeding eighteen per cent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Evidence in action by Company against shareholders

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered and entered on the register of member as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever by the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in Anticipation of Calls may carry Interest

42. The Board of Directors may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amount due upon the shares held by him beyond the sums actually called for and upon the money so paid up in advance or so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of its shares on account of which such advances are made the Board of Directors may pay or allow interest at such rate not exceeding unless the Company in general meeting shall otherwise direct fifteen per cent per annum as the member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such members three months notice in writing. Money so paid in advance of the amount of calls shall not confer a right to participate in profit or dividend.

No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

LIEN

Partial Payment not to Preclude Forfeiture

43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from there after proceeding to enforce a forfeiture of such shares as hereinafter provided.

Company to have Lien on Shares

44. The Company shall have a first and paramount lien upon all 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 interests in any share shall be created except upon the footing and condition that this article is to have full legal effect. Any such lien shall extend to all dividends from time to time declared in respect of shares, PROVIDED THAT the Board of Directors may, at any time, declare any share to be wholly or in part exempt from the provisions of this article.

As to Enforcing Lien by Sale

45. The Company may sell, in such manner as the Board thinks fit any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made

- (a) Unless a sum in respect of -which the lien exists is presently payable, or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such members.

- (c) the purchaser shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Application of Proceeds of Sale

- 46.(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and
- (b) The residue, if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the share before the sale).

FORFEITURE OF SHARES

If Money Payable on Share not paid Notice to be given

47. If any member fails to pay the whole or any part of any call or any instalments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Sum Payable Allotment to deemed a Call

48. For the purpose of the provisions of these presents relating to forfeiture of shares, the sum payable upon allotment in respect of share shall be deemed to be call payable upon share on the day of allotment.

Form of Notice

49. The notice shall name a day (not being less than fourteen days from the day of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate not exceeding eighteen per cent per annum as the Directors may determine 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, shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

In Default of Payment Shares to be Forfeited

50. If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given, may at any time thereafter before payment of calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividend or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of Forfeiture to a Member

51. 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.

Forfeited Share to be the Property of the Company and may be Sold etc.

52. Any share so forfeited, shall be deemed to the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Member still Liable to pay Money Owing at the time of Forfeiture and Interest

53. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay shall forthwith pay to the Company on demand all calls, instalments, 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 as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit but shall not be under any obligation to do so.

Effect of Forfeiture

54. The forfeiture of a share shall involve the 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.

Power to Annul Forfeiture

55. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed or annul the forfeiture thereof upon such conditions as it thinks fit.

Declaration of Forfeiture

56. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the 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 share.
- (b) The Company may receive the consideration if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (c) The person to whom such share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the shares

- (d) Any such purchaser or allottee shall not (unless by express agreement be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment
- (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

Provision of these Article as to Forfeiture to Apply in case of Non-Payment of any Sum

- 57. The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Cancellation of Share Certificate in respect as Forfeited Shares

- 58. Upon sale, re-allotment or other disposal under the provisions of these articles, the certificate or certificates originally issued in respect of the relative share 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 new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Evidence of Forfeiture

- 59. 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 declarations, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.

Validity of Sale

- 60. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchasers name to be entered in the Register in respect of the shares sold, and the purchasers 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 excessively.

Surrender of Shares

- 61. The Directors may subject to the provisions of the Act, accept a surrender of any share from any member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

No Transfer to Minor etc.

- 62. The Board shall nor issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.
- 63. The instrument of transfer of any share shall be in the prescribed form under the Companies

(Central Government) General Rules & Forms, 1956 and in accordance with the requirement of Section 108 of the Act.

Application for Transfer

- 64.(a) An application for registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.
- (b) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (c) For the purpose of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Execution of Transfer

- 65. The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

Transfer by Legal Representatives

- 66. A transfer of share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Register of Members etc. when closed

- 67. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated the Register of Members and/or the Register of Debenture Holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
- 68. Subject to the provisions of Section 22(a) of the Securities Contract (Regulation) Act., 1956, or any Statutory modification thereof for the time being in force, the Directors of the Company may at any time in their absolute and uncontrolled discretion decline to register the transfer of any of its securities in the name of the transferee on any one or more of the following grounds, namely:
 - (a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security 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;
 - (b) that the transfer of the securities is in contravention of any law or rules made thereunder or any administrative instructions or conditions of listing agreement laid down in pursuance of such laws or rules;
 - (c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interest of the Company or to the public interest; and
 - (d) that the transfer of the security is prohibited by any order of any court, tribunal or other authority under any law for the time being in force.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Notice of Refusal of Transfer/Transmission

69. If the company refuses to register the transfer of any shares or transmissions of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and the transfer of or to the person giving the intimation of the transmission, as the case may be, and there-upon the provisions of Section 111 of the Act or any Statutory modification or re-enactment thereof for the time being in force shall apply.

Death of one or more Joint Holders of Shares

70. In case of the death of anyone or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person.

Titles of Shares of Deceased Member

71. The executors or administrators of a deceased member or holders of a Succession Certificate or the legal representatives in respect of the shares of a deceased member (not of being one of 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 members, 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 Letter of Administration or Succession as the case may be, from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 73 shares standing in the name of a deceased member, as a member.

Notice of Application when to be given

72. Where, in 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 provisions of Section 110 of the Act.

Registration of Person Entitled to Shares otherwise than by Transfer (Transmission clause).

73. Subject to the provisions of Article 71 any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these Articles may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as a member in respect of such shares PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE".

Nomination for Shares/Securities

74. Notwithstanding any thing contrary contained in these Article of the Company, every holder of shares in or holder of debentures of, a company may, at any time nominate, in this prescribed manner and as per law, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.

Person Entitled may receive Dividend without being Registered as Member

75. A person entitled to share by transmission shall subject to the right of the Directors to retain such dividends or money as is herein after provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

No Fees on Transfer or Transmission

76. No fee shall be charged for registration of transfer, Probate, Succession Certificate and Letters of Administration, Certificates of Death or Marriage, Power of Attorney or similar other documents.

Transfer to be Presented with Evidence of Title

77. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the share and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

The Company not Liable for Discharge of a Notice Prohibiting Registration of a Transfer

78. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice 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 to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

Dematerialisation

78A i. "Definitions"

For the purpose of the Articles

"Beneficial Owner" means a person/person(s) whose name is recorded as such with depository.

"SEBI" means the Securities and 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 and Exchange Board of India Act, 1992, and

"Security" means such security as may be specified by SEBI from time to time.

ii. “Dematerialisation of securities”

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

iii. “Option of Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt for, out of a depository, if permitted by the law, in respect of any security and 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 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 allottee as beneficial owner of the security.

iv. “Securities in depositories to be in fungible form”

All securities held by the depository shall be dematerialised and be in fungible form. Nothing contained in the Section 153, 153A, 153B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

v. “Rights of depositories and beneficial owners”

- (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 purposes of effecting transfer or 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 other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name entered as the beneficial owner in the records of the depository 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.

vi. “Service of Documents”

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.

vii. “Transfer of Securities”

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.

viii. “Allotment of securities dealt with a depository”.

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

ix. “No Distinctive Numbers”

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall be applicable for the securities held with a depository.

x. “Register and Index of beneficial owners”

The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be Register and Index of Members and Security holders for the purposes of these Articles.

SHARE WARRANTS

Power to Issue Share Warrant

79. The Company may issue share warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of Share Warrants

- 80.(a) The bearer of a share warrant may at any time, deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.
- (b) Not more than one person shall be recognised as depositor of the share warrant.
- (c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

Privileges and Disabilities of the Holders of Share Warrant

- 81.(a) Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the Holder of the shares including in the warrant, and he shall be a member of the Company.

Issue of new Share Warrant or Coupon

82. The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Share may be Converted into Stock

83. The Company may, by Ordinary Resolution:-
- (a) convert any paid up shares into stock, and
 - (b) reconvert any stock into paid-up shares of any denomination.

Transfer of Stock

84. The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might, before the conversion, have been transferred, or as near thereto as circumstances, admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights of Stockholders

85. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held the shares from which the stock arose: but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

Regulations Applicable to Stock and Share Warrants

86. Such of the regulations of the Company as are applicable to paid up shares shall apply to stock and the words "Share" and "Share-holder" in these regulations shall include "Stock" and "Stock-holder" respectively.

MEETING OF MEMBERS

Annual General Meeting

92. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provision shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the registered office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statement of Accounts, the proxy Register with proxies and the Register of Directors' shareholding which latter Register shall remain open and accessible

during the continuance of the Meeting. The Board shall cause to be prepared the Annual list of Members, Summary of share capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Report Statement and Registers to be laid before the Annual General Meeting

93. The Company shall in every Annual General Meeting in addition to any other Report or statement lay on the table the Director's Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts) the proxy register with proxies and the Register of Directors Shareholdings which latter Register shall remain open and accessible during the continuance of the meeting.

Extraordinary General Meeting

94. All general meetings other than Annual General Meeting shall be called Extraordinary General Meeting.

Requisitionists Meeting

- 95.(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expenses of the requisitionists:
- (a) give to the member of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.
 - (b) circulate to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that meeting.
- (2) The number of members necessary for a requisition under clause (1) hereof shall be:
- (a) Such number of members as represent not less than one twentieth of the total voting power of all the members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or
 - (b) not less than one hundred members having the rights aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lakh in all.
- (3) Notice of any such resolution shall be given and any such statement shall be circulated, to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of the meeting and notice of any such resolution shall be given to any other member of the company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the meeting, and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.
- (4) The Company shall not be bound under this article to give notice of any resolution or to circulate any statement unless:
- (a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company.

- (i) in the case of a requisition requiring notice of resolution, not less than six weeks before the meeting;
 - (ii) in the case of any other requisition, not less than two weeks before the meeting; and
- (b) there is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, and an annual general meeting is called for a date six weeks or less after such copy has been deposited, the copy, although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

- (5) The Company shall also not be bound under this article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.
- (6) Notwithstanding anything in these Articles, the business which may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission, in giving it, to one or more members.

Special and Ordinary Business and Explanatory Statement

100. (1) (a) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to:-
- (i) the consideration of the accounts, balance sheet and the reports of the Board of Directors and Auditors;
 - (ii) the declaration of dividend;
 - (iii) the appointment of Directors in the place of those retiring; and
 - (iv) the appointment of, and the fixing of the remuneration of the auditors; and
- (b) In the case of any other meeting, all business shall be deemed special;
- (2) Where any items of business to be transacted at the meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director.

PROVIDED THAT where any such item of special business at the meeting of the Company relates to or affects, any other Company, the extent of shareholding interest in that other Company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty per cent of the paid up share capital of that other Company.

- (3) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Quorum

103. Five members entitled to vote and present in person shall be quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187 A of the Act.

Chairman of General Meeting

106. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors be not present within ten minutes after the time appointed for holding the meeting or though present, be unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the meeting and if Vice Chairman of the Board of Directors be not present or, though present, be unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default of their doing so, or if no Directors shall be present and willing to take the Chair, then the members present shall choose one of themselves, being a member entitled to vote, to be Chairman.

Business Confined to Election of Chairman whilst Chair Vacant

107. No business shall be discussed at any general meeting except the election of a Chairman whilst the chair is vacant.

Chairman may Adjourn Meeting

- 108.(a) The Chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (c) When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting.
- (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

How Question to be Decided at Meetings

109. Every question submitted to a general meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.

Chairman's Declaration of Result of Voting on show of hand

110. A declaration by the Chairman of the meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be inclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.

Demand for Poll

- 111.(1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified

below, that is to say:

- (a) by at least five members having the right to vote on the resolution and present in person or by proxy; or
 - (b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or
 - (c) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right.
- (2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Chairman's Casting Vote

113. In the case of equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

VOTES OF MEMBERS

Member paying Money in Advance not to be entitled to Vote in respect thereof

117. A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

Restriction on Exercise of Voting Rights of Members who have not paid Calls

118. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Number of Votes to which Member Entitled

119. Subject to the provision of Article 118 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any Preference share holder be present at any meeting of the Company, save as provided in clause(b) of sub-section (2) of Section 87, he shall have right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Votes of Members of Unsound Mind

120. A member of unsound mind, or in respect of whom order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

Votes of Joint Members

121. If there be joint registered holders of any share one of such persons may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by 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, and, if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of shares, but the other or others of the holder shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these articles be deemed joint holders thereof.

Representation of Body Corporate

- 122.(a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the company as sufficient evidence of the validity of the said representative's appointment and his right to vote there at.
- (b) Where the President of India or the Governor of a state is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a member of the Company.

Votes in Request of Deceased or Insolvent Members

123. Any person entitled under the Transmission in Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of the right to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Voting in Person or by Proxy

124. Subject to the provisions of these Articles vote may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with section 167 of the Act.

Rights of Members to use Votes differently

125. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Proxies

126. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting; Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

Proxy either for Specified Meeting or for a Period

127. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

No Proxy to Vote on a Show of Hands

128. No proxy shall be entitled to vote on a show of hands.

Instrument of Proxy when to be Deposited

129. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered office of the Company forty-eight hours before the time for holding the meetings at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid,

Form of Proxy

130. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing, or, if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.

Validity of Votes given by Proxy Notwithstanding Revocation of Authority

131. A vote given in accordance with the terms of an instrument of Proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered office before the commencement of the meeting or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.

Time for Objection to Vote

132. No objection shall be made to the qualification of any voter or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of Meeting.

Chairman for any Meeting to be the Judge of Validity of any Vote

133. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such

meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

Custody of Instrument

134. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

Debenture Directors

137. Any trust Deed for securing debentures of debenture stocks, may, if so arranged provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture stocks, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provision as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

Corporation Directors

138. Any bond or any other writing giving security issued or executed by the Company in favour of any credit Corporation or any agreement executed by the Company in favour of a credit corporation may provide for the appointment of a Director (in these presents referred to as "The Corporation Director") for and on behalf of the holder of such bonds or such credit corporation for such period as therein provided for not exceeding the period for which any amount may be outstanding under such bond or writing or agreement and for removal from the office of such Director, and on a casual vacancy being caused whether by resignation, death, removal or otherwise, for the appointment of another Director in the vacant place. The Corporation Director shall not be liable to retire by rotation and subject to the provisions of the Act be removed from his office by the Company.

Nominee Directors

- 139.(a) Notwithstanding anything to the contained in these articles so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI), the Industrial Development Bank of India (IDBI) or to any other financing Company or Body out of any loans granted or to be granted by them to the Company so long as IFCI, ICICI, IDBI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IFCI, ICICI, IDBI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as 'The Corporation'), continue to hold debentures in the Company by direct subscription or private placement. or so long as the Corporation holds shares in the company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole-time or non-whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons

in his/their place/s.

- (b) The Board of Directors of the Company shall have no power to remove from the office the nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- (c) The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off.
- (d) The nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and all the Meetings Board Meetings and all the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- (e) The Company shall pay the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s, provided that if any such Nominee Director/s is/are an Officer/s of the Corporation. The sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation.
- (f) Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such power and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the tenders.

Limit on number of Retiring Directors

- 140. The provisions of Articles 136, 137 and 138 are subject to the provisions of Section 256 of the Act and the number of such Directors appointed under Article 137 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Board Resolution Necessary for Certain Contracts

- 149. (1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm, or a private company of which the Director is a member or Director, shall not enter into any contract with the Company.
 - (a) for the sale, purchase or supply of goods, materials or services ; or
 - (b) for underwriting the subscription of any share in or debentures of the Company.
- (2) Nothing contained in clause (a) of sub-clause (1) shall affect

- (a) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or Private Company as aforesaid for cash at prevailing market prices or
 - (b) any contract or contracts between the Company on one side and such Director, relative, firm, partner or Private Company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or Private Company, as the case may be, regularly trades or does business, PROVIDED that such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts;
- (3) Notwithstanding, any thing contained in sub-clause (1) and (2) hereof, a Director relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousands in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (4) Every consent of the Board required under this article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If consent is not accorded to any contract under this article anything done in pursuance of the contract will be voidable at the option of the Board.
- (6) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

Disclosure of Interest

151. (a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in section 299 (2) of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest or be arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.

General Notice of Disclosure

- (b) A general Notice, given to the Board by the Director to the effect that is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any notice shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Disqualification of Directors

153. A person shall not be capable of being appointed Director of the Company if
- (a) he has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force
 - (b) he is an undischarged insolvent
 - (c) he has applied to be adjudged an insolvent and his application is pending
 - (d) he has been convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the Sentence:
 - (e) he has not paid any call in respect of shares of the company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or
 - (f) An order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the court has been obtained for his appointment in pursuance of that section.

Vacation of Office by Directors

154. (1) The office of a Director shall become vacant if
- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (b) he applies to be adjudged an insolvent; or
 - (c) he is adjudged an insolvent; or
 - (d) he is convicted by a court of any offence involving moral turpitude and sentence in respect thereof to imprisonment for not less than six months; or
 - (e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a Notification in the Official Gazette remove the disqualification incurred by such failure; or
 - (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
 - (g) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director, accept a loan, or any guarantee or security for a loan from the company in contravention of Section 295 of the Act; or
 - (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
 - (i) he becomes disqualified by an order of the Court under Section 203 of the Act or
 - (j) he is removed by an ordinary resolution of the company before the expiry of his period of office or

- (k) if by notice in writing to the company, he resigns his office ; or
- (l) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
- (2) Notwithstanding anything contained in sub-clause (c), (d) and (i) of clause (1) hereof, the disqualification referred to in these clauses shall not take effect:
 - (a) for thirty days from the date of the adjudication, sentence or order:
 - (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication sentence or conviction resulting in the sentence, or order until the expiry of even days from the date on which such appeal or petition is disposed of; or
 - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

Removal of Directors

- 155.(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by ordinary resolution remove any Director not being a Director appointed by the Central government in pursuance of Section 408 of the Act before the expiry of his period of office.
- (b) Special Notice as provided by Articles hereof or Section 190 of the Act shall be required of any resolution to remove a Director under the Article or appoint some other person in place of a Director so removed at the meeting at which he is removed;
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting;
- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the company (not exceeding reasonable length) and requests their notification to members of the Company, the company shall, unless the representations are received by it too late for it, to do so (a) in the notice of the resolution given to the members of the company state the fact of the representations having been made, and (b) send a copy of the representations to every member of the company to whom notice of the meeting is sent (before or after the representations by the company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard-orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be sent or read out at the meeting if on the application either of the company or of any other person who arms to be aggrieved the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 142 or section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid
- (f) If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance

with the provisions in so far as they are applicable of Article 142 or section 262 of the Act, and all the provisions of that Article and section shall apply accordingly

- (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors;
- (h) Nothing contained in this Article shall be taken
- (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director; or
- (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Interested Directors not to Participate or Vote in Board's Proceedings

156. No Director shall as a Director take part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:

- (a) any contract on indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:
 - (i) in his being
 - (a) a director of such company; and
 - (b) the holder of not more than share of such number or value therein as is requisite to qualify him for appointment as a Director by the Company, or
 - (ii) in his being a member holding not more than two percent of its paid-up share capital.

MANAGING DIRECTOR-WHOLE-TIME DIRECTOR

Board may appoint Managing Director or whole-time Directors

169. Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

What Provisions they will be Subject to

170. Subject to the provisions of the Act and these Articles, the Managing Director or the whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 160 but he shall be subject to the provision of any contract between him and the Company, be subject to the same provisions as to the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or whole-time

Director if he ceases to hold the office of Directors (including Managing Director or whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such of the Managing Director or whole-time Director or two or more of them as the Director may from time to time determine shall be liable to retirement by rotation in accordance with the Article 160 to the intent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Remuneration of Managing or whole-time Director(s)

171. The remuneration of the Managing Director or whole-time Director shall (subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

Powers and duties of Managing and/or whole-time Director(s)

172. Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) or Whole-time Director(s) appointed under Article 169 with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these articles the Board may by resolution vest any such Managing Director or Managing Directors or whole-time Director or whole-time Directors such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and subject to such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or substitution for all or any of the powers of Director in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

DIVIDEND

Division of Profits

- 192.(a) Subject to the rights of persons, if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of shares in the Company, dividends may be declared and paid according to the amounts of the shares.

The Company in General Meeting may Declare Dividends

- (b) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

Dividend out of Profits only

193. The Company in general meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

Interim Dividend

194. No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 at the Act.

Debt may be Deducted

195. The Board of Directors may from time to time, pay to the member such interim dividends as in their judgement the position of the Company justifies.

Company may retain Dividends

- 196.(a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (b) The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the Transmission Article entitled to become a member or which any person under that article is entitled to transfer until such person shall become a member or shall duly transfer the same,

Capital paid up in Advance at Interest not to earn Dividend

197. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right, to dividend or to participate in profits.

Dividends in Proportion to Amount paid up

198. All dividends shall be apportioned and paid proportionately to the 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 shall rank for dividend accordingly.

No Member to receive Dividend whilst Indebted to the Company and the Company's Right of Reimbursement thereof

199. No member shall be entitled to receive payment of any interest or dividend or bonus 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 however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member all such sums of money so due from him to the Company.

Effect of Transfer of Shares

200. A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Reserves

204. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

Dividend to be paid within forty two days

205. The Company shall pay the dividend or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within forty-two days from the date of the declaration unless
- (a) where the dividend could not be paid by reason of the operation of any law.
 - (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
 - (c) where there is a dispute regarding the right to receive the dividend;
 - (d) when the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder, or
 - (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

CAPITALISATION

Capitalisation

- 210.(1) The Company in General Meeting may, upon the recommendation of the Board resolve:
- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution ; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in Clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Clause (3), either in or towards
- (i) paying up any amount for the time being unpaid on any shares held by such members respectively
 - (ii) paying up in full unissued shares of the Company to be allocated and distributed, credited as full paid up, to and amongst such members in the proportions aforesaid ,or
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (3) A share premium account and a Capital Redemption Reserve Account may, for the purpose of this regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

AUDIT

Accounts to be audited

216. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors.

Appointment of Auditors

- 217.(1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Sections 224 to 229 and 231 of the Act.
- (2) The Company shall at each annual general meeting appoint an Auditor or Auditors to hold office from conclusion of that meeting until the conclusion of the next annual general meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.
 - (3) At any annual general meeting a Retiring Auditor, by whatsoever authority appointed shall be reappointed unless
 - (a) he is not qualified for appointment;
 - (b) he has given the Company notice in writing of his unwillingness to be re-appointed
 - (c) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed ; or
 - (d) where notice has been given of an intended resolution to appoint some person or persons in the place of a retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the Resolution cannot be proceeded with.
 - (4) Where at annual general meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
 - (5) The Company shall within seven days of the Central Government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.
 - (6) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in general meeting.
 - (7) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless a special notice of a resolution for appointment of that person to the office of Auditor. has been given by a member to the Company not less than fourteen days before the meeting in accordance with section 190 of the Act and the Company shall send a copy of any such notice to retiring auditor and shall give notice thereof to the members in accordance with section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.

WINDING UP

Distribution of Assets

225. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution

among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

- 226.(a) If the Company shall be wound up, whether voluntarily or otherwise the liquidator may with the sanction of a special resolution, divide amongst the contributories specie or kind any part of the assets of the Company and may, with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidator, with the like sanction, shall think fit.
- (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act
- (c) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall if practicable act accordingly

Rights of Shareholders in case of sale

227. A special resolution sanctioning a sale to any other Company duly passed pursuant to section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed against the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said sanction.

Directors and others right to Indemnity

228. Subject to the provisions of section 201 of the Act every Director or Officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the company against and it shall be the duty of the Directors out of the funds of the Company; to pay all costs, charges, losses, and damages which any such person may incur or become liable to by reason of any contract entered into or an act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustained through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing Provisions against all liabilities incurred by him as such Director, Officer or Auditor or other Officer of the Company in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted to him by the Court.

SECRECY CLAUSE

Secrecy Clause

230. Every Director, Manager, Auditor, Treasurers, Trustee, Member of a committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required

by the Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the company with the customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions, in these presents contained.

231. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director. or to inquire discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by us. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at B-4/205, Safdarjung Enclave, New Delhi 110 029, India. from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Letters of appointment dated January 7, 2006 to SBI Capital Markets Limited and UTI Bank Limited from our Company appointing them as the BRLMs.
2. Memorandum of understanding dated May 22, 2006 between us and the BRLMs.
3. Memorandum of understanding dated May 22, 2006 executed by us with Registrar to the Issue.
4. Escrow Agreement dated [●] between us, the BRLMs, Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate Agreement dated [●] between us, the BRLMs and Syndicate Members.
6. Underwriting Agreement dated [●] between us, the BRLMs and the Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated June 2, 1979.
3. Board of Directors and Shareholders' resolutions dated November 30, 2005 and February 25, 2006 in relation to this Issue and other related matters.
4. Resolutions of the committee of the Board dated May 22, 2006, [●] and [●] approving the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Report of the statutory Auditors, M/s. Arun K. Gupta & Associates, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus.
7. Copies of annual reports of our Company for the years 2004-05, 2003-04, 2002-03, 2001-02 and 2000-01.
8. Consents of the Auditors, being M/s. Arun K. Gupta & Associates, Chartered Accountants, for inclusion of their report on accounts and statement of tax benefits in the form and context in which they appear in this Draft Red Herring Prospectus.
9. General power of attorney executed by the Directors of us in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
10. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Banks, Bankers to the Issue, domestic legal counsel to the Issue, our

Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

11. In-principle listing approval dated [●], [●],[●],[●] and [●] from the BSE, the NSE, the Delhi Stock Exchange, the CSE and the JSE respectively.
12. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated [●].
13. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated [●].
14. Due diligence certificate dated May 23, 2006 to SEBI from SBI Capital Markets Limited and UTI Bank Limited.
15. SEBI observation letter [●] dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of us or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We and the signatories mentioned below further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL DIRECTORS

Sd/-

Mr. Bikramjit Ahluwalia

Sd/-

Ms. Sudershan Walia

Sd/-

Mr. Shobhit Uppal

Sd/-

Mr. Vikas Ahluwalia

Sd/-

Mr. Arun Kumar Gupta

Sd/-

Mr. Surinder K. Chawla

Sd/-

Mr. Virender Kumar Sachdeva

Sd/-

Mr. Balbir Singh

Sd/-

Mr. S.K. Sachdeva

Executive Director (Finance and Administration)

Date: May 22, 2006

Place: New Delhi

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK