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

MBL
Creating Highway to Success

MBL INFRASTRUCTURES LIMITED

(We were originally incorporated as Maheshwari Brothers Limited on 25th August 1995. The name of our company was changed to MBL Infrastructures Limited with effect from 4th July 2006)

Registered Office: 23A, Netaji Subhash Road, 3rd Floor, Suite # 14, Kolkata – 700 001. Tel.: +91 33 22302353/9517
Fax: +91 33 22308807 Website: www.mblinfra.com E-mail: info@mblinfra.com
Contact Person: Ms. Namrata Sharma (Company Secretary & Compliance Officer)

PUBLIC ISSUE OF 60,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT A PRICE OF RS. [•] PER EQUITY SHARE FOR CASH AT A PREMIUM AGGREGATING TO RS. [•] LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE 35.16 % OF THE FULLY DILUTED POST ISSUE CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE OF FACE VALUE OF RS. 10

THE ISSUE PRICE IS [•] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [•] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding Period / Issue Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/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 the terminals of the Syndicate.

The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to the Public 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 remaining 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. Further at least 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional bidders and at least 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price. We have not opted for grading of this issue.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of MBL Infrastructures Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares of the Company is Rs. 10/- per share and the issue Price is [•] times of the face value at the lower price band and [•] times of the face value at the higher price band. 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. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the issuer and the Issue including the risks involved. The equity shares have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the Statement of Risk Factors beginning on page no [•] 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE). The in-principle approvals of BSE and NSE for the listing of the Equity Shares of the Company have been received pursuant to letters dated [•] and [•], respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

BOOK RUNNING LEAD MANAGERS ('BRLMS')		REGISTRAR TO THE ISSUE
MICROSEC **Microsec Capital Limited** Azimganj House, 2nd Floor 7, Camac Street, Kolkata 700 017 Tel.: +91 33 2282 9330 Fax: +91 33 2282 9335 E-mail: mbl@microsec.co.in Website: www.microsec.co.in	a.k. **A.K. Capital Services Ltd.** Flat No. N, Sagar Apartments, 6, Tilak Marg, New Delhi- 110 001 Tel: 91-11-23385704, 23388235 Fax: 91-11-23385189 E-mail: mblipo@akgrouponline.com Website: www.akcapindia.com	INTIME SPECTRUM REGISTRY LIMITED Crisp. Clear. Connected **Intime Spectrum Registry Limited** C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (West), Mumbai - 400 078 Tel : +91 22 2596 0320 Fax : +91 22 2596 0329 E-mail : mbl@intimespectrum.com Website : www.intimespectrum.com

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON :	BID / ISSUE CLOSES ON :

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DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"MBL Infrastructures Limited" or "Maheshwari Brothers Limited" or "the Issuer" or "our Company" or "the Company" or "MBL" or "Maheshwari Brothers" or "we" or "us' or "our' or 'Company"	Unless the context otherwise requires, refers to, MBL Infrastructures Limited, a Public Limited Company incorporated under the Companies Act and having its registered office at 23A, Netaji Subash Road, 3rd Floor, Kolkata- 700 001
"Our Group" or "Our Group Companies" or 'Group Companies"	Unless the context otherwise requires, refers to those companies mentioned in section "Our Promoters and Group Companies" on page 116 of this Draft Red Herring Prospectus.

CONVENTIONAL / GENERAL TERMS

Term	Description
Companies Act/ the Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended from time to time.
Environment Act/ EPA	The Environment (Protection) Act, 1986, as amended from time to time.
FCNR Account	Foreign Currency Non-Resident Account.
Factories Act	The Factories Act, 1948, as amended from time to time.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAPP	Generally accepted accounting principles in India.
Industrial Policy	The Industrial policy and guidelines issued there under by the Ministry of Industry, Government of India, from time to time.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
Public Insurance Act	The Public Liability Insurance Act, 1991, as amended from time to time.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
U.S. GAAP	Generally accepted accounting principles in the United States of America.

COMPANY/ ISSUE RELATED TERMS

Term	**Description**
AKC/AKCap/AK Capital	A.K.Capital Services Ltd., a public company incorporated under the provisions of the Companies Act with its registered office at Flat N, Sagar Apartments, 6, Tilak Marg, New Delhi- 110 001
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/ have been allotted.
Applicant	Any prospective Investor who makes an application for Equity Shares in terms of this Red Herring Prospectus
Articles/Articles of Association/ AOA	Articles of Association of MBL Infrastructures Limited.
Auditors	The statutory auditors of our Company, viz. Khandelwal Ravindra & Co, Chartered Accountants
Bankers to the Issue	**[.]**
Bid	An indication to make an offer during the Bidding/ Issue Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder 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 shall be notified in a widely circulated English national newspaper and Hindi national newspaper and in a regional newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe/ purchase the Equity Shares and which will be considered as the application for allotment in terms of the Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft 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 and 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 the date notified in a widely circulated English national newspaper and Hindi national newspaper and in a regional newspaper.
Board of Directors/Board	The Board of Directors of MBL Infrastructures Limited or a committee 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.
Book Running Lead Managers/ BRLMs	Book Running Lead Managers to the Issue, in this case being Microsec Capital Limited and A.K. Capital Services Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue price will not be finalized and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalized by us in

	consultation with the BRLMs. A Bid submitted at the Cut-off Price by Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 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 Accounts to the Issue Account after the Prospectus is filed with the RoC, following which the Board allots Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of MBL Infrastructures Limited from time to time, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated [.] 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 number of Equity Shares. Upon filing with the RoC at least three days before the Bid/ Issue Opening Date, it will be termed as the Red Herring Prospectus. It will become prospectus upon filing with the RoC after determination of the Issue Price.
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft Red Herring Prospectus constitutes an offer to sell and an invitation to subscribe to Equity Shares offered hereby.
Equity Shares	Equity Shares of Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Accounts	Accounts opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid amount when submitting a Bid.
Escrow Agreement	Agreement entered into among our 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 whom the Escrow Account will be opened.
Face Value	Value of paid up equity share capital per Equity Share, in this case being Rs. 10/- each.
Fiscal/ Financial Year	Twelve months ending March 31st of a particular year.
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.
Issue/ Public Issue	Public Issue of 60,00,000 Equity Shares at the Issue Price.
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 the Equity Shares will be allotted in the Issue, as determined by our Company in consultation with the BRLMs, on the pricing date.
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.

Memorandum/MOA/Memorandum of Association	The Memorandum of Association of MBL Infrastructures Limited.
MCL / Microsec	Microsec Capital Limited, a public limited company incorporated under the provisions of the Companies Act with its registered office at Azimgung House, 2nd Floor, 7 Camac Street, Kolkatta- 700 017
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Issue to Public	The issue of Equity Shares other than Equity Shares included in the Promoters Contribution.
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. 1,00,000/-.
Non-Institutional Portion	The portion of the Net Issue to Public being at least 9,00,000 Equity Shares available for allocation to Non-Institutional Bidders on a proportionate basis.
Non Resident	Non Resident is a person resident outside India, as defined under FEMA.
Non Resident Indian/ NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
Overseas Corporate Body/ OCB	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 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in Date	The Bid/ Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	(i) With respect to the 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 opening date and extending until the closure of the Pay-in Date.
Price Band	The price band with a minimum price (Floor Price) of Rs. **[.]** per equity share and the maximum price (Cap Price) of Rs. **[.]** per Equity Share.
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue price.
Promoter(s)	Promoters shall mean jointly Mr. Ram Gopal Maheshwari, Mr Anjanee Kumar Lakhotia and Mr Maruti Maheshwari
Prospectus	The Prospectus filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the no. of shares and certain other information.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs, and multilateral and bilateral development financial

	institutions.
QIB Portion	The portion of the Net Issue to Public, being upto **[.]** Equity Shares, available for allocation to QIBs on a proportionate basis.
Registered Office/ Registered Office of our Company	23A, Netaji Subash Road, 3rd Floor, Suit #14 Kolkatta – 700 001
Registrar of Companies or RoC	Registrar of Companies at Kolkatta, West Bengal
Registrar/Registrar to the Issue	Intime Spectrum Registry Limited, a Company incorporated under the Companies Act, having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078.
Retail Individual Bidders	Individual Bidders who have Bid for an amount less than or equal to Rs. 1,00,000/-.
Retail Portion	The portion of the Net Issue to Public being at least 21,00,000 Equity Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis.
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).
Red Herring Prospectus/ RHP	The Red Herring Prospectus dated **[.]** 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 number of Equity Shares. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue opening date and will become a Prospectus upon filing with the RoC after determination of Issue Price.
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters, to be appointed by BRLMs, in this case being **[.].**
Transaction Registration Slip/ TRS	The slip or document issued by the BRLMs/ Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the pricing date.

INDUSTRY/ COMPANY RELATED TERMS

Term	**Description**
AAI	Airports Authority of India
BOLT	Build Operate Lease Transfer
BOOT	Build Own Operate Transfer
BOT	Build Operate Transfer
EPC	Engineering Procurement and Construction
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HCC	Hindustan Construction Company
IR	Indian Railways
JV	Joint Venture
KW	Kilo Watt
L&T	Larsen & Toubro Limited
MW	Mega Watt
NHAI	National Highways Authority of India
NHDP	National Highway Development Programme
PWD	Public Works Department

SAIL	Steel Authority of India Limited
SEB	State Electricity Board
SPV	Special Purpose Vehicle

ABBREVIATIONS

Abbreviation	**Full Form**
A/c	Account.
AGM	Annual General Meeting.
AK Caps	A.K. Capital Services Limited.
AS	Accounting Standards as Issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CEO	Chief Executive Officer
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
CIT	Commissioner of income Tax.
DGTD	Directorate General of Technical Development.
DIN	Director's Identification Number.
EGM	Extraordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESIC	Employees State Insurance Corporation.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
FY	Financial Year
GDP	Gross Domestic Product
GoI	The Government of India
GIR	General Index Register
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFCI	Industrial Finance Corporation of India Limited/ IFCI Limited
IPO	Initial Public Offer.
KW	Kilowatt.
M.D. or MD	Managing Director
Mn	Million.
MPRSNN	Madhya Pradesh Rajya Setu Nirman Nigam
MM	Millimeter.
MOU	Memorandum of Understanding.
MW	Mega Watt (1000 kilowatts).
N.A. or NA	Not Applicable.
NAV	Net Asset Value.
NOC	No Objection Certificate.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit After Tax

P/E	Price Earning Ratio
PF	Provident Fund.
PLR	Prime Landing Rate
QIBs	Qualified Instutional Buyer
RBI	Reserve Bank of India.
RoC	Registrar of Companies at Kolkatta, West Bengal
RoCE	Return on Capital Employed.
RONW	Return on Net Worth.
RPL	MBL Infrastructures Limited.
Rs.	Rupees.
R&D	Research and Development.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
Sq M	Square Meter.
SEBI	Securities and Exchange Board of India.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
SSI	Small Scale Industries
TCIL	Telecommunications Consultants India Limited
UIN	Unique Identification Number.
VAT	Value Added Tax
WTD	Whole Time Director.

CERTAIN CONVENTIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lacs" or “ten lakhs” and the word "Crore" means "ten million". In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.
Throughout this Draft Red Herring Prospectus, all figures have been expressed in Rupees. And all reference to ‘Rupee’ or ‘Rs.’ are to Indian Rupees, the official currency of the Republic of India.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. For additional definitions used in this Draft Red Herring Prospectus, see the section "Definitions and Abbreviations" on page iii of this Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association of MBL Infrastructures Limited ", defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD-LOOKING STATEMENTS; MARKET DATA

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

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

Market/Industry data used throughout the Draft Red Herring Prospectus was obtained from the Company and various reports, etc. 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 the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by us to be reliable, have not been verified by any independent sources.

I. 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 the Equity Shares. To obtain a complete understanding of the company, you should read this section in conjunction with the sections entitled "Business Overview" and "Management's Discussion and Analysis of Financial conditions and results of operations" beginning on page 46 and 125 of the Draft Red Herring Prospectus as well as other financial information given in this Draft Red Herring Prospectus. If any of the following risks or any of the other risk and uncertainties discussed in this Draft Red Herring Prospectus actually occur, our business, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors mentioned below, the Company is not in a position to ascertain the financial and other implications of any of the other risks mentioned below.

INTERNAL RISK FACTORS

1. Our Company and our subsidiary company are involved in a number of cases which if determined against us could have an adverse impact on our business.

a. There is a criminal case U/S 138 of the Negotiable Instruments Act pending against our company involving an amount of Rs.11.19 lacs.

b. There are 4 cases pertaining to contractual disputes filed against our company. The amount claimed in three of these cases aggregate to Rs. 35.85 Lacs while in the fourth case the liability is not ascertainable.

c. There are 5 cases relating to contractual and other disputes filed by our company. The disputed amount in three of these cases aggregate to Rs. 158.42 Lacs while in the remaining two cases the amount is not ascertainable.

d. There are 2 matters related to sales tax pending against our company wherein the disputed amount aggregates to Rs. 4.35 Lacs.

e. There is 1 matter relating to Service Tax pending against our company wherein our company has voluntary deposited Rs. 5 lacs.

f. Our Subsidiary AAP Infrastructure Limited has filed 2 separate writ petitions and obtained stay orders in respect of levy of 2% labour cess and 2% stamp duty on BOT project on Seoni -Balaghat –Gondia - Road.

g. Our Subsidiary AAP Infrastructure Limited has been made a party in 3 separate writ petitions against the State of Madhya Pradesh challenging imposition of toll and location of toll plaza on the BOT project.

All the above legal proceedings are pending at different levels of adjudication before various courts, arbitrations. We are not sure of liability that may arise as and when decisions relating to these cases are taken up by respective Courts/ Arbitrations. If all or some of these cases are determined against us it may have a material adverse effect on our business, financial condition and our operations. For further details on the above cases, please see the section titled "Outstanding Litigations and Material Developments" on page 132 of this Draft Red Herring Prospectus.

2. We were subjected to a search initiated by Income Tax Department under section 132 (1) of Income Tax Act, 1961 on October 19, 2005

The income tax department conducted a search at our registered office situated at 3rd floor, 23A, Netaji Subash Road, Kolkata-700001 on October 19, 2005. During the search, the income tax department seized Rs. 79,540/- held as cash in hand and some records of the company. The department also carried out search at company's office at Durgapur and at residences of promoters, directors and their relatives at Kolkata, New Delhi, Durgapur and Bangalore. They further seized Rs. 10,80,520/- and some jewellery. Out of this, the department has retained Rs. 9,95,000/- and released the balance cash.

Subsequent to this, the department has served a notice dated March 30, 2006 under section 153 A (a) of Income Tax Act, 1961, expressing its intention to assess/ re-assess the income for six assessment years namely, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 (upto 19.10.2005) and asking us to file returns for these years within 30 days of service of the notice. The Company has vide its letter dated April 28, 2006 applied for copies of submissions and other details from the department enabling it to submit the returns as directed. The department has not yet supplied the details and also have not raised any demand on the company or our promoters. Our company is in the process of filing the revised returns.

3. The capital expenditure program shown as the objects of the issue is not appraised

The objects of the issue for which the funds are being raised are as per the Company's own estimates and have not been appraised by any Bank/Financial Institution.

Management Perception

The estimates for the expenditure on capital equipment is based on quotations received from suppliers of repute and is being funded through loans and issue proceeds. We intend to use part proceeds of the Issue for investment in BOT/BOOT and joint venture projects.

The enhancement of working capital requirement of funds has been determined based on our estimates and established industry practices which we have been following for our regular sanctions. The proposal for enhancement of limits has been submitted with Banks for their approval and sanction. State Bank of Mysore has been appointed as Monitoring agency to monitor the utilization of proceeds of Issue.

For further details please refer to page no 20 of the DRHP.

4. BOT/BOOT projects to be executed by the company

The Company has allocated a sum of Rs. 3000 Lacs for investment in BOT/BOOT projects and joint ventures. The specific projects for which the funds are raised have not yet been identified by the company.

Management Perception

Our company has successfully completed the first homogenous section of the BOT project awarded to build state highway in the state of Madhya Pradesh on Seoni -Balaghat –Gondia - Road . The Government is encouraging private sector participation in road projects through - BOT and Annuity. It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and power. We foresee tremendous opportunity in this area. We have over a decades experience in the construction activity and have successfully implemented various projects. The funds raised through this present issue would strengthen our capability to quote for BOT/BOOT tenders. The management proposes to apportion this sum in the form of seed capital to take-up BOT/BOOT projects as and when awarded to us. We have been tendering bids for BOT/BOOT projects on a selective basis. We meet the pre-qualification criteria for BOT/BOOT projects and have the necessary base to bid for similar projects in future also.

5. Orders yet to be placed for capital goods

We are yet to place orders worth Rs. 1701.96 Lacs amounting to 60.73% for the capital equipments to be purchased.

Management Perception

We have already procured machinery worth Rs. 876.74 Lacs. Further, we have ordered for equipments worth Rs. 223.85 Lacs, details of which are mentioned on page 21 of the DRHP. We have been dealing with the main suppliers of equipments on a regular basis and these equipments are readily available in the market. We are processing the quotations received from various suppliers and the orders will be placed at the earliest.

6. We derive more than 83% of our Income from our top five Customers.

Our top five customers account for more than 83% of our income for the year ended March 31, 2006. We could be adversely affected in case work of any of these customers are affected for any reason.

Management Perception

There is immense amount of work available in the road infrastructure development sector but we have as a matter of policy restricted ourselves to only bid for selective tenders which are provided by Central Agencies like NHAI and are funded by institutions like the World Bank.

7. We could not appoint a Company Secretary for an interim period

We could not find a suitable candidate for the post of Company Secretary as required by section 383 A of the Companies Act, 1956 for the period from May 16, 2001 to May 31, 2006. Our Company finally appointed a full time Company Secretary with effect from June 01, 2006. We are moving a petition before the Company Law Board (CLB) for Composition and Compounding of offence. We are hopeful of getting requisite order from the Competent Authority.

8. Funding of the Project

Our capital expenditure program will be partly funded through the proceeds of the Issue. Any delay/failure of the Public Issue may disrupt the implementation of the plans.

Management Perception

Our Management will make alternate funding arrangements through an equitable mix of secured/unsecured loans, internal accruals and contribution from the promoters, should there be any eventuality such as delay or failure of the proposed Public Issue.

9. Loss due to non-performance of Sub Contractors

The projects sub-contracted by the Company could get delayed on account of the sub-contractors performance, resulting in loss of revenue.

Management Perception

As on March 31st 2006, we have sub-contracted approximately 33% of the balance value of works on hand and the payment on account of such contracts would depend upon the performance of the sub-contractor. We employ a very strict policy in terms of sub contracting our contracts and sub contract only a portion of the entire project and that too, to more than one party. Moreover the project management team regularly monitors the performance of all the projects that have been sub contracted to various parties and ensures that our company does not loose any revenue due to their non-performance.

10. Deviation in Market Condition

The requirement of Plant & Machinery and capital expenditure program drawn by the Company are based on business opportunities and current order book position in these fields. Any deviation in the market conditions could adversely affect the profitability of the Company.

Management Perception

The requirement of Plant & Machinery and capital expenditure plans drawn by the Company has been finalized considering our current order book position and prospective projects. Further, our ability to diversify the client profile in diverse geographies and easy availability of equipments as per the specific requirement of the project would reduce the adverse affect of any deviation in the market conditions.

11. Majority control by promoters

Members of our promoter group will continue to retain majority control in the company after the issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of the issue, members of the Promoter group will own approximately 62.19% of our post issue Equity Share capital. As a result, the Promoter group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and Directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the company’s best interest. In addition, as long as the Promoter group continues to exercise significant control over the company, they may influence the material policies of the Company in a manner that could conflict the interests of the shareholders. The Promoter group may have interests that are adverse to the interests of the other shareholders and may take positions with which we or our other shareholders may not agree.

12. Competitive Bidding Process

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

Management Perception

We have been a key player in the construction industry for over a decade and posses substantial experience in bidding for contracts and applying right strategies to achieve the desired objectives. We also operate in diversified geographies and different infrastructure sectors which provides us with a rightful mix of projects allowing us to maintain the reasonable level of operating margins.

13. The business of our Company is seasonal

Our operations are adversely affected by difficult working conditions and extreme high temperatures during summer months and during monsoons which restrict our ability to carry on construction activities and fully utilize our resources.

Management Perception

We record revenues on the percentage of completion method. Since revenues are not recognized until they are in a reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are traditionally lower compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operational expenses, but our revenues from operations may be delayed or reduced.

14. Availability of Raw Materials at competitive prices

Construction contracts are primarily dependent on adequate and timely supply of raw materials such as cement, steel, aggregates etc. at competitive prices. We face stiff competition from larger and well-established players for procuring these raw materials. In case we are unable to procure the requisite quantities of raw materials well in time and at competitive prices, the performance of the Company may be adversely affected. Moreover, in fixed price contracts, any increase in the price of raw material such as steel, cement and other project costs and conditions, may have an adverse effect on our profitability.

Management Perception

The Company has been into construction activities for over a decade and has established relationship with the raw material suppliers. Besides, the Company has set-up an experienced procurement team, which is responsible for tracking the prices and monitoring of all raw materials requirements. Moreover, in large contracts there is an escalation clause for increase in raw material prices which mitigates our risk of loss due to price fluctuations. In case of small fixed price contracts, the prices are quoted by the tender department considering the expected price trends.

15. Improper handling of materials and machines may result into losses

Improper handling of materials and machines used in our operations can result into accidents; and we could face significant liabilities that would lower our profits.

Management Perception

We have employed trained personnel for undertaking the various operations at our various sites, which have minimized the loss of men, material and machines. The company provides both in-house and external training to its employees and also have a policy of insuring itself adequately for each project, which further reduces the liabilities in case any such accidents or mishaps occur.

16. Penalties for Time Overrun

The Company executes construction contracts primarily in sectors such as Roads and infrastructure developments. The Company typically enters into high value contracts for the aforesaid activities, which provide for levy of penalty normally for time-overrun cases. In case we are unable to meet the performance criteria as prescribed by the respective client and if penalties are levied, our financial performance may be adversely affected.

Management Perception

Our project management team is experienced and employs its diligence right from choosing the project and monitoring it at every step of its implementation. Owing to our strong and unblemished project management skills, we have been able to complete projects successfully in the past and we expect to continue the same in the future.

17. Dependence on contracts awarded by the Government and its agencies

The business of the Company is dependant on the implementation of the central and state budget allocations to the infrastructure sector. The Company derives the bulk of its revenue from contracts awarded by the central and state governments and their agencies. It is possible that in certain cases implementation of budgetary allocation (including external funding) may get delayed and consequently the Company would receive payments against running account bills in a delayed manner, rather than specified payment conditions. The delay in payment could be on account of a change in the government, changes in any policies impacting the public at large and/or changes in external budgetary allocation or delay due to insufficiency of funds.

Management Perception

We are well versed with the working parameters of the various government departments since we have been dealing with them for over a decade. Our experienced tendering team carries out detailed investigations in terms of the financial health of the Client before taking any project. Moreover a substantial portion of our projects are either Central Government or World Bank funded which further mitigates our risk towards payment of dues. In case of a large project the contract conditions provide for the payment of interest on delayed payments so as to compensate us suitably.

18. Dependence on joint ventures to qualify for the bidding process

To bid for certain infrastructure projects, which require higher capital adequacy or technical expertise, the Company has to enter into joint ventures / memorandum of understanding with other companies. In case the Company is unable to forge an alliance with other companies to meet the pre-qualification requirements, it may lose out on the opportunity to bid. Further, since the liability of the joint venture partners is joint and several, implying thereby that in case the joint venture partner fails to discharge his obligation under the contract, the Company is liable to get the entire contract performed to the satisfaction of the client.

Management Perception

The Company has entered into joint ventures and strategically partnered with other players based on their track record and position in the market. The completion of project through a joint venture will add to our credentials and would make us eligible to independently bid for similar projects in future. Moreover, with the present resource raising the Company’s ability to bid for large value contracts independently would increase significantly.

19. Substantial fund based and non fund based working capital requirement

The Company’s business needs substantial funds in the form of working capital requirement and bank guarantee from Banks and Financial Institutions. Any delay in disbursement of funds from these institutions could adversely affect the performance of the Company. Generally, payments from clients are linked to completion milestones/monthly payments, which are spread out over the execution period of the contract. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments. In which case, additional funding can be raised through commercial borrowings, vendor financing or issue of fresh capital. In this event, the interest obligations would increase and the Company may be subject to additional covenants.

Management Perception

The Company presently enjoys working capital facilities to the tune of Rs. 1339 Lacs (fund based) and Rs. 8580 Lacs (non-fund based) from a consortium of bankers. Working capital requirement is also partially met through internal accruals. Moreover, the Company gets various advances like mobilization advance, equipment advance etc from the employers, which also funds the working capital requirement of the company. In view of the substantial rise in our order book, we have sought additional working capital limits from our existing as well as new bankers, details of which are mentioned of page 23 of the DRHP. A part of our margin for additional requirement is also being funded through the proceeds of the Issue.

20. The Company is subject to restrictive covenants in certain long-term debt facilities provided by the bankers

The covenants in borrowings from banks, among other things, require the Company to obtain the approval of these banks, namely for, issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends at any time while the Company is in default, undertaking material diversification in the business of the Company or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit the Company's ability to borrow additional money.

21. The projects undertaken by our company may not be insured

Management Perception

The Company is normally required to take contractors' all risk policy as per the conditions stipulated by the Client. We also take necessary insurances for workmen compensation for any accident, insurances for the machineries deployed and or damage against material stock at site as per the requirement. Thus all possible losses are reasonably insured**.**

22. The operations of the Company are subject to employee, health and safety laws and regulations.

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

Management Perception

We build necessary sanitation arrangements including proper drainage, drinking water arrangements, health checkups, first aid provisions at all locations. All the health norms stipulated by the local authorities are followed. In addition to this necessary vaccination and other preventive measures are taken. Our company has taken adequate safety measures including training to the staff and workmen. This is also an essential condition in most of the contracts. All the environmental norms are followed.

Our project management teams' logistic department looks after the local land use permit etc and other formalities as maybe required .

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

Successful performance of the business operations depends on the trained key managerial personnel of the Company and any sudden disruption in the services of these personnel may have an adverse impact temporarily affecting the smooth operation of the business.

Management Perception

Our top management has wide experience in the construction industry which will reduce the impact of sudden change in the key managerial personnel, if any. Over the years our company has been able to build up and develop a professional team of people who have gained expertise in their respective fields.

24. Adverse weather conditions can delay the implementation of the projects.

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

Management Perception

We have been operating successfully in diverse conditions and terrains very successfully over the last decade and have gained significant experience in handling adverse conditions. Our Project

Execution team posses significant insight of the local environment and climate during the implementation of the project and accordingly plan their schedule of implementation.

25. The Company's clients may have the right to unilaterally terminate the contracts for convenience.

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

Management Perception

Most of our projects are item rate contracts and we receive part payment at the completion of milestones/quantities on the basis of the quantum of work certified by the engineer. Moreover, we also receive mobilization advance from the client for the initial expenses of the contract. The contract conditions provide for compensation to the contractor in the event of such unilateral termination by the employer or any termination taken for which the employer is responsible. There are dispute settlement clauses in the contracts referring such eventualities to Dispute Review Board, Adjudicator and finally the Arbitrator who are independent bodies and in such event they settle the issues.

Any termination of the contract by the client would definitely have a temporary adverse impact on the cash flows of the Company but the degree of the impact is significantly low due to the above reasons. Moreover, we are finally able to recover such losses.

26. The Contingent Liabilities

The Contingent Liabilities of the Company as on 31st March 2006, as certified by the auditors, for which the Company has made no provision are as follows:

S. No.	Particulars	Amount (in Lacs)
1.	Claims against the Company/ disputed liabilities not acknowledged as Debts	200.25
2.	Corporate Guarantees given on behalf of subsidiary companies	1980.00
3.	Estimated amount of contracts remaining to be executed on capital account and not provided	561.75
4.	Bank Guarantees/Letter of Credit issued by Banks on behalf of the company (Net of Margins)	5931.38

Management Perception

The guarantees mentioned above are furnished on a regular basis for carrying out our operations and are mainly in the form of:

a. Earnest Money Deposits for participating in tenders
b. Security against mobilization advance received
c. Performance Guarantee during the warranty period
d. Security Deposits given to the clients

The nature of infrastructure project requires the submission of bank guarantees to the clients. These guarantees get released on completion of work in various stages . The Company enjoys the non-fund based limits in the nature of Bank Guarantees to the extent to Rs. 85 crores. Our company has been regular in fulfilling its commitments.

27. Some of the Group Companies have incurred losses in recent periods.

Our group company SMH Capital Limited had incurred losses of Rs. 0.02 lacs for the year ended March 31st 2002. For more information please refer page 116 of DRHP under section "Our group companies and affiliates".

28. The Company is smaller in size compared to the market leaders, which acts as deterrent for very large projects.

Management Perception

We have bidded for large projects in the past and bagged a few large projects in spite of competition from companies like Gammon, L&T, HCC, Simplex etc. due to our track record and execution skills, we have already crossed the initial pre-qualification barriers for projects of reasonable size and after the proposed issue once our net worth is enhanced suitably we will be eligible for even bigger projects.

29. Delay in acquiring the land by the employer

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

Management Perception

The land owners can not make any claim on the company as the responsibility for providing right access lies with the employer. However in case of any delay due to certain land acquisition issues, the contract provide compensation clauses for such eventualities which are decided by Dispute Review Board, Adjudicators etc.

30. Our business is dependent on continuing relationship with our clients and strategic partners.

Our business is dependent on infrastructure projects undertaken by the governmental authorities funded by governments or by international and multilateral development finance institutions. Our business is also dependent on developing and maintaining strategic alliances with contractors that undertake turnkey contracts for infrastructure development projects.

Our business and results of operations will be adversely affected if we are unable to maintain a continuing relationship and pre-qualified status with certain of our key clients and strategic partners. The loss of a significant client or a number of significant clients may have a material adverse effect on our results of operations.

Management Perception

The infrastructure industry in India is a major thrust area for the Central Government with almost USD 124.65 billion to be spent in the next five years on construction alone. In view of the current focused thrust we expect the company to benefit in the foreseeable future.

We have been enjoying excellent relationship with our clients and partners in various projects for over a decade now. We have a track record of completing each and every project awarded to us in the last decade and owing to our track record, we are confident to bag more projects and execute them successfully in future also.

31. Our results of operation could be adversely affected by any disputes with our employees.

As on date we employ directly or through our joint ventures, a work force of approximately 200 full-time employees. In addition, we employ casual and temporary workmen through contractors on our project sites.

We have been enjoying very good labour relations for the last decade and never had any disruption of work due to labour unrest and do not foresee the same in future also. While we believe that we maintain good relationship with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. The number of contract labourers varies from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent labour contractors to complete specified assignments.

32. All Properties, Agreements, Licenses, Permissions etc. are held by the Company in the name of Maheshwari Brothers Limited

All the properties, agreements, licenses, permissions etc. obtained by the Company are held in the old name of the Company, Maheshwari Brothers Limited and are not transferred in the new name of Company yet.

Management Perception

The name of the Company has been changed from Maheshwari Brothers Limited to MBL Infrastructures Limited with effect from July 04, 2006. We are in the process of getting the new name incorporated in all such documents.

RISK FACTORS EXTERNAL TO THE COMPANY

1. Competition in the Indian Infrastructure Industry

The Indian Infrastructure Industry especially Roads sector is facing competition from large number of players encompassing both international companies and major domestic construction companies who operate at the national level. To add on, numerous smaller localized contractors / companies are also competing in the respective region . We bid for contracts based on bidding process and the one who quotes the lowest is awarded the contract.

Management Perception

With very limited entry barriers in the infrastructure industry, several players small and big make the industry very competitive. There are many smaller companies / contractors who operate on thin margins and since the contracts are based on bidding process the company which quotes the lowest is awarded the Contract. However, with continuous upgradation of skills and strengthening of finances, we do not foresee any major threat in securing contracts. The company believes in quality execution and maintenance.

2. Our operations are sensitive to weather conditions.

We have business activities that could be materially and adversely affected by severe weather. Severe weather conditions may require us to evacuate personnel or curtail services and may result in damage to a portion of our fleet of equipment or to our facilities, resulting in the suspension of operations, and may further prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity.

Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon, which restrict our ability to carry on construction activities and fully utilize our resources. We record contract revenues for those stages of a project that we complete, after we receive certification from the client that such stage has been successfully completed. Since revenues are not recognized until we make progress on a contract and receive such certification from our clients, revenues recorded in the first half of our financial year between April and September are traditionally substantially lower compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

3. 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. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely affect our business and our results of operations.

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

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

5. Government Policy on Infrastructure development

Our business is dependent on the implementation of the central and state budget allocations to the infrastructure sector. The liberalization policy of the Government and incentives offered by it has spurred the growth of opportunities in the field of Infrastructure and particularly road sector. Adverse changes if any, in the Government policy could thus affect our business prospects.

Management Perception

The Government of India has accorded development of Infrastructure a "thrust area status". The total outlay for development of roads in the 10th plan (2002-2007) is Rs.54,490 crore. We recognize the tremendous potential of the infrastructure construction industry in India - specially given the high impetus given by the Government of India to making up deficits in infrastructure rapidly. This gives us an access to continued growth opportunity.

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

The Indian economy has shown sustained growth over the last few years with real GDP growing at 6.9% in fiscal 2005, 8.5% in fiscal 2004 and 4% in fiscal 2003 and 8.1% in Q1 of fiscal 2006. Any slowdown in the Indian economy or future volatility in global commodity prices, in particular steel, cement and prices of other construction material, could adversely affect our business.

7. Our performance is linked to the stability of policies and the political situation in India

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

8. The price of our Equity Shares may be highly volatile.

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

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

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

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

The Issue price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section "Basis of Issue Price" on page 26 of this DRHP) and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue price. We cannot assure you that you will be able to resell your shares at or above the Issue price. Among the factors that could affect our share price are:

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

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

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

NOTES:

i. Net worth of the company as on 31st March 2006 is Rs. 3453.68 Lacs.

ii. Present Issue is of 60,00,000 Equity Shares of Rs. 10/- each for Cash at a Premium of Rs. [•] per Equity Share aggregating Rs. [•] Lacs.

iii. Book Value of the equity shares of the company as on 31st March 2006 is Rs. 31.79 per Equity Share.

iv. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page no.26 before making an investment in the issue.

v. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details reference may be made to Para “Basis of Allotment” given on page no. 177 of the Draft Red Herring Prospectus.

vi. The investors are advised to refer the Paragraph on promoter’s background on page no. 79 and past financial performance of the company on page no. 83 before making an investment in the proposed issue.

vii. There are no relationships with statutory auditors to the company other than auditing and certification of financial statements.

viii. Investors may note that allotment and trading in shares of the company shall be done only in dematerialized form.

ix. Contingent Liabilities not provided for as on 31st March 2006 :

S. No.	Particulars	Amount (in Lacs)
1.	Claims against the Company/ disputed liabilities not acknowledged as Debts	200.25
2.	Corporate Guarantees given on behalf of subsidiary companies	1980.00
3.	Estimated amount of contracts remaining to be executed on capital account and not provided	561.75
4.	Bank Guarantees/Letter of Credit issued by Banks on behalf of the company	5931.28

x. The average cost of acquisition of Equity Shares of face value of Rs. 10 each by the company’s Promoters and promoter group is as follows:

Sr. No.	Name of Shareholder	Avg. Cost of Acquisition (Rs.)	No of Shares	Rs. In Lacs
1	SMH Capital Limited	7.84	3580687	280.73
2	Ram Gopal Maheshwari	6.15	3434250	211.21
3	Prabhu International Vyapaar (P) Ltd.	9.86	2747790	270.93
4	Anjanee Kumar Lakhotia	6.70	386250	25.88
5	Aditya Maheshwari	6.69	215250	14.40
6	Maruti Maheshwari	6.93	169500	11.75
7	Uma Devi Lakhotia	6.82	49125	3.35
8	Shweta Maheshwari	8.20	29250	2.40
			10612102	**820.65**

Average cost of acquisition to Promoters is Rs. 7.73

xi. Investors may contact the Book Running Lead Managers or the Compliance Officer for any complaint/ clarification/information pertaining to the Issue.

xii. For details of realty party transaction, please refer to page section financial statements, beginning on page 83 of this Draft Red Herring Prospectus.

xiii. All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

II. INTRODUCTION

1. SUMMARY

The Investor should read the following summary in conjunction with the Risk Factors beginning on page no. xi and the Auditor Report beginning on page no. 83 of this Draft Red Herring Prospectus.

a) The Industry

The Indian road network of approximately 3.34 million Kms is the second largest in the world and carries about 61% of the freight and 85% of the passenger traffic. Therefore, for a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways (NH), which serve as the arterial network across the country, constitute only 2% of the entire road network but carry almost 40% of the road traffic.

Of the various modes of transport that connect the cities and villages of the country, road transport constitutes the crucial link. Road infrastructure facilitates movement of men and material, helps trade and commerce, links industry and agriculture to markets and opens up backward regions of India. In addition, the road system also provides last-mile connection for other modes of transport such as railways, airports, ports and inland waterway transport and complements the efforts of these modes in meeting the needs of transportation.

There has been a staggering 100-fold increase in the population of motorized vehicles. However, the expansion in the road network has not been commensurate with this increase. While the motor vehicle population has grown from 0.3 million in 1951 to over 30 million today, the road network has expanded from 0.4 million km to 3.34 million km, only a 8 fold increase in terms of length during the same period. However, upgrading of roads by way of widening of carriage- ways, improved surface quality, strengthening/ reconstruction of old/ weak bridges and culverts, etc. has been carried out.

The road network though extensive remains inadequate in terms of spread, suffers from a number of deficiencies and is unable to handle high traffic density at many places and has poor riding quality in some segments. The main reason for these shortcomings is the inadequacy of funds. Efforts are now underway to address these issues and improvement in the road network has been accorded a very high priority. This expansion of capacity will have to be accompanied by technological upgradation in many critical areas. The need for new technology acquires greater urgency because the sector had been suffering from slow technological development for a long time.

Recognizing the present deficiencies in the road network, the Government of India has sought to address these through the Tenth National Plan (2002-2007), which has assigned a high priority to the National Highway Development Programme (NHDP). As per the National Highways Authority of India (NHAI), a total of 23,546 kms of roads would be constructed in the next two years.

The focus of successive Governments on improving road connectivity across the country has brought about significant investments in road development. Government expenditure on roads in India is significant - 12 per cent of capital and 3 per cent of total expenditure; however, road maintenance is grossly under-funded with only one third of needs being met.

Infrastructure development in India has been spearheaded by activity in the road sector. The 13,146-km National Highway Development Programme (NHDP) has been taken up and is already under implementation. Financing of road construction activities through earmarked funds from the levy of cess on petrol and diesel are innovative in the Indian context. Projects under annuity / shadow tolling route have supported the initial development process.

b) Our Business

Our Company is engaged in the execution of civil engineering projects and specializes in Road and Highway projects of various government bodies and other clients including the maintenance of the same. Our Company has also successfully completed the execution of the first phase of the homogenous section of Seoni-Balaghat-Gondia Road (114 Km State Highway) on BOT basis.

Over the decade of existence, MBL has a track record of completing every single assignment. In recent years our company has executed and commenced upon a number of praiseworthy projects in the states of West Bengal, Jharkhand, Rajasthan, Karnataka, Madhya Pradesh, Maharashtra, Assam, Uttar Pradesh, Delhi and Andhra Pradesh.

Apart from construction of Roads and Highways, we are also engaged in the following activities:

- Road Maintenance
- Industrial Infrastructure Development
- Waste Management (Ferrous scrap and slag recycling) at major steel plants
- Steel trading

Some of the major highlights of our business are as under:

- Engaged in Infrastructure Development primarily in road construction and maintenance, industrial infrastructure, waste management (ferrous scrap and slag recycling) at major steel plants.
- Entered the road sector as sub-contractor to Bridge & Roof Co. India Ltd. (a government of India organisation), completing the rehabilitation of the Sanauli-Gorakhpur stretch, a World Bank-aided project of Uttar Pradesh PWD.
- We were among the first batch of contractors to be awarded the contracts of prestigious North South East West Corridor by NHAI and were the first amongst the batch to complete the project.
- We were also amongst the first batch of contractors to be awarded the contract for maintenance of National Highways by NHAI.
- We were amongst the few contractors in implementing BOT projects for road construction on public-private partnership basis.
- We are pioneers in waste management (ferrous scrap and slag recycling) at major steel plants
- We were part of the industrial infrastructure development at Haldia Petrochemicals a prestigious project of the State of West Bengal.
- We are currently maintaining the outer and inner ring road of New Delhi, a pioneer project in the maintenance of Metro City roads.
- Our Clients comprise of NHAI, Public Works Departments of Uttar Pradesh, Jharkhand, NCT New Delhi, Madhya Pradesh Road Development Corporation, Mumbai Metropolitan Region Development Authority and SAIL.
- We possess an order book of Rs 416 crores (as on 25th September 2006).

c) Summary Financial And Operating Information

The financial statements given below should be read along with the Notes to the Accounts provided in the Auditors' Report on page No. 83 of this Draft Red Herring Prospectus and the paragraph under the head "Management Discussion and Analysis" beginning on page no. 125 of this Draft Red Herring Prospectus.

Summary Statement of Profit & Loss Account as Restated

Rs. in Lacs

Particulars	**31.03.02**	**31.03.03**	**31.03.04**	**31.03.05**	**31.03.06**
INCOME					
Income from Construction Activities	2,270.08	4,228.24	7,607.73	9,890.89	11,673.20
Income from Trading Activities	3,436.00	3,594.39	3,724.33	4,395.99	4,142.62
Sub Total	**5,706.08**	**7,822.63**	**11,332.06**	**14,286.88**	**15,815.82**
Other Income	36.09	50.59	33.00	53.65	84.38
Increase/(Decrease) of Stock – Construction	(126.39)	202.37	(68.61)	378.67	365.62
Increase/(Decrease) of Stock-Trading	230.86	(104.40)	55.32	(94.71)	223.84
Total Income	**5,846.64**	**7,971.19**	**11,351.77**	**14,624.49**	**16,489.66**
EXPENDITURE					
Cost of Goods Sold (Trading)	3,197.42	3,560.28	3,613.31	4,339.14	4,019.36
Material Consumption	1,437.68	2,404.99	2,272.26	4,803.88	3,302.32
Sub Contracting Expenses	-	130.70	3,244.24	3,118.77	6,059.26
Other Operating Expenses	559.65	898.09	862.77	759.21	810.97
Staff Costs	26.21	27.38	59.53	61.92	128.60
Selling, Administrative & Other Expenses	118.53	280.22	270.67	293.62	498.19
Interest and Financial Charges	148.48	124.18	261.46	315.19	596.11
Depreciation	129.68	147.20	179.84	197.56	200.79
Total Expenditure	**5,617.65**	**7,573.04**	**10,764.09**	**13,889.29**	**15,615.60**
Net Profit before Tax & Extraordinary Items	**228.99**	**398.15**	**587.68**	**735.20**	**874.06**
Provision for Income Tax					
Deferred	68.73	53.88	30.93	22.22	(49.23)
Current	18.00	31.50	43.00	55.00	76.94
Net Profit Before Extraordinary Items	**142.26**	**312.77**	**513.76**	**657.97**	**846.35**
Prior period Tax	(0.06)	(0.02)	7.18	(4.46)	16.15
Net Profit After Extraordinary Items	**142.32**	**312.79**	**506.58**	**662.43**	**830.20**
Balance of Profit brought forward	241.67	152.71	465.50	338.28	343.55
Earlier Year Depreciation w/b	-	-	-	-	-
Dividend	-	-	29.96	36.21	108.64
Corporate Tax on Dividend	-	-	3.84	4.73	15.24
Transfer to General Reserve	231.27	-	600.00	616.22	432.56
Balance Carried to Balance Sheet	**152.71**	**465.50**	**338.28**	**343.55**	**617.31**

Statement of Assets & Liabilities as Restated

Rs. in Lacs

Particulars	**31.03.02**	**31.03.03**	**31.03.04**	**31.03.05**	**31.03.06**
Fixed Assets					
Gross Block	2,815.01	3,345.68	3,514.70	3,662.61	4,145.63
Less: Depreciation	547.41	792.94	1,072.18	1,358.91	1,662.23
Net Block	**2,267.60**	**2,552.73**	**2,442.52**	**2,303.69**	**2,483.40**
Less: Revaluation Reserve	744.79	640.01	535.23	425.86	322.41
Net Block after adjustment for Revaluation Reserve	**1,522.81**	**1,912.72**	**1,907.28**	**1,877.84**	**2,160.99**
Capital Work in Progress	-	-	-	-	121.18
Total (A)	**1,522.81**	**1,912.72**	**1,907.28**	**1,877.84**	**2,282.17**
Investment (B)	-	-	325.00	1,103.50	1,110.50
Current Assets, Loans and Advances					
Inventories	348.49	446.45	433.16	717.12	1,306.58
Sundry Debtors	543.61	1,271.70	2,102.35	2,649.27	3,252.90
Cash and Bank Balances	529.73	682.42	974.19	1,212.02	1,694.69
Other Current Assets	79.67	36.05	26.98	32.20	141.33
Loans and Advances	204.34	165.88	546.93	934.80	1,064.23
Total (C)	**1705.84**	**2,602.50**	**4,083.61**	**5,545.41**	**7,459.73**
Total Assets (A+B+C) = D	**3,228.65**	**4,515.23**	**6,315.89**	**8,526.75**	**10,852.40**
Less: Liabilities and Provisions:					
Secured Loans	630.61	1,068.30	1,049.18	1,394.71	1,648.10
Unsecured Loans	555.24	417.26	1,452.73	1,795.61	1,343.72
Sundry Creditors	351.36	897.23	1,141.02	1,138.87	848.58
Other Current Liabilities	154.82	109.26	178.23	890.74	2,952.76
Share Application Money	13.45	113.85	4.77	-	-
Provisions	30.14	49.50	126.30	174.28	269.54
Deferred Tax Liability	278.22	332.10	363.03	385.25	336.02
Total Liabilities (E)	**2013.84**	**2,987.50**	**4,315.26**	**5,779.46**	**7,398.72**
Net Worth (D-E)	**1,214.80**	**1527.73**	**2000.64**	**2,747.28**	**3,453.68**
Represented By					
Equity Share Capital (I)	599.25	599.25	599.25	724.25	1,086.37
Reserves and Surplus	1,360.85	1,568.86	1,936.86	2,448.98	2,689.72
Less: Revaluation Reserves	744.79	640.01	535.23	425.86	322.41
Net Reserves and Surplus (II)	**616.06**	**928.85**	**1,401.62**	**2,023.12**	**2,367.31**
Misc. Expenditure (III)	0.51	0.37	0.23	0.09	-
Net Worth (I+II-III)	**1,214.80**	**1,527.73**	**2,000.64**	**2,747.28**	**3,453.68**

d) THE ISSUE

Public Issue of Equity Shares by MBL Infrastructures Limited

Which comprises:	
Net Issue:	60,00,000 Equity Shares
Of which:	
Qualified Institutional Buyers Portion:	Up to 30,00,000 Equity Shares (allocation on proportionate basis).
Non-Institutional Portion:	At least 9,00,000 Equity Shares (allocation on proportionate basis).
Retail Portion:	At least 21,00,000 Equity Shares (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue:	11063727 Equity Shares.
Equity Shares outstanding post the Issue	17063727 Equity Shares.
Objects of the Issue:	See the section titled "Objects of the Issue" on page 20 of this Draft Red Herring Prospectus.

2. GENERAL INFORMATION

MBL INFRASTRUCTURES LIMITED
Registered Office: 23-A, Netaji Subhash Road, (3rd Floor, Suit # 14) Kolkata-700 001. Tel: 91- 33- 2230 1671/2353/9517 Fax:(91) (33) 22308807 E-mail: info@mblinfra.com **Company Registration No.** 21-73700 **CIN No -** U27109WB1995PLC073700 **Registrar of Companies:** Registrar of Companies, West Bengal Nizam Palace, IInd MSO Building, 2nd floor 234/4, A.J.C. Bose Road Kolkata-700 020, India

Board of Directors of our Company

Name	Designation	Status
Mr. Ram Gopal Maheshwari	Non Executive Chairman	Promoter Director
Mr. Anjanee Kumar Lakhotia	CEO & Whole time Director	Promoter Director
Mr. Maruti Maheshwari	Executive Director	Promoter Director
Mr. Bhanu Prasad Agarwal	Director	Independent Director
Mr. Ashwini Kumar Singh	Director	Independent Director
Mr. Shiba Prosad Mukherjee	Director	Independent Director
Mr. Kumar Singh Baghel	Director	Independent Director

Brief Profile of Chairman and Executive Directors

Mr. Ram Gopal Maheshwari (61)

Mr. Maheshwari is a Commerce Graduate having more than four decades of experience in business. He is the Chairman of our Company. His experience, vision and wisdom have played an instrumental role in growth and success of our Company. He is philanthropic in nature and is associated with many charitable and social organizations. He performs social responsibilities of our Company and duties of a responsible citizen of the nation.

Mr. Anjanee Kumar Lakhotia (43)

Mr. Anjanee Kumar Lakhotia is the Whole-time Director and CEO of our Company. His skills in financial management, business development and organizational capabilities along with the grass root knowledge of the industry have played an important role in the exponential growth and success of our Company. He is an Honours Graduate from St. Xavier's College, Calcutta University and a fellow member of the Institute of Chartered Accountants of India. He is a member of various business associations like Merchants Chamber of Commerce, Indian Chamber of Commerce, Institute of Directors etc.

Mr. Maruti Maheshwari (33)

Mr. Maheshwari has a dynamic 13-year career reflecting pioneering experience and excellent performance in the Infrastructure business. He has exceptional management skills including vast experience in the core business functions –marketing and operations. He has been instrumental in establishing strategic partnerships and dealer relationships thus increasing the revenues of our Company and a record of success in relationship building, startup management and business planning.

For details of other Directors, please refer to Page no. 66 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Ms. Namrata Sharma
23-A, Netaji Subhash Road,
(3rd Floor, Suit # 14)
Kolkata-700 001.
Tel: 91- 33- 2230 1671/2353/9517
Fax:(91) (33) 22308807
E-mail: ipo@mblinfra.com

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

Registrars to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
E-mail: mbl@intimespectrum.com
Website: www.intimespectrum.com
Contact person: Mr Salim Shaikh

Legal Advisors to the Issue
Khaitan & Company
Emerald House
1B,Old Post Office Street
Kolkata – 700 001
Tel: +91-33-2248 7000
Fax: +91-33-2220 7857
E-Mail: sucharita@khaitanco.com
Contact Person: Mrs. Sucharita Basu

Bankers to the Company

State Bank of Mysore
3,4 & 5 D.D.A. Building
Nehru Place
New Delhi – 110019
Tel- 91-11-26439182
Fax: 91-11-2621 6893

State Bank of Patiala
2nd Floor, Chandralok Building
36, Janpath
New Delhi – 110001
Tel- 91-11-23738096
Fax: 91-11-23738097

State Bank of Bikaner & Jaipur
122, VI Cross, Gandhi Nagar,
Bangalore - 560009
Tel: 91-80- 2226 5672
Fax: 91-80-2225 1620

State Bank of Hyderabad
Surya Kiran,
19, Kasturba Gandhi Marg,
New Delhi – 110001
Tel- 91-11-2332 1699
Fax: 91-11-2331 3683

Bank of India
11, K.G. Road,
Bangalore - 560009
Tel- 91- 80 - 22266357
Fax: 91- 80-22254891

Citibank
1st Floor, Kanak Building
41, Chowringhee Road,
Kolkata – 700071
Tel- 91-33-22882482
Fax: 91-33-22882003

Bankers to the Issue

To be finalized at the time of filing of RHP

Brokers to the Issue

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

Auditors to the Company

Khandelwal Ravindra & Co.
Chartered Accountants
Merchantile Building
9/12, Lalbazar Street,
Block-'E', 2nd Floor,
Kolkata-700 001
Tel: 91-33-2243 4191
Fax: 91-33-2243 4192
E-mail: kndlravi@vsnl.net

Book Running Lead Managers

Microsec Capital Limited
Azimganj House, 2nd Floor
7, Camac Street
Kolkata-700 017
Tel- 91-33- 2282 9330
Fax: 91-33-2282 9335
Email: mbl@microsec.co.in
Website: www.microsec.co.in
Contact Person: Mr. Pankaj Harlalka

A.K. Capital Services Limited
Flat No. N, Sagar Apartments
6, Tilak Marg
New Delhi- 110 001
Tel: 91-11-23385704, 23388235
Fax: 91-11-23385189
Email: mblipo@akgrouponline.com
Website: www.akcapindia.com
Contact Person: Mr. Sanjay Jain

Allotment of inter- se Allocation of Responsibility

The responsibilities and co-ordination for various activities in this Issue to be carried out by the BRLMs are as under:

Sl. No	*Activities*	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as type of instruments etc.	MCL	MCL
2.	Due diligence of the Company's operations/management /business plans/legal etc.	MCL, AKC	MCL
3.	Drafting and Design of the offer document and of statutory advertisement including memorandum containing salient features of 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.	MCL, AKC	MCL
4.	Drafting and approval of Issue and statutory publicity material, etc.	MCL, AKC	MCL
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material.	MCL, AKC	MCL
6.	Appointment of Registrar, Bankers and Advertising Agency	MCL, AKC	MCL
7.	Appointment of Printers	MCL, AKC	MCL
8.	Marketing of the Issue, which will cover inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalize media & PR strategy • Finalize centers for holding conferences for brokers, press, etc. • Finalize collection centers • Follow-up on distribution of publicity and issue material including application forms, RHP and deciding on the quantum of the issue material.	MCL, AKC	AKC
9.	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	MCL, AKC	AKC

10.	Finalizing pricing and allocation.	MCL, AKC	MCL
11.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	MCL, AKC	MCL
12.	The Post-issue activities of the Issue will involve essential follow-up steps, finalization of basis of allotment / weeding out of multiple application, etc. Major ones are : • Listing of securities • Dispatch of certificates and refunds • The various agencies connected with the work such as Registrars to the issue • Bankers to the issue and the bank handling refund business The Book Running Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company	MCL, AKC	MCL

SYNDICATE MEMBERS
To be appointed

CREDIT RATING
This being an Issue of Equity Shares, credit rating is not required.

TRUSTEE
This being an Issue of Equity Shares, appointment of Trustee is not required.

MONITORING AGENCY

State Bank of Mysore one of our bankers have been appointed as the monitoring agency.

State Bank of Mysore
3,4 & 5 D.D.A. Building
Nehru Place
New Delhi – 110019
Tel- 91-11-26439182
Fax: 91-11-2621 6893

IPO Grading

Our Company has not opted for IPO Grading for the Issue.

BOOK BUILDING PROCESS

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

1. The Company;

2. Book Running Lead Manager;

3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM; and

4. Registrar to the Issue.

SEBI through its guidelines has permitted an issue of securities to the public through 100% Book Building Process, wherein: (i) upto 50% of the Net Issue shall be allocated to QIBs, 5% thereof shall be specifically available for mutual funds registered with SEBI on a proportionate basis (ii) at least 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-

Institutional Bidders and (iii) at least 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 refer to the section titled "Terms of the Issue" on page 157 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 Microsec Capital Limited and A.K. Capital Services 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, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the NSE (www.nseindia.com). The illustrative book below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.78%
2500	20	7500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the Book Running Lead Manager(s), will finalize the issue price at or below such cut-off 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" on page 160 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 to the Bid cum Application Form (see section titled "Issue Procedure —'PAN' or 'GIR' Number" on page 175 of this Draft Red Herring Prospectus).
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

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 BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its 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, address, telephone, fax, email of the Underwriters	**Indicative Number of Equity Shares to be Underwritten**	**Amount Underwritten (Rs. in Lacs)**
Microsec Capital Limited Azimganj House, 2nd Floor 7, Camac Street, Kolkata-700 017 Tel- 91-33- 2282 9330 Fax: 91-33-2282 9335 Email: mbl@microsec.co.in Website: www.microsec.co.in	[•]	[•]
A.K. Capital Services Ltd. Flat No. N, Sagar Apartments, 6, Tilak Marg, New Delhi- 110 001 Tel: 91-11-23385704, 23388235 Fax: 91-11-23385189 Email: mblipo@akgrouponline.com Website: www.akcapindia.com	[•]	[•]

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 dated [•] given to them by the BRLM and the Syndicate Member), 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. Allocation to QIBs is on a proportionate basis as per the SEBI DIP Guidelines, 2000 and the terms of this Draft Red Herring Prospectus.

3. CAPITAL STRUCTURE

The Share capital of our Company as at the date of this Draft Red Herring Prospectus is set forth below:

Rs. in Lacs

	Share Capital		Nominal Value	Aggregate Value
A.	**AUTHORISED CAPITAL**			
	20,000,000	Equity shares of Rs 10/-each	2,000.00	
B.	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**			
	11,063,727	Equity Shares of Rs 10/- each fully paid up	1,106.37	1236.37
C.	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**			
	60,00,000	Equity Shares of Rs 10/- each fully paid up	600.00	[•]
D.	**PAID UP SHARE CAPITAL AFTER ISSUE**			
	17,063,727	Equity Shares of Rs 10/- each	1706.37	[•]
E.	**SHARE PREMIUM ACCOUNT**			
	Before the Issue			130.00
	After the Issue			[•]

The following is the history of issue of Equity Shares for consideration other than cash

Date of Allotment	Date on which made fully Paid-up	Number of Equity Shares	Face Value (Rs. 10)	Issue Price (Rs.)	Consideration (Bonus, consideration other than cash)	Reasons For Allotment	To whom the allotment was made	Premium Value
01-Jan-96	01-Jan-96	265,610	10	Nil	Other than Cash	Takeover of Partnership Firm	Gayatri Devi Maheshwari & Mahavir Prasad Maheshwari	Nil
31-Mar-06	31-Mar-06	3,621,242	10	Nil	Bonus Issue in the ratio of 1:2	Bonus Issue	All the shareholders of the Company as on 02.03. 06	Nil

Details of increase in Authorized Capital

Particulars	Date	Details
Incorporation	25-Aug-95	Initial Authorized Capital
Increase	23-Mar-96	Authorized Capital increased from Rs. 100 Lacs to Rs.250 Lacs
Increase	22-Mar-97	Authorized Capital increased from Rs.250 Lacs to Rs.400 Lacs
Increase	29-Feb-00	Authorized Capital increased from Rs.400 Lacs to Rs. 500 Lacs
Increase	08-Aug-01	Authorized Capital increased from Rs.500 Lacs to Rs. 600 Lacs
Increase	09-Mar-05	Authorized Capital increased from Rs.600 Lacs to Rs. 750 Lacs
Increase	03-Mar-06	Authorized Capital increased from Rs. 750 Lacs to Rs.1750 Lacs
Increase	02-Sept-06	Authorized Capital increased from Rs. 1750 Lacs to Rs. 2000 Lacs

Notes to the Capital Structure

1. Share Capital History of our Company

The Equity Share Capital of our Company has been build up as under:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	Cumulative Paid-up Capital (Rs. Lacs)	Cumulative Share Premium (Rs.' Lacs)
25-Aug-95	7,000	10	10	Cash	Initial Subscription	0.70	-
01-Jan-96	265,610	10	Nil	Other than Cash*	Further Allotment	27.26	-
30-Mar-96	1,261,500	10	10	Cash	Further Allotment	153.41	-
31-Dec-96	903,000	10	10	Cash	Further Allotment	243.71	-
07-Feb-01	236,000	10	20	Cash	Further Allotment	267.31	23.60
23-Feb-01	519,875	10	40	Cash	Further Allotment	319.30	179.56
09-Aug-01	2,799,500	10	10	Cash	Further Allotment	599.25	179.56
16-Mar-05	1,250,000	10	10	Cash	Further Allotment	724.25	179.56
31-Mar-06	3,621,242	10	10	Other than Cash	Bonus 1:2	1,086.37	-
26-May-06	200,000	10	75	Cash	Further Allotment	1106.37	130.00

* Shares were issued as consideration for takeover of Partnership Firm

2. Promoters' Contribution and Lock-In

Mode	Date of Allotment / Acquition and made fully Paid-up	Consideration (cash,bonus, Kind,etc.)	No. of Shares	Face Value	Issue / Tranfer Price Rs.	Percentage of Post Issue Paid up capital	Lock in period in years
Ram Gopal Maheshwari							
Transfer	28-May-04	Cash	15000	10	10.00	0.09%	3
Transfer	29-Sep-04	Cash	267500	10	8.53	1.57%	3
Transfer	8-Jul-05	Cash	100000	10	10.00	0.59%	3
Transfer	12-Jul-05	Cash	169250	10	10.62	0.99%	3
Transfer	1-Aug-05	Cash	50000	10	10.00	0.29%	3
Transfer	30-Aug-05	Cash	20000	10	25.00	0.12%	3
Transfer	22-Sep-05	Cash	50000	10	10.00	0.29%	3
Transfer	20-Mar-06	Cash	320000	10	6.67	1.87%	3
Transfer	20-Mar-06	Cash	587750	10	4.57	3.45%	3
Transfer	20-Mar-06	Cash	267000	10	6.72	1.57%	3
Allotment	31-Mar-06	Bonus	557375	10	Nil	3.27%	3
Transfer	31-Mar-06	Cash	160000	10	6.67	0.94%	3
Transfer	31-Mar-06	Cash	293875	10	4.57	1.72%	3
Transfer	31-Mar-06	Cash	133500	10	6.72	0.78%	3
			2991250			**17.54%**	
Anjanee Kumar Lakhotia							
Transfer	28-May-04	Cash	154000	10	10	0.90%	3
Transfer	31-Mar-05	Cash	10500	10	10	0.06%	3
Transfer	20-Jun-05	Cash	35000	10	10	0.21%	3
Transfer	20-Sep-05	Cash	4000	10	10	0.02%	3
Allotment	31-Mar-06	Bonus	128750	10	-	0.75%	3
			332250			**1.95%**	
Maruti Maheshwari							
Transfer	28-May-04	Cash	30500	10	10	0.18%	3
Transfer	20-Mar-06	Cash	5000	10	6.67	0.03%	3
Allotment	31-Mar-06	Bonus	54000	10	-	0.32%	3
Transfer	31-Mar-06	Cash	2500	10	6.67	0.01%	3
			92000			**0.54%**	
Grand Total			**3412750**			**20.03%**	

Out of the total shareholding of the promoters, 3412750 equity shares held by the above promoters being 20% of the post issue capital will be locked in for a period of three years.

In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock-in of 20% of post Issue shareholding of the Promoters for three years, as specified above, the entire pre-Issue share capital (excluding the Promoter's Contribution) shall be locked-in for a period of one year from the date of allotment in this Issue.

Lock-in period shall start from the date of allotment of the Equity Shares in terms of the Red Herring Prospectus.

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.

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than 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 SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, 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.

The securities which are subject to lock-in shall carry inscription 'non-transferable' along with the duration of specified non-transferable period mentioned in the face of the security certificate.

3. Shareholding Pattern of Our Company

The Pre-Issue and Post-Issue Share Holding Pattern of the Promoter and Promoter Group is as under:

		Pre Issue		Post Issue	
	Name of Shareholder	**No of Shares**	**% of Holding**	**No of Shares**	**% of Holding**
A	**Promoters**				
	Ram Gopal Maheshwari	3434250	31.04	3434250	20.13
	Anjanee Kumar Lakhotia	386250	3.49	386250	2.26
	Maruti Maheshwari	169500	1.53	169500	0.99
	Sub Total (A)	**3990000**	**36.06**	**3990000**	**23.38**
B	**Promoter Group**				
	Aditya Maheshwari	215250	1.95	215250	1.26
	Uma Devi Lakhotia	49125	0.44	49125	0.29
	SMH Capital Limited	3580687	32.36	3580687	20.98
	Shweta Maheshwari	29250	0.26	29250	0.17
	Prabhu International Vyapar (P) Ltd.	2747790	24.84	2747790	16.10
	Sub Total (B)	**6622102**	**59.85**	**6622102**	**38.80**
	Shareholding of Promoter and Promoters' Group	**10612102**	**95.92**	**10612102**	**62.19**

The Pre-Issue and Post-Issue Share Holding Pattern of others is as under:

Others	No of Shares	% of Holding	No of Shares	% of Holding
Gokul Sales Pvt. Ltd.	396625	3.58	396625	2.32
Jai Art 'N' Image Private Ltd	55000	0.50	55000	0.32
	451625	**4.08**	**451625**	**2.65**

The Pre-issue and Post-issue share holding pattern of our Company is as under:

Category	Pre-Issue		Post-Issue	
	No. Of shares @ Rs. 10/- each	**% Holding**	**No. Of shares @ Rs. 10/- each**	**% Holding**
Promoters and Promoter Group	10612102	95.92	10612102	62.19
Non-Promoters				
Public	Nil	Nil	6000000	35.16
Others	451625	4.08	451625	2.65
Total	**11063727**	**100.00**	**17063727**	**100.00**

4. Our Company, its promoters, 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. In the case of over subscription in all categories, at least 35% and 15% of the net offer to the public shall be allocated on a proportionate basis to Retail Individual Investors and Non-Institutional Investors respectively. Up to 50% of the Net Issue shall be allocated to QIBs, 5% thereof shall be specifically available for mutual funds registered with SEBI on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs. Over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer.

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

Sl No.	Date of Transfer	Transferor	Transferee	No of Equity Shares	Face Value	Purchase Price in (Rs.)
1	21-Apr-06	Rekha Devi Lakhotia	Prabhu International Vyapar Pvt. Ltd.	40500	10	8.02
2	21-Apr-06	Maheshwari Steel Processors	Prabhu International Vyapar Pvt. Ltd.	1615875	10	9.66

There have been transfers inter-se amongst the promoter group and the transfers have been made at the cost of acquisition of the original holder.

7. The list of top ten shareholders in our Company and the number of Equity Shares held by them is as under:

The top ten shareholders in our Company as on the date of filing this Draft Red Herring Prospectus are as follows: (To be updated at the time of filing of the Red Herring Prospectus with ROC)

Sl No.	Name of Shareholder	No of Shares	% of Holding
1	SMH Capital Limited	3580687	32.36%
2	Ram Gopal Maheshwari	3434250	31.04%
3	Prabhu International Vyapar (P) Ltd.	2747790	24.84%
4	Gokul Sales Pvt. Ltd.	396625	3.58%
5	Anjanee Kumar Lakhotia	386250	3.49%
6	Aditya Maheshwari	215250	1.95%
7	Maruti Maheshwari	169500	1.53%
8	Jai Art N' Image Pvt. Ltd.	55000	0.50%
9	Uma Devi Lakhotia	49125	0.44%
10	Shweta Maheshwari	29250	0.26%

The top ten shareholders in our Company as on ten days prior to filing this Draft Red Herring Prospectus are as follows: (To be updated at the time of filing of the Red Herring Prospectus with ROC).

Sl No.	Name of Shareholder	No of Shares	% of Holding
1	SMH Capital Limited	3580687	32.36%
2	Ram Gopal Maheshwari	3434250	31.04%
3	Prabhu International Vyapar (P) Ltd.	2747790	24.84%
4	Gokul Sales Pvt. Ltd.	396625	3.58%
5	Anjanee Kumar Lakhotia	386250	3.49%
6	Aditya Maheshwari	215250	1.95%
7	Maruti Maheshwari	169500	1.53%
8	Jai Art N' Image Pvt. Ltd.	55000	0.50%
9	Uma Devi Lakhotia	49125	0.44%
10	Shweta Maheshwari	29250	0.26%

The top ten shareholders in our Company as of two years prior to filing this Draft Red Herring Prospectus are as follows: (To be updated at the time of filing of the Red Herring Prospectus with ROC)

Sl No.	Name of Shareholder	No of Shares	% of Holding
1	Maheshwari Steel Processors	759000	12.67%
2	SMH Capital Limited	495000	8.26%
3	Ram Gopal Maheshwari	331000	5.52%
4	Anupam Advisory (P) Ltd.	227500	3.80%
5	AakarComodeal (P) Ltd.	220000	3.67%
6	Maruti Maheshwari	200000	3.34%
7	Panchashsheel Vyapar (P) Ltd.	200000	3.34%
8	Pawan Kumar Lakhotia	182000	3.04%
9	Anjanee Kumar Lakhotia	175000	2.92%
10	KPS Finance & Trade (P) Ltd	165000	2.75%

8. Our Company has not granted any options or issued any shares under any employee stock option or employees stock purchase scheme.

9. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

10. We presently does not have any intention or proposal to alter our capital structure for a period of six months from the Bid/ Issue opening date, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may, subject to necessary approvals, undertake an issue of shares or securities linked to equity shares to finance an acquisition, merger, or joint venture by us or as consideration for such acquisition, merger or joint venture, or to capitalize upon any business opportunities, or for regulatory compliance if an opportunity of such nature is determined by our Board to be in our interest.

11. There shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

12. As on date of this Draft Red Herring Prospectus, the number of holders of Equity shares are 10.

13. We have not raised any Bridge Loans against the proceeds of this Issue.

14. We have not issued Equity Shares for consideration other than cash except to the extent of bonus shares issued to the existing shareholders by capitalization of free reserves as described in the table on page no. 13 of this Draft Red Herring Prospectus and shares issued to Mrs. Gayatri Devi Maheshwari and Mr. Mahabir Prasad Maheshwari in lieu of takeover of partnership firm.

15. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.

16. The Equity Shares held by the Promoters are not subject to any pledge.

17. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.

18. The promoters' contribution that has been brought-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.

19. There are no transactions in the securities of our Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group Companies or associates or by the above entities directly or indirectly to other persons.

20. The equity shares offered through this issue shall be made fully paid up on allotment.

4. OBJECTS OF THE ISSUE

The objects of the offer are to achieve the benefits of listing on the Stock Exchanges and to raise capital. We believe that listing will enhance our Company's brand name and provide liquidity to our existing shareholders. Further the listing will also provide a public market for the equity shares of our Company in India.

The net proceeds of the Issue after deducting all issue related expenses are estimated to be approximately Rs. [•] Lacs. Our Company intends to use the net proceeds of the Issue to purchase capital equipment, for margin for long-term working capital requirement and for investment in BOT projects and joint ventures.

The Main Object Clause and the objects incidental to the main object clause of the Memorandum of Association enable our Company to undertake the existing activities and the activities for which the funds are being raised in the present issue.

The details of the proceeds of the issue are summarized below:

Rs. in Lacs

Particulars	**Amount**
Gross Proceeds of the Issue	[•]
Issue related expenses	[•]
Net proceeds of the Issue	[•]

The following table summarizes the use of proceeds

Rs. in Lacs

Particulars	**Amount**
1) Investment in Capital Equipment	2803
2) Margin for Long Term Working Capital	2560
3) Investment in BOT Projects and Joint Ventures	3000
Total	**8363**

Means of Finance

The total requirement of funds will be met as follows:

Rs. in Lacs

Particulars	**Amount**
1) Portion of Capital Equipment to be financed by JV Partners/Contractees/Equipment Finance Companies	2250
2) Net proceeds of the Public Issue	[•]
3) Internal Accruals	[•]
Total	**[•]**

Our Company has received in-principle approvals for sanctions towards equipment finance from JV Partners/Contractees/ Equipment Finance Companies amounting to Rs. 2250 Lacs. Thus our Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the means of finance, excluding the amount to be raised through proposed Public Issue have been made in compliance with clause 2.8 of the SEBI (DIP) Guidelines 2000.

Notes:

1. The substantial amount of the funds requirement is proposed to be funded through this Issue. In case of any shortfall in meeting project cost, the same shall be met through further internal accruals. Excess money, if any, will be utilized for general corporate purposes including but not restricted to repayment of loans.

2. No part of the Issue proceeds will be paid as consideration to Promoters, directors, key managerial personnel, associate or group companies.

Appraisal

The objects of the issue for which the funds are being raised are as per our Company's own estimates and have not been appraised by any Bank/Financial Institution. We have appointed State Bank of Mysore to monitor the utilization of funds.

Details of use of proceeds

1. Investment in Capital Equipment

Our business of infrastructure development and maintenance of roads requires investment in capital equipments on a regular basis. Based on our Company's order book as on 31st August 2006 and the projects already tendered for, we have estimated a capital expenditure plan of Rs. 2803 Lacs. We intend to deploy Rs. 552 Lacs out of the net proceeds of the Issue for purchase of capital equipments. The details of the equipment our Company has purchased and intends to purchase and their estimated costs, including the estimated costs of associated spares, attachments and other accessories, are specified in the following capital expenditure plan:

A. List of Machineries already procured

Rs. in Lacs

Sl. No.	Equipment Description	Manufacturer	Qty. No	Amount	Date of Delivery
1	TIPPER Taurus 2516/2 - 3810 MM (150') WB	Ashok Leyland Ltd.	10	158.69	31.03.06
2	Backhoe Loader Terex Vectra TX – 760	Terex Vectra Equipment (P) Ltd	1	17.26	17.06.06
3	Portable Compressor Ingersoll Rand HP – 450	Ingersoll Rand (India) Ltd	1	9.84	17.06.06
4	Tandem Roller Ingersoll Rand DD – 90	Ingersoll Rand (India) Ltd	1	25.72	17.05.06
5	Vibratory Soil Compactor Ingersoll Rand SD-110	Ingersoll Rand (India) Ltd	1	22.37	17.05.06
6	Transit Mixer Greaves CIFA RHS 65XL	Greaves Cotton Ltd.	3	29.45	26.05.06
7	Concrete Batching Plant (30 Cum / hr) CPL CP30	Schwing Stetter (India) Pvt. Ltd.	1	39.47	06.06.06
8	Chassis for Transit Mixers 2516 H/4A AL	Ashok Leyland Ltd.	3	37.93	May 06
9	i. Primary Jaw Crusher ii. Secondary Cone Crusher iii. Tertiary Crusher	Metso Minerals (Singapore) Pte. Ltd.	1	157.68	31.03.06 31.03.06 26.05.06
10	200 TPH Stone Crusher (cone type) Metso (Indeginous Items)	Metso Minerals (India) Pvt. Ltd.	1	242.67	03.04.06 06.05.06 17.05.06 26.05.06 15.06.06
11	Excavator (1 Cum) L&T Komatsu Model PC 200-6	L&T Komatsu Ltd.	1	48.42	30.08.06
12	Crawler Drill Atlas Copco LM 100	Atlas Copco (India) Ltd.	1	13.92	14.09.06
13	Sweeping Machine Dulevo - 5000 City	Dulevo International Spa Italy	1	73.32	June 06
	Total for (A)			**876.74**	

B. List of Machineries already ordered

Rs. in Lacs

Sl No	Particulars	Name of Supplier	Qty	Amount	Ordered On	Expected time of Delivery
1	Sweeping Machine Dulevo - 5000 Evolution	Western Floor Pvt. Ltd	2	149.40	02.06.06	Oct 06 Nov 06
2	Hydraulic Rock Breaker	Atlas Copco (India) Ltd.	1	15.15	Aug 06	Oct 06
3	DG Set 82.5 KVA KOEL make Model 4R1040 TA Diesel	Western Consolidated Pvt. Ltd.	1	4.83	Aug 06	Oct 06
4	DG Set 500 KVA with Canopy KOEL Model 10K18TA 602 Diesel	Western Consolidated Pvt. Ltd.	2	48.29	Aug 06	Oct 06
5	Fuel tank with control panel for 500 KVA DG set	Western Consolidated Pvt. Ltd.	1	6.18	Aug 06	Oct 06
	Total for (B)			**223.85**		

C. Machineries yet to be ordered

Rs. in Lacs

Sl No	Particulars	Name of Tentative Supplier	Qty	Rs. In Las	Date of Quotation Relied Upon
1	Chassis for TM 2516 H/4A AL	Ashok Leyland Ltd.	3	37.50	30-May-06
2	Drill LM 100	Atlas Copco India Ltd	2	27.22	18-Sep-06
3	Transit Mixers Greaves CIFA 6 Cu.m	Greaves Cotton Ltd	3	27.30	6-Feb-06
4	Wet mix Plant 100 TPH Apollo WM-100	Gujarat Apollo Equipments Ltd	1	15.37	18-Mar-06
5	Titan 326 Electronic Sensor Paver with VB 88 Screed for Paving up 9 Meter	Ingersoll Rand (India) Ltd.	1	138.65	23-May-06
6	DD 90	Ingersoll Rand (India) Ltd.	4	101.62	18-Sep-06
7	SD 110	Ingersoll Rand (India) Ltd.	4	87.10	18-Sep-06
8	PTR model RTR 220	Ingersoll Rand (India) Ltd.	2	60.49	18-Sep-06
9	Compressor 450 cfm	Ingersoll Rand (India) Ltd.	2	20.57	18-Sep-06
10	Excavator 1 Cu.m L&T Model PC 200-6	Larsen & Toubro Ltd	3	140.06	18-Sep-06
11	Komatsu Dozer Model D41E-6	Larsen & Toubro Ltd	1	58.25	24-Apr-06
12	Motor Grader	Larsen & Toubro Ltd	2	143.16	24-Mar-06
13	Concrete Batching Plant Model CP-30,30 m3 Per hour	Schwing Stetter India Pvt Ltd	1	38.00	19-Oct-05
14	Hot Mix Plant - Speco 160 TPH Model – TSAP - 2000 FFW	Speco Ltd	1	241.80	8-Jun-06

15	Dumper LPK-2516 Cu.m (Tata)	Tata Motors Ltd	30	488.64	16-Sep-06
16	160 KVA DG Set	Weston Consolidated Pvt. Ltd	1	8.04	18-Sep-06
17	82 – 5 KVA DGA Set	Weston Consolidated Pvt. Ltd	2	9.53	18-Sep-06
18	500 KVA DG Set with C Panel	Weston Consolidated Pvt. Ltd	2	58.66	18-Sep-06
	TOTAL for (C)			**1701.96**	
	Total for (A + B + C)			**2802.55**	

For the above estimates where the equipment is yet to be ordered, we have relied upon quotations received by us and our past experience. Where more than one quotation has been sought, we have indicated the lowest of such quotations. We are negotiating with several suppliers and the actual supplier may vary from the one mentioned above. We do not propose to buy any second hand plant and machineries out of the issue proceeds.

2. Margin Money for Long Term Working Capital

We currently have the following working capital facilities with the Consortium of Banks:

Rs in Lacs

Name of Bank	Fund Based	Non Fund based	Total Limits
State Bank of Mysore	575.00	3000.00	3575.00
State Bank of Patiala	345.00	1500.00	1845.00
State Bank of Hyderabad	125.00	1750.00	1875.00
State Bank of Bikaner & Jaipur	143.50	1380.00	1523.50
Bank of India	125.00	950.00	1075.00
Citibank	54.00	-	54.00
Total	**1367.50**	**8580.00**	**9947.50**

In view of the current order book position and further requirement of working capital, we have requested enhancement of our existing limits. The working capital requirement as estimated by us and as per the CMA Data submitted with Banks for sanction is as follows:

FUND BASED LIMITS

Rs. in Lacs

	Particulars	**31.03.06**	**31.03.07**	**31.03.08**
		Audited	**Estimated**	**Estimated**
1	Total Current Assets (A)	5,623.71	7,186.10	13,133.25
2	Current Liabilities (B)	2,425.83	2,496.66	3,862.57
3	Working Capital Gap (C = A-B)	3,197.88	4,689.44	9,270.68
4	Assessed Bank Finance (D)	1,304.00	2,254.22	4,816.74
5	**Net Working Capital (C-D)**	**1,893.88**(1)	**2,435.22**(2)	**4,453.94**(3)
	Requirement of additional margin		**541.34**(2-1)	**2,018.72**(3-2)

In order to avail the enhanced limits as proposed by us for the financial year 06-07 and 07-08, the additional margin to be contributed by us is Rs. 2560.06 Lacs.

3. Investment in BOT Projects and Joint Ventures

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

The government, through the nodal agencies proposes to offer several projects on a Build-Operate-Transfer (BOT) basis and Build-Own-Operate-Transfer (BOOT) basis. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue over the concession period. We foresee tremendous opportunity in this area. We have completed the first homogenous section of one BOT project.

Our Company intends to bid for various projects on a BOT or BOOT basis and invest in joint ventures within and outside India. BOT and BOOT projects require private sector investment in the form of capital infusion with the autonomy to operate and generate revenues. To be able to undertake such projects, the Company is required to form special purpose vehicles ("SPVs") to facilitate the execution of such projects. Typically, these projects involve contracts with concession periods ranging between 20 to 30 years. Most of the construction companies are bidding for such projects. The funds raised through this present issue would strengthen the capability of MBL to quote for BOT/BOOT tenders. Entry into BOT/BOOT projects would help us augment pre-qualification in this area. Our Company intends to use Rs. 3000 Lacs out of the proceeds of the Issue for investment in SPVs and joint ventures within and outside India. Our Company believes that it will derive benefits from investments in such SPVs and joint ventures by being in a better position to bid for various projects on BOT or BOOT basis.

Our Company has not identified any SPV or joint venture in which it will invest and it is not assured of any returns from such investments. It cannot be assured that our Company would be able to identify such SPVs or joint ventures for making investment. The management, in accordance with the policies of the Board, will have the flexibility in applying such proceeds of the Issue which have been allocated for the above purpose.

4. Issue related Expenses

The issue expenses include, among others, issue management fees, underwriting and selling commission, distribution expenses, legal fees, fees to advisors, Printing & Stationary Expenses, Advertising and marketing expenses, listing fees to the stock exchanges, registrar and depository fees. All expenses with respect to the issue will be borne out of the issue proceeds.
Our Company estimates that overall Public Issue expenses will not be more than Rs. [•] Lacs. The detailed break-up of Public Issue Expenses is given on page no. 154 of the Draft Red Herring Prospectus.

Schedule of Implementation

The year wise break-up of the proposed expenditure is as follows:

Rs. in Lacs

Particulars	Total	Amount to be utilized up to	
		31st March 2007	31st March 2008
1. Investment in Capital Equipment	2803	2803	-
2. Margin for Long Term Working Capital	2560	541	2019
3. Investment in BOT Projects and Joint Ventures	3000	3000	-
Total	**8363**	**6344**	**2019**

Deployment of Funds

We have already deployed a sum of Rs. 894.57 Lacs up to 25th September 2006 towards the various objects of the present issue. The same has been certified by Khandelwal Ravindra & Co. Chartered Accountants, the auditors of our company, vide their certificate dated 25th September 2006. The details of the funds already deployed are as under:

Rs. in Lacs

Deployment of Funds	Amount
Purchase of Plant & Machinery	876.74
Public Issue Expenses	17.83
Total	**894.57**

Sources of Funds Already Deployed

The deployments of funds were made from internal accruals of our Company/ Promoters Contribution in the Issue as detailed below:

Rs. in Lacs

Sources of Financing of Funds Already Deployed	Amount
Internal Accruals	70.82
Secured Loans from Bodies Corporate	823.75
Total	**894.57**

Interim use of Funds

Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including fixed deposits with scheduled commercial banks. Such investments would be in accordance with the investment policies approved by the Board or a duly authorized committee from time to time.

Monitoring of Utilization of Funds

The funds raised from the public shall be monitored by State Bank of Mysore who have been appointed as the Monitoring agency. Our Board will also monitor the utilization of the proceeds of the issue. Our Company will disclose the utilization of the proceeds of the issue under a separate head in our Company's balance sheet clearly specifying the purpose for which such proceeds have been utilized. Our Company will also provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

5. BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process and on the basis of the following qualitative and quantitative factors.

QUALITATIVE FACTORS

1. A profit making company since inception.
2. Engaged in Infrastructure Development primarily in road construction and maintenance, industrial infrastructure, waste management (ferrous scrap and slag recycling) at major steel plants.
3. Our Clients comprise of NHAI, Public Works Departments of Uttar Pradesh, Jharkhand, NCT New Delhi, Madhya Pradesh Road Development Corporation, Mumbai Metropolitan Region Development Authority and SAIL.
4. We were among the first batch of contractors to be awarded the contracts of prestigious North South East West Corridor by NHAI and were the first amongst the batch to complete the project.
5. We were also amongst the first batch of contractors to be awarded the contract for maintenance of National Highways by NHAI.
6. We are currently maintaining the outer and inner ring road of New Delhi, a pioneer project in the maintenance of Metro City roads.
7. We were amongst the few contractors in implementing BOT projects for road construction on public-private partnership basis.
8. Our Company has highly qualified and motivated employees base and a proven management team.
9. Our Company has large fleet of sophisticated construction equipments.
10. We were part of the industrial infrastructure development at Haldia Petrochemicals a prestigious project of the State of West Bengal.
11. We possess an order book of Rs 416 crores (as on 25th September 2006).

QUANTITATIVE FACTORS

ADJUSTED EARNING PER SHARE (EPS)

Financial Period	**EPS based on Restated Financial Statements (Rs.)**	**Weight**
Year ended March 31, 2004	5.27	1
Year ended March 31, 2005	6.10	2
Year ended March 31, 2006	7.64	3
Weighted Average	**6.73**	

PRICE EARNING RATIO (P/E RATIO)

Price Earning Ratio in relation to the Issue Price

Price Earning Ratio based on year ended March 31, 2006 EPS (based on restated financial statements) of Rs. 7.64 is **[·]**, at the lower end of the price band and **[·]**, at the upper end of the price band.

Industry P/E*

Highest (Mahindra Gesco)	52.50
Lowest (Regliaa Realty)	13.40
Average	36.90

**Source: Capital Market, Sep 25- Oct 8, 2006*

RETURN ON NET WORTH (RoNW)

Financial Period	RONW based on Restated Financial Statements (%)	Weight
Year ended March 31, 2004	25.32	1
Year ended March 31, 2005	24.11	2
Year ended March 31, 2006	24.04	3
Weighted Average	**24.28**	

Minimum Return on Total Net Worth after Issue needed to maintain pre-Issue EPS of Rs. 7.64 is [·]

NET ASSETS VALUE (NAV)

As at March 31, 2006	Rs. 31.79
After the Issue	Rs. **[·]**

Notes:

a. The Earnings per share and the average return on net worth has been computed on the basis of the restated financial statements of the respective years drawn after considering the impact of accounting policy changes and material adjustments /prior period items pertaining to the earlier years.

b. Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of Shares outstanding at the end of the period.

COMPARISON OF THE ACCOUNTING RATIOS OF OUR COMPANY WITH THE INDUSTRY AVERAGE AND WITH THE ACCOUNTING RATIOS OF THE PEER GROUP (i.e. COMPANIES OF COMPARABLE SIZE IN THE SAME INDUSTRY) FOR THE PERIOD ENDING MARCH 31, 2006

Name of Company	EPS (Rs.)	Book Value (Rs.)	RONW (%)	P/E Ratio
JMC Projects	2.40	32.00	7.20	52.50
MSK Projects	5.00	40.00	13.30	13.40
Pratibha Industries	8.60	57.60	24.40	17.40
Valecha Engineering	12.20	170.40	11.60	14.20
Vipul Limited	17.60	32.60	28.70	35.60
MBL Infrastructures Limited	7.64	31.79	24.04	-
Industry Average				36.90

Source: Our EPS, Book Value and RONW have been taken from our restated financial statements*. Source for peer group information is Capital Market, Volume XXI/15, Sep 25-Oct 8, 2006*

The face value per share is Rs. 10/- and the Issue Price of Rs. [•] is [·] times the face value.

The BRLMs believe that the Issue Price of Rs. **[·]** is justified in view of the above qualitative and quantitative parameters. The investors may want to pursue the risk factors on page xi of this Draft Red Herring Prospectus and the financials of our Company including important profitability and return ratios, as set out in the Financial Statements on page 83 of this Draft Red Herring Prospectus to have a more informed view of the investment proposition.

6. STATEMENT OF TAX BENEFITS

The Board of Directors
MBL Infrastructures Limited
23A, N.S. Road,
Room No. 14, 3rd Floor,
Kolkata - 700001

We, the auditors of MBL Infrastructures Limited hereby confirm that the attached annexure details the generally available tax benefits to the Company and its shareholders under the Income Tax Act, 1961. The tax benefits available to the "Company" and its Shareholders are as under the current tax law presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For Khandelwal Ravindra & Co.
Chartered Accountants

(Ravindra Khandelwal)
Proprietor

Membership No: 054615

Place: Kolkata

Dated: 25th September 2006

TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS:

The Company is advised that under the current provisions of the Income tax Act, 1961 (hereinafter referred to as "The Act") and existing laws for the time being in force, the following benefits are available to the Company and to its Shareholders.

(a) Benefits Available to the Company under the Income-Tax Act, 1961 ('the Act')

1. As per the provisions of section 80-IA(1) and 80-IA(4) of the Act, the Company is eligible to claim 100% tax benefit with respect to profits derived from (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining any infrastructure facility. However, the benefit is available subject to fulfillment of conditions prescribed under the section.

2. As per the provisions of section 10(34) of the Act, dividends referred to in Section 115O of the Act (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of a domestic company is exempt from tax.

3. As per the provisions of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a Company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

   i. the transaction of sale of such equity share is entered into on or after 10th September 2004
   ii. the transaction is chargeable to such securities transaction tax as explained below.

4. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in a recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ 0.125% (wef 01 June 2006) of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025 % (wef 1 June 2006) of the value payable by the seller.

5. In accordance with and subject to the conditions specified in section 35D of the Income Tax Act, the Company is entitled to amortization, over a period of five years, of all expenditure in connection with the proposed Public Issue subject to the overall limit prescribed in the said section as the Public Issue is for the extension of the business.

6. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

7. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by;

   i. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
   ii. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
   iii. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
   iv. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
   v. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;

8. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in case not covered under section 10(38) of the Act) on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfied the following conditions, namely –

   (i) the issue is made by a public company formed and registered in India;

   (ii) the shares forming part of the issue are offered for subscription to the public.*

   Note: There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

9. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholder.

10. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of investment in shares on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge & cess).

(b) Benefits Available to Resident Shareholders under the Income-Tax Act, 1961 ('the Act')

1. As per the provisions of section 10(34) of the Act, dividends referred to in Section 115O of the Act (ie dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.

2. As per the provisions of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a Company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

   (i) the transaction of sale of such equity share is entered into on or after 10th September 2004

   (ii) the transaction is chargeable to such securities transaction tax as explained below.

3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in a recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ 0.125% (wef 01 June 2006) of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025 % (wef 1 June 2006) of the value payable by the seller.

4. In terms of section 88E of the Act, 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. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

5. Under section 48 of the Act, if the company's in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by;

   i. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;

   ii. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

   iii. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

   iv. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and

   v. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;

7. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in case not covered under section 10(38) of the Act) on the transfer of shares in the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfied the following conditions, namely –

   (i) the issue is made by a public company formed and registered in India;

   (ii) the shares forming part of the issue are offered for subscription to the public.

   Note: There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

8. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

9. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholder.

10. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of investment in shares on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge & cess).

(c) Benefits Available to Non-Resident Indians / Non-Resident Shareholders under the Income-Tax Act, 1961 ('the Act')

1. As per the provisions of section 10(34) of the Act, dividends referred to in Section 115O of the Act (ie dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (ie an individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the Company is exempt from tax.

2. As per the provisions of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a Company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
   i. the transaction of sale of such equity share is entered into on or after 10th September 2004
   ii. the transaction is chargeable to such securities transaction tax as explained below.

3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in a recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ 0.125% (wef 01 June 2006) of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025 % (wef 1 June 2006) of the value payable by the seller.

4. In terms of section 88E of the Act, 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. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by;

   i. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
   ii. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
   iii. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
   iv. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
   v. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;

6. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in case not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfied the following conditions, namely –

   i. the issue is made by a public company formed and registered in India;
   ii. the shares forming part of the issue are offered for subscription to the public.

Note: There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

7. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

8. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholder.

9. Under section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Income Tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

   a) Under section 115E of the Act, where shares in the company are acquired or subscribed to in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in case not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge & cess) (without indexation benefit but with protection against foreign exchange fluctuation).

   b) Under provisions of section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to the convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

   c) Under provisions of section 115G of the Act, Non-Resident Indians are not required to file a return of income under section 139(1) of the Act, if their only income is income from forex asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

   d) Under section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the year under Section 139 of the Act to the effect that the provisions of the Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

(d) Benefits Available to Foreign Institutional Investors ('FII')

1. As per the provisions of section 10(34) of the Act, dividends referred to in Section 115O of the Act (ie dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.

2. As per the provisions of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a Company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
   (i) the transaction of sale of such equity share is entered into on or after 10th September 2004
   (ii) the transaction is chargeable to such securities transaction tax.

3. In terms of section 88E of the Act, 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. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

4. The income by way of short term capital gains or long term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation.

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by;

   i. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;

   ii. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

   iii. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

   iv. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and

   v. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;

6. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in case not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfied the following conditions, namely –

   (i) the issue is made by a public company formed and registered in India;

   (ii) the shares forming part of the issue are offered for subscription to the public.

   Note: There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

(e) Benefits Available to Venture Capital Companies/Funds

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

(f) Benefits Available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions of Mutual Funds registered under the Securities and Board of India Act/regulation thereunder or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from investment in the shares of the Company.

(g) Benefits Available to Shareholders under the Wealth Tax Act, 1957

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

(h) Benefits Available to Shareholders under the Gift tax Act, 1958

Gift tax is not leviable in respect of any gifts made to relatives on or after September 1, 2004. Therefore, any gift of shares to relative will not attract gift tax.

Meaning of Relative

a) Spouse of individual
b) Brother or Sister of the individual
c) Brother or sister of the spouse of the individual
d) Brother or sister of either of the parents of the individual
e) Any lineal ascendant or descendant of the individual
f) Any lineal ascendant or descendant of the spouse of the individual
g) Spouse of the person referred to in (b) to (g)

Notes:

All the above tax benefits will be available only to the sole / first named holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this Note.

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and country in which the nonresident has fiscal domicile.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force as also under the Finance Bill, 2006 and as interpreted by the relevant taxation authorities as of date. The Investors in your Company are advised to consult their tax advisors with respect of the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

III. ABOUT MBL INFRASTRUCTURES LIMITED

1. INDUSTRY OVERVIEW

An efficient transport system is a pre- requisite for sustained economic development. It is not only the key infrastructural input for the growth process but also plays a significant role in promoting national integration, which is particularly important in a large country like India. The transport system also plays an important role of promoting the development of the backward regions and integrating them with the mainstream economy by opening them to trade and investment. In a liberalized set- up, an efficient transport network becomes all the more important in order to increase productivity and enhancing the competitive efficiency of the economy in the world market.

Of the various modes of transport that connect the cities and villages of the country, road transport constitutes the crucial link. Road infrastructure facilitates movement of men and material, helps trade and commerce, links industry and agriculture to markets and opens up backward regions of India. In addition, the road system also provides last-mile connection for other modes of transport such as railways, airports, ports and inland waterway transport and complements the efforts of these modes in meeting the needs of transportation.

The Indian road network of approximately 3.34 million Kms is the second largest in the world and consists of:

Category	***Length in Km***
Expressways	200
National Highways	66,590
State Highways	1,28,000
Major District Roads	4,70,000
Rural and Other Roads	26,50,000
Total Length	**33.4 Lacs Kms (Approx)**

Source: www.nhai.org

Roads carry about 61% of the freight and 85% of the passenger traffic. Therefore, for a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways (NH), which serve as the arterial network across the country, constitute only 2% of the entire road network but carry almost 40% of the road traffic.

Infrastructure development in India has been spearheaded by activity in the road sector. The 13,146-km National Highway Development Programme (NHDP) has been taken up and is already under implementation Financing of road construction activities through earmarked funds from the levy of cess on petrol and diesel are innovative in the Indian context. Projects under annuity / shadow tolling route have supported the initial development process.

The road transport sector in India has expanded manifold in fifty years after independence, both in terms of spread and capacity. The growth in the importance of road transport within the transport sector is borne out by its growing share in GDP. The share of road transport in GDP is presently 3.69% which accounts for a major share of all transport modes which contribute 5.5% to GDP and handles more than 60 percent of the freight and more than 80 percent of the passenger traffic in India.

The road network though extensive remains inadequate in terms of spread, suffers from a number of deficiencies and is unable to handle high traffic density at many places and has poor riding quality in some segments. The main reason for these shortcomings is the inadequacy of funds. Efforts are now underway to address these issues and improvement in the road network has been accorded a very high priority. This expansion of capacity will have to be accompanied by technological upgradation in many critical areas. The need for new technology acquires greater urgency because the sector had been suffering from slow technological development for a long time.

- The Indian road network is seemingly very large. However, only 47% of the roads are paved.
- The high- density corridors of road linking metro cities and ports are crowded and are carrying traffic more than capacity.
- About 14000 kms of National Highway require four laning, while 10000 kms require widening from single lane to two- lane to facilitate normal flow of existing road traffic.
- The average productivity of a truck is 200 kms a day as against 350- 400 kms that would be possible through reduction of congestion.

Road Network

The entire network is classified into five distinct categories perhaps from the viewpoint of management and administration. The five categories are:

- National Highways (NH)
- State Highways (SH)
- Major District Roads (MDR)
- Other District Roads (ODR)
- Village Roads (VR)

Among the different categories of roads, National Highways constitute around 2%, State Highways 4% while 94 per cent of the entire network comprises ODR, MDR and VR. Out of these, PWD Roads are 21%, Urban Roads 7% and the rest of the road length in India is accounted for by the rural roads. While development and maintenance of National Highways is under the purview of the Centre, all other categories of roads come under the purview of the respective States/ UT Governments.

The National Highways (NHs) have a length of 65,569 km and run across the length and breadth of India facilitating medium and long distance inter- city passenger & freight traffic. Though they comprise only about 2 per cent of the road network, they carry about 40 per cent of the road based traffic.

State Highways (SHs) and Major District Roads (MDRs) constitute the secondary system of road infrastructure of India. The State Highways provide linkages with the National Highways, district headquarters, important towns, tourist centres and minor ports and carry the traffic along major centres within the State. Their total length is about 137,711 km. Major District Roads run within the district, connecting areas of production with markets, rural areas to the district headquarters and to State Highways/ National Highways.

By acting as the link between the rural and urban areas, the State Highways and Major District Roads contribute significantly to the development of the rural economy and industrial growth of India. It is assessed that the secondary system caries about 40 per cent of the total road traffic and comprises about 20% of the total road length.

The last link in the chain is rural roads. The access to villages within a district or between different districts is provided by Other District Roads (ODRs) and Village Roads (VRs). These roads also meet the social needs of the villagers and are also a means for transportation of agriculture produce from the villages to nearby markets. Rural connectivity is a key component of rural development and contributes significantly to generating higher agricultural incomes and productive employment opportunities besides promoting access to economic and social services. Studies show that rural roads have a significant impact on poverty reduction as well.

Motor Vehicle Population

There has been a staggering 100-fold increase in the population of motorized vehicles. However, the expansion in the road network has not been commensurate with this increase. While the motor vehicle population has grown from 0.3 million in 1951 to over 30 million today, the road network has expanded from 0.4 million km to 3.34 million km, only a 8 fold increase in terms of length during the same period. However, upgrading of roads by way of widening of carriage- ways, improved surface quality, strengthening/ reconstruction of old/ weak bridges and culverts, etc. has been carried out.

The Tenth Plan Document (2002- 2007) reiterates the need for expeditious development of the Primary system [National Highways (NH) and Expressways], Secondary system [State Highways (SH) and Major District Roads (MDR)] and Rural Roads. The expeditious completion of the Golden Quadrilateral as also the North- South and East- West corridors is therefore essential. The encouragement of private sector participation in the Highway Sector, levy of tolls on NH network, Phased removal of deficiencies in the existing NH network, provision of wayside amenities along highways, popularization of use of containers and multi- axle vehicles in the carriage of goods for reducing transportation cost and road safety are some of the other major thrust areas. With the year 2004 being declared as the year of Road Safety, there is a concomitant requirement to tackle road safety related issues on priority.

The details of targets and achievements during the Ninth and the Tenth Five Year Plan are:

				Tenth Plan		
Sl No.	**Activity**	**Targets/ Achievements**	**Ninth Plan (1997-2002)**	**Annual Plan (2002-03)**	**Annual Plan (2003-04)**	**Annual Plan (2004-05)**
1	Widening to 2- Lanes (km)	Targets	1791	829	701	832
		Achievements	1955	710	671	221*
2	Widening to 4- Lanes (km)	Targets	944	582	2245	2945
		Achievements	797	418	799	841*
3	Strengthening Weak 2 Lanes (km)	Targets	3042	1260	3016	3535
		Achievements	3511	1109	1489	1087*
4	By- Passes (Nos.)	Targets	59	21	20	12
		Achievements	30	12	6	3*
5	Construction of Bridges/ ROBs/ RUBs including rehabilitation of Bridges (Nos.)	Targets	633	175	182	232
		Achievements	442	143	123	30*

* Annual Plan 2004- 05- Achievements up to October, 2004

<u>Outlay for the Tenth Plan</u>

The outlay for Central Sector roads for the Tenth Plan is Rs 59,490 crore. This includes Rs 34,790 crore of budgetary support and Rs 24,700 crore of internal and extra budgetary resources (IEBR).

Transport and Budgetary Allocation

Transport planning has to give priority to creating a policy framework, which ensures an adequate flow of resources to this sector. Within the budgetary constraints, transport infrastructure development needs to be treated as a high priority area for continued resource allocation. Despite these efforts, the total resource requirement greatly exceeds the capacity of the budget to meet the cost of maintenance and expansion. Broad estimates of investment requirement till the year 2010 indicate that it will be necessary to increase annual investment levels to three to four times the present level in real terms. The financing of investment on this scale is a massive task. Increasing participation of the private sector would also be necessary to augment the resource base and increase competitive efficiency.

In order to augment availability of resources for the sector, the budgetary resources could be used to leverage private investment. Internal generation of resources through rational pricing and user charges is, therefore, essential for the successful development of transport infrastructure.

Problems in Road Infrastructure Development

1. Land Acquisition

Speedy land acquisition is crucial for timely completion of road projects. This is more important for implementation of major projects of NHDP which have a time bound programme for completion. In some States like Tamil Nadu, Maharashtra and Gujarat, it took a long time for acquiring the land. The delays are mainly due to preoccupation of competent authority appointed by State Governments with other works, frequent transfers of competent authorities and opposition from the land users.

2. Shifting of Utilities

Development of roads particularly 4- laning under NHDP sometimes require shifting/ relocation of utilities like electric lines, telephone lines and water pipes etc. Despite the entire allocation cost being met by NHAI and advance payments being made, there have been instances of inordinate delays.

3. Cutting of Trees

Improvement of NHs, particularly widening sometimes require cutting of trees in many reaches. Despite the payment of prescribed compensation for plantation of trees, approval for tree cutting has taken a lot of time in some States. Sometimes additional conditions are put which are difficult to implement.

4. Law and Order

There have been problem of law and order in some States which has affected the progress of NHDP. The problem of insurgency in some of the States of the North- East Region is also acute, which has adversely affected work on roads. There have also been instances of assault on field level officers. State Government and local administration need to take effective steps to curb such incidents and create an atmosphere of security.

5. Encroachments along National Highways

Encroachment of government lands is a common phenomenon. Almost all NHs suffer from this menace. The Central Government which has the control of National Highways has notified Land and Traffic Act (2002) for removal of encroachments, control of traffic and control of access, which is applicable only within the right of way of National Highways. The State Governments have also to enact similar statutes for control of road side construction activities. Some of the States like

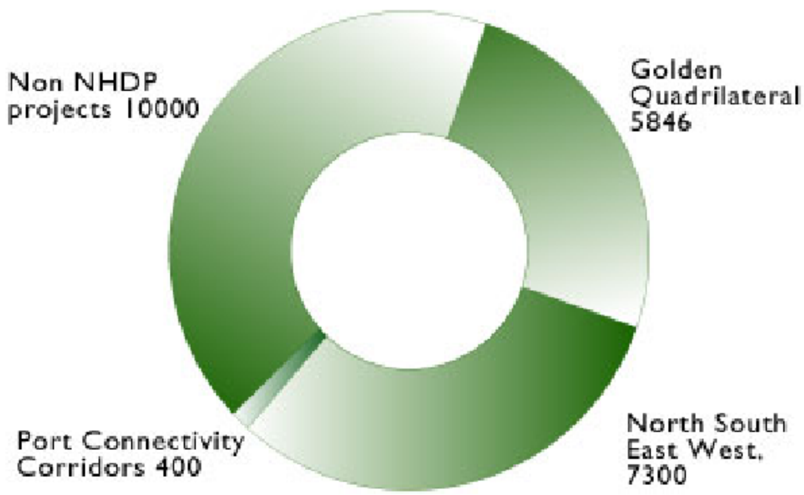
Assam, Rajasthan, Uttar Pradesh, Haryana and Karnataka have already enacted legislation in this regard.

GOVERNMENT INVESTMENTS PROVIDE THE IMPETUS FOR GROWTH

The focus of successive Governments on improving road connectivity across the country has brought about significant investments in road development. Government expenditure on roads in India is significant - 12 per cent of capital and 3 per cent of total expenditure; however, road maintenance is grossly under-funded with only one third of needs being met.

Recognizing the present deficiencies in the road network, the Government of India has sought to address these through the Tenth National Plan (2002-2007), which has assigned a high priority to the National Highway Development Programme (NHDP). As per the National Highways Authority of India (NHAI), a total of 23,546 kms of roads would be constructed in the next two years.

Road Projects Under Execution (in kms)



Source: NHDA

One of the most important programmes under NHAI is the National Highway Development Programme (NHDP). The NHDP has the following components:

a) **Golden Quadrilateral:** This project involves the four-laning of almost 6,000 km of national highways that link the four major cities in India (New Delhi, Kolkata, Chennai and Mumbai).

b) **North-South and East-West (NSEW) Corridor:** This project involves upgrading the existing 2-lane highways and four-laning of almost 7,300 km of national highways, connecting Srinagar to Kanyakumari (North-South) and Silchar to Porbandar (East-West). This project is likely to be completed by December 2009.

c) **Port connectivity and other projects:** The 10 major ports (Haldia, Paradeep, Vishakapatnam, Chennai & Ennore, Tuticorin, Cochin, New Mangalore, Marmugoa, Jawaharlal Nehru Port Trust and Kandla) would be connected to the Golden Quadrilateral by widening around 400 km of road network. Other road projects include widening and strengthening of about 780 km of roads. These projects are likely to be completed by December 2008.

The National Highway Development Programme (NHDP) involves a total investment of Rs.2,20,000 Crores up to the year 2012 and is divided into the following phases:

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

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

Four-laning of 10,000 kms (NHDP-III)

The Union Cabinet has approved the four-laning of 10,000 km of high density national highways, through the Build, Operation & Transfer (BOT) mode. The programme consists of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance.

Two laning of 20,000 km (NHDP-IV)

With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages upgradation of 20,000 Kms of such highways into two-lane highways, at an indicative cost of Rs.25,000 Crores. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

Six-laning of 6,500 kms (NHDP-V)

Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on BOT basis. These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will commence in 2006, to be completed by 2012. Of the 6,500 kms proposed under NHDP-V, about 5,700 kms shall be taken up in the GQ and the balance 800 kms would be selected on the basis of approved eligibility criteria.

Development of 1000 km of expressways (NHDP-VI)

With the growing importance of certain urban centers of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved 1000 k.m. of expressways to be developed on a BOT basis, at an indicative cost of Rs.15,000 crore. These expressways would be constructed on new alignments.

Other Highway Projects (NHDP-VII)

The development of ring roads, bye-passes, grade separators and service roads is considered necessary for full utilization of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs.15,000 crores, has been mandated.
(Source: www.infrastructure.gov.in)

Non-NHDP Projects

The key projects are detailed below:

MORTH Projects

The erstwhile Ministry of Road Transport and Highways and Ministry of Shipping were merged in September 2004 into a single Ministry of Shipping, Road Transport and Highways, with two Departments (1) Department of Shipping and (2) Department of Road Transport and Highways.

The Department of Road Transport and Highways has been entrusted primarily with the task of construction and maintenance of National Highways (NH), formulation of broad policies relating to road transport, environmental issues, automotive norms, etc. besides making arrangements for movement of vehicular traffic with neighboring countries.

The ministry is currently developing 10,000km of national highways (non-NHDP) over the next 4-5 years. These will all be BOT projects with grants; the grant will be one of the bidding variables, and will in no case exceed 25% of the BOT operator's project cost.

State Highway Projects

Road and highway development by states has been funded by contributions from the central reserve funds (CRF), loans from multilateral lending agencies such as the World Bank and Asian Development Bank, and state funds. Among states, Gujarat, Maharashtra, Haryana, Madhya Pradesh, Punjab, Kerala, Karnataka, and Tamil Nadu lead the others in road projects.

Rural Road Projects

The two main Rural Projects undertaken are as under:

Pradhan Mantri Bharat Jodo Pariyojana (PMBJP)

The PMBJP programme encompasses 48 new projects for upgrading and four-laning 10,000 km of roads outside the ambit of NHDP. Road stretches are being identified on the basis of three factors: traffic density, whether these roads connect State capitals with the NHDP network, and whether these roads are linked to important centers of tourist or economic activity.

Pradhan Mantri Grameen Sadak Yojana (PMGSY)

PMGSY, launched in December 2000, is a project aimed at improving rural roads and connectivity of villages. The project will provide road connectivity to 160,000 unconnected rural habitations with populations of 500 persons or more by the end of the Tenth Plan period (2007), at an estimated cost of USD13.33 billion. The programme aims at upgrading 500,000 km of rural roads and is being executed as a centrally sponsored scheme in all the States and six Union Territories.

KEY DRIVERS UNDERLYING THE GROWTH OF THE INDUSTRY

The growth in the infrastructure sector is being driven by a host of factors, which include:

- **Political will:** The Government of India (GOI) has initiated an ambitious reform programme, involving a shift from a controlled to an open market economy. Building further on the initiatives taken by the previous Government, the incumbent Government is undertaking several measures to enhance the quantum of investments in the infrastructure segment.

- **Funding from multi-lateral agencies:** Multilateral agencies such as the World Bank and the Asian Development Bank (ADB) are funding various infrastructure projects on a large scale in India. Various State Governments are mobilizing funds from these agencies to support rural roads.

- **Increased private participation:** To encourage private sector participation in the sector, the Government has announced several tax breaks for investments. It is also devising return schemes that are attractive for the private participants, such as annuity payments and capital grants for road projects. Laws are being enacted to improve the finances of utilities and make their management more transparent, so as to improve returns on these facilities.

- **Innovative modes of funding:** The Government is tapping alternative sources of funds for infrastructure development. One of these is the cess on petrol and diesel, which is being used to fund road projects such as the Golden Quadrilateral and the North-South East-West corridor.

PRIVATE SECTOR PARTICIPATION (PSP) BEING DRIVEN BY GOVERNMENT POLICY

The Government recognizes the importance of private participation in development of roads in the country. It has taken the requisite policy measures to encourage private investments in the sector.

Some of the initiatives undertaken by the Government include:

1. **National Legislative Changes:** The National Highways Act, 1956 has been amended to permit private entrepreneurs to undertake National Highways (NH) projects on a BOT basis and recover their investments through tolls. Under this Act, a simplified procedure has been prescribed for acquisition of land for the building, maintenance, management or operation of a National Highway and separate provisions have been made for the levy and collection of fees in respect of both public and private funded projects.

2. **State legal framework for PSP:** The Indian Toll Act, 1851, makes it possible for State Governments to levy and collect tolls on any road or bridge, which has been made or repaired at the expense of the Central Government or any State Government. However, the Act needs to be amended by respective State Governments to allow the private sector to levy and collect tolls on State roads and bridges. Some State Governments have indeed amended the Act – for example Uttar Pradesh and Madhya Pradesh – or otherwise taken legal steps in order to promote private sector participation

3. **Uniform Law:** In addition to amending the Indian Toll Act, another avenue being adopted by some States (e.g. Andhra Pradesh, Gujarat etc) is to enact a uniform law for infrastructure development.

The Path Ahead

Some of the measures to be undertaken are:

1. Ensuring road infrastructure development for sustained economic development in all regions of India, with a special attention to integrating backward regions and the North-East into the economic mainstream.
2. Maintenance of roads to be given priority with increased emphasis on maintenance standards, so as to reduce need for frequent reconstruction.
3. Association of private sector in development of road infrastructure and in provision of public transport services.
4. Encourage higher capacity and better technology vehicles for movement of both passengers and goods, so that development of road transport operations keeps pace with development of high quality roads. Encourage the adoption of low tare weight multi- axle commercial goods vehicles to minimize damage to roads.
5. Rationalize the motor vehicle tax regime across States.
6. Implementation of those recommendations of Auto- Fuel Policy Committee (Mashelkar Committee) as accepted by the Government, which pertain to road transport.
7. Reduction of barriers including check posts, octroi, sales tax posts,etc. to allow freer movement of road transport.
8. Discourage plying of overloaded trucks, which not only endanger road users but also damage road infrastructure.
9. Adopt a multi- disciplinary approach covering engineering, education and enforcement of regulatory provision to reduce the increasing number of road accidents.
10. Promote sustainable transport system with increased emphasis on safety, energy efficiency, environment conservation and positive social impact.

Investment Policy

In recent times the Government of India has laid great emphasis on the development of adequate road network in India. A vision of expressways connecting far corners of India has been projected. There is a need to upgrade the road system in India by widening and strengthening the existing highways, reconstruction and widening of bridges and provisions of user friendly improvements. It is obvious that this vital infrastructure requirement would have to be developed with the private sector's participation. Presented below is an overview of the government's investment policy towards roadways.

The government has announced a series of far- reaching measures to promote investment in roads. These measures include industry status to road sector, exemption from import duty on identified high quality construction plant and equipment, duty free import of bitumen permitted under OGL, automatic approval for foreign equity up to 100 per cent and foreign commercial borrowing to the extent of 30 per cent of the project cost has been permitted. There is no restriction on the maximum equity holding by a foreign company in a joint venture to be set up in India. The pre- qualification criteria, however, requires experience of the joint venture partners in similar projects.

India has finalized Investment Promotion and Protection Agreements (IPPAs) with over 30 countries. Therefore, setting up of a joint venture or a 100% foreign owned subsidiary qualifies as an investment under the IPPAs which offer free transferability, repatriatibility of funds and provide for an elaborate dispute settlement mechanism and protection against expropriation. Moreover, India enjoys Article 8 status of the IMF under which no restrictions are imposed on current account transactions. All payments under construction contracts are current account transactions and are accordingly freely permitted.

Public-Private Partnership (PPP) in infrastructure projects in India is going through a transition. Private construction companies and engineering consultancy firms are increasingly sceptical of the BOT method of project execution. The reason: It is fraught with risk and uncertainty. Among all the PPP models, BOT (Build, Operate and Transfer) was the most common model.

Build-Operate-Transfer (BOT) emerging as a significant opportunity

In order to promote involvement of the private sector in construction and maintenance of roads, the Government has now decided to offer projects on a Build-Operate-Transfer (BOT) basis.

There is a significant opportunity for BOT in the national highways segment as they carry more than 40 per cent of the traffic even though they constitute just about 2 per cent of the total road network in the country. The key Government programmes that present a significant opportunity for BOT include:

- Pradhan Mantri Bharat Jodo Pariyojana (PMBJP)
- North-South and East-West (NSEW) Corridor
- Golden Quadrilateral (GQ) project

For NHDP in particular, the private sector has responded enthusiastically. Under this programme, projects valued at over US$ 1.33 billion are being implemented. The NHDP has been extended to cover a 50,000 km road network, and these future works will be undertaken on a BOT basis (through toll or annuity).

The table below shows the opportunities available in road construction:

Scheme	Period 2001-2011 Length (km)	Period 2001-2011 Amount (Rs. million)	Period 2011-2021 Length (km)	Period 2011-2021 Amount (Rs. million)
A. Expressways	3000	300,000	7000	700,000
B. National Highways				
i) Four Laning/Six Laning	16,000	640,000	19,000	760,000
ii) Two-Laning with hard shoulders	15,000	187,500	7,000	87,500
iii) Strengthening Weak Pavements	20,000	150,000	24,000	180,000
iv) Bypasses, bridges, over bridges, safety and drainage measures	Lump sum	72,500	Lump sum	92,000
v) Expansion of NH System	10,000	150,000	12,000	180,000
Total for National Highways		**1,200,000**		**1,30,000**
C. State Highways				
i) Four Laning/Six Laning	3,000	100,000	7,000	250,000
ii) Two-Laning with hard shoulders	35,000	280,000	60,000	500,000
iii) Strengthening Weak Pavements	30,000	220,000	40,000	300,000
iv) Bypasses, bridges, over bridges, safety and drainage measures	Lump sum	100,000	Lump sum	100,000
v) Expansion of SH System	10,000	50,000	20,000	100,000
Total of State Highways		**750,000**		**1,250,000**

Source: World Bank

2. BUSINESS OVERVIEW

The Company is engaged in the execution of civil engineering projects and specializes in Road and Highway projects of various government bodies and other clients including the maintenance of the same. The Company has also successfully completed the execution of the first phase of the homogenous section on the BOT project of Seoni- Balaghat- Gondia.

Over the decade of existence, MBL has a track record of completing every single assignment. In recent years our company has executed and commenced upon a number of praiseworthy projects in the states of West Bengal, Madhya Pradesh, Maharashtra, Assam, Uttar Pradesh, Delhi and Andhra Pradesh. The list of our satisfied clientele includes:

- National Highways Authority of India (NHAI)
- Uttar Pradesh Public Works Department
- Public Works Department Road Construction Division Ranchi, Jharkhand
- Public Works Department NCT New Delhi
- Mumbai Metroplolitan Region Development Authority
- Madhya Pradesh Road Development Corporation.
- SAIL

Apart from construction of Roads and Highways, we are also engaged in the following activities:

Road Maintenance
India possesses the second largest road network in the world across approximately 3.3 mn km, creating a significant opportunity in the area of road maintenance. The company's expertise in this area has translated into a complete solution for the country's benefit.

Industrial Infrastructure Development
MBL is also engaged in industrial infrastructure development projects.

Waste Management (Ferrous-scrap and slag recycling) at major steel plants

MBL is engaged in waste management (ferrous scrap and slag recycling) at major steel plants since its inception. The company has works located at Bhadravati,Durgapur,Burnpur,Rourkela etc

Steel trading
Steel trading facilitates the identification of right procurement opportunities – the right volume of the right quality at the right price. MBL's presence in this area of the business has resulted in effective inventory management of a basic raw material.

MAJOR PROJECTS EXECUTED BY US

Road Construction and Short term Improvement/Rehabilitation and Routine Maintenance

- Four Laning of 10 Km of Agra-Dholpur section of NH-3 in the state of **Rajasthan** for NHAI
- Rehabilitation and improvement of Sanauli Gorakhpur Road including construction of Natanwa Bypass in the state of **Uttar Pradesh**
- Four Laning of 10 Km of Agra-Gwalior section of NH-3 in the state of **Madhya Pradesh** for NHAI
- 4-Laning of 15.50 Km on Adityapur-Kandra section of SH-40 including construction of Drains & Culverts at Jamshedpur in the state of **Jharkhand**
- Construction of Toll Plaza including Road and Building Works on Delhi-Agra section of NH-2 in the state of **Uttar Pradesh**.
- Maintenance and rehabilitation of 207 Km on Tumkur Harihar section of NH-4 in the state of **Karnataka**.

- Short term improvement and maintenance of 19.50 Km on the Bangalore-Neelmangla section of NH-4 & 25.015 Km on Bangalore-Hosur section of NH-7 in the state of **Karnataka**
- Short term improvement and maintenance of 113.25 Km on Barwa Adda - Panagarh section of NH-2 in the state of **Jharkhand / West Bengal**.
- Major Maintenance work of 27.000 km on SH-30 from Gosaiganj to Reedganj in the state of **Uttar Pradesh**
- Major Maintenance work of 56.758 Km on Azamgarh to Doharighat in the state of **Uttar Pradesh**
- Widening and strengthening of 23.107 Km on Kandra-Saraikela section of SH-40 in the state of **Jharkhand**.

The details of the above projects are as under:

Sl. No.	Name of Client	Name, Location & Description of work	Contract Cost (Rs. Lacs)
1	National Highways Authority of India, New Delhi - 110 045.	Four Laning of km.41 to km.51 of Agra-Dholpur section of NH-3 section in the state of Rajasthan.	2,052.00
2	National Highways Authority of India, New Delhi - 110 045.	Maintenance and Rehabilitation of Km. 75 to Km. 282 of Tumkur Harihar section of NH-4 in the state of Karnataka.	1,160.73
3	National Highways Authority of India, New Delhi - 110 045.	4 Laning of km.61 to km.70 of Agra-Gwalior section of NH-3 section of NH-3 in the state of Madhya Pradesh.	2,410.03
4	National Highways Authority of India, New Delhi - 110 045.	Short term Improvement and Routine Maintenance of Barwa Adda - Panagarh section of NH-2 (km.398.75 to km.512.00) in the state of Jharkhand/West Bengal, under Package No.- II.	1,226.00
5	National Highways Authority of India, New Delhi - 110 045.	Short term Improvement and Routine Maintenance of the Bangalore-Neelmangla section section of NH-4 (km.10.00 to km. 29.50) & Bangalore-Hosur section of NH-7 (km. 8.00 to km. 33.015) in the state of Karnataka, under Package-IV	898.00
6	National Highways Authority of India, New Delhi - 110 045.	Short term Improvement & Routine Maintenance of Barwa Adda - Panagarh section of NH-2 (km.398.75 to km.512.00) in the state of Jharkhand/West Bengal, under Package No.-II.	1,271.15

7	Uttar Pradesh Public Works Department Lucknow-226001	Uttar Pradesh State Road Project Rehabilitation(Major Maintenance) works under phase-I, rehabilitation of SH-30 from Gosaiganj to Reed '-ganj of length 27.000 km. (Package-12)	1,194.72
8	Uttar Pradesh Public Works Department Lucknow-226001	Uttar Pradesh State Road Project Rehabilitation(Major Maintenance) works under phase-I, rehabilitation of State Highway from Azamgarh to Doharighat Length 56.758 Km. (Package-17)	2,600.00
9	National Highways Authority Of India, New Delhi 110 075.	Construction of Toll Plaza including Road and Building Works at km.75.1 & km.164.55 of Delhi-Agra section of NH-2 in the state of Uttar Pradesh.	1,763.00
10	Public Works Department Road Construction Division Ranchi, Jharkhand	4-Laning of Adityapur-Kandra section of SH-40 (from km.0.00 to km.15.50), including construction of Drains & Culverts atJamshedpur, Jharkhand.	2,500.19
11	Public Works Department Road Construction Division Ranchi, Jharkhand.	Widening and Strengthening of Kandra-Saraikela section (From Km. 0.0 to km.23.107) of SH-40 at Jamshedpur.	1,009.74

Types of Contracts

Item Rate Contract

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

Percentage Rate

In this type of contract, the Company is required to quote the percentage above or below or at par of the estimated cost mentioned in the tender. The client provides the design and drawings and specifications.

FEED

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

LSTK / EPC:

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

Annuity

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

BOT / BOOT

It is a relatively new approach taken by the Government, which enables direct private sector investment in large scale projects such as roads, bridges, ports, airports, solid waste management, power and such other infrastructure projects. These contracts are granted by the Government on Build Operate and Transfer basis (BOT), or on BOOT i.e. (Build Own Operate Transfer), BOLT (Build Operate Lease Transfer) and OOT (Own Operate Transfer).

Build: The contractor (or consortium) agrees with a government body to invest in large-scale projects (such as a road or bridge). The company then secures their own financing either in the form of debt or equity to construct the project.

Own: The contractor (or consortium) is awarded the ownership of the asset during the agreed concessionary period during which time the company receives payment towards the cost of the project.

Operate: The contractor (or consortium) then operates and maintains the asset during the concessionary period and earns revenue through tolls, charges or advertisement.

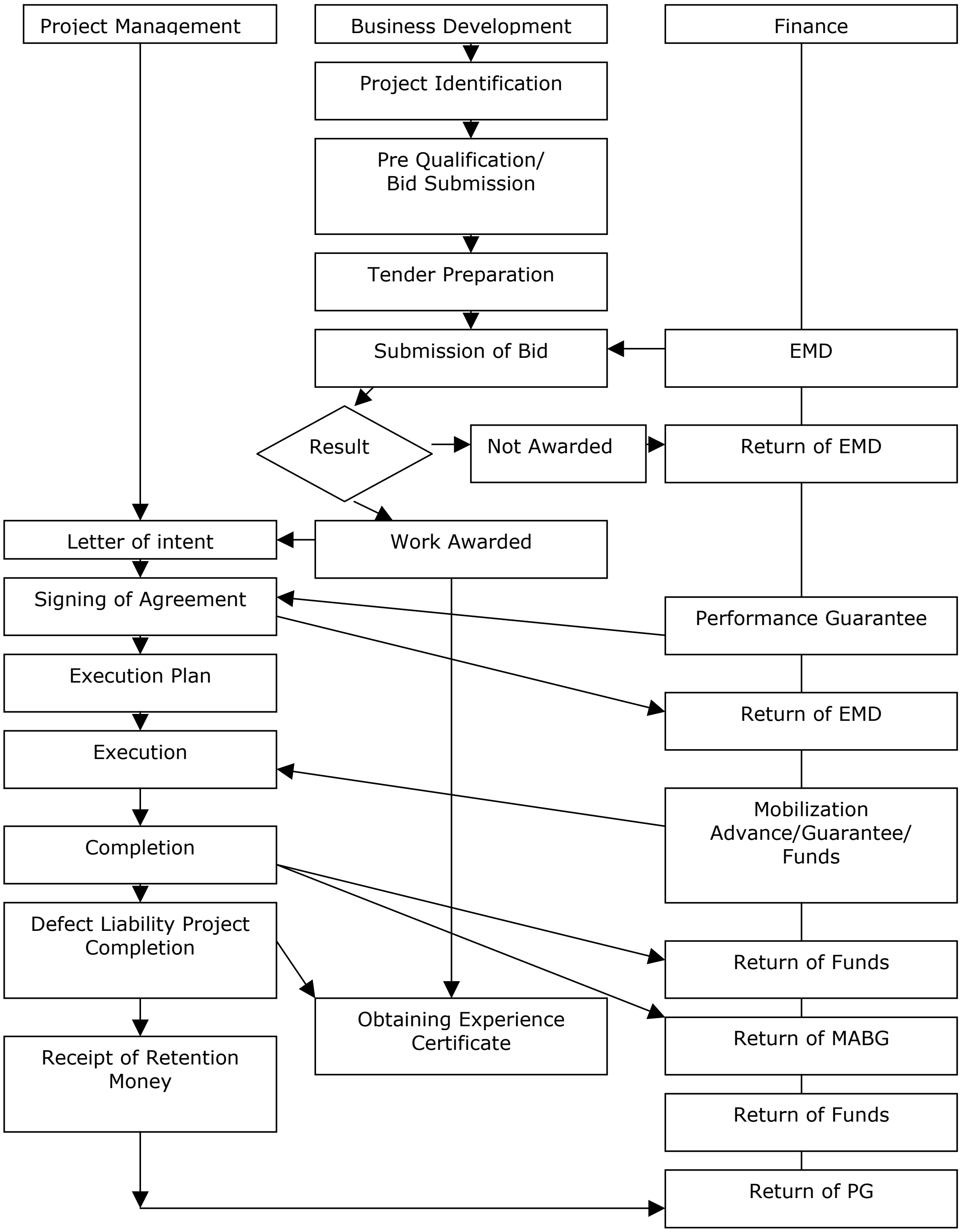
Transfer: After the expiry of the concessionary period the asset is transferred back to the organization that had commissioned the project.

Operation & Maintenance

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

PROJECT CYCLE

The construction projects go through a series of events right from the Expression of Interest by the client till the handing over of the project to the client and the end of the Defect Liability Period. A schematic representation of the events is given below:



We enter into contracts primarily through a competitive bidding process. The process in construction starts from the stage of tendering and ends at the completion of project. Once our Company receives the tender from the prospective client, a survey is conducted at the proposed site by a team of engineers, as regards to availability of basic amenities near the site, availability of labour, distance from the sources of materials, and other related factors. On the basis of the survey and keeping in view factors such as site conditions, time schedule and other terms and conditions of the contract, the value of the contract is estimated and tendering done.

BIDDING PROCESS

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

At the next level the project owner invites pre-qualifications from prospective bidders to assess and identify contractors who are capable of bidding for the project and subsequently implementing the same, if awarded. The detailed project report data is utilized to define the prequalification criteria by the project owner. For projects across the various infrastructure sectors, the project owner /client normally specify the qualifying criteria, which include:

Technical Capability*:* Our Company should have the experience of having implemented projects of similar nature, necessary manpower with a relevant profile to suit the project and the experience to execute it. Depending on the project, relevant machinery as specified by the client should be available with our Company. This may be owned or outsourced / hired from a third party.

Financial Strength: This includes the minimum annual turnover, net worth requirement as well as working capital requirements.

The Tender is first bought by our Company from the concerned government department and survey is conducted of that particular site, stated in the tender document. After detailed study of the technical and financial aspect, our Company quotes the various rates in the bill of quantities and complete the financial details required by the tender. The main tender document is then sealed and submitted along with documents such as EMD exemption certificate, PWD registration certificate, list of machineries and plant available to be utilized on the work, details of technical personnel, details of work of similar type and magnitude carried out by our Company and any other detail required by the tender.

Two separate envelopes containing the technical and the financial bids are submitted. First the envelope no. 1 is opened and if the company qualifies then the name is recommended for the opening of envelope no. 2. Usually the lowest bidder is awarded the contract. In the event the project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold pre qualifying criteria, such a method of invitation is known as joint venture participation. Joint Venture participation allows the individual partners of the proposed project to pool in their own resources for pre-qualification as well as submission of the techno-commercial bid. Normally a joint venture memorandum of understanding is signed by the partners, which is in line with the guidelines provided by the client. This Joint Venture agreement could be either project specific or generic.

1. Project Specific JVs/MOUs are in existence till such time as the outcome of pre qualification or if awarded till the completion of the project.

2. Generic MOUs /JVs- In these cases the JVs /MOUs are not formed for any specific project rather it is a partnership wherein the JV can submit their prequalification and bid for the projects. No technology transfer is involved and both the parties will be limited to their respective scope of work derived out of their expertise.

Currently we have entered into two project-specific Joint Ventures. The projects under implementation under such Joint Ventures are given below:

Sl. No.	Date of Agreement	Party's Name	Employer	Purpose of J.V.	Value of Contract (Rs. Lacs)	Our Share (Rs. Lacs)
1	27.05.05	Telecommunications Consultants India Limited	National Highways Authority of India, New Delhi - 110 075.	Widening & strengthening of existing NH from 2 lane to 4 lane from 183.00 Km to 163.895 Km of Sonapur to Guwahati section of NH-37 in the state of Assam	16,671.60	15,004.44
2	24.03.04	Supreme Infrasructure Ltd	Mumbai Metroplolitan Region Development Authority, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	"Widening & Construction of Western Express Highway from Andheri Flyover to JVLR Junction (Km. 518.6 to Km. 516.4) at Mumbai".	4,095.00	2,457.00
		Total			**20,766.60**	**17,461.44**

Some of the other projects under implementation

	Name of the Project	Location	Name & Address of Employer	Value of Contract (Rs. in Lacs)
1	Major maintenance works under Uttar Pradesh State Road Project	Lakhimpur, (U.P)	Chief Engineer, State Road Project (World Bank), U.P.P.W.D.	2,240.00
2	Construction of additional length of service road, side drainge including 2 lane flyover on Guwahati Bye-pass section of Nh-37	Guwahati, Assam	National Highways Authority of India, New Delhi - 110 075.	3,377.56
3	Comprehensive maintenance of Ring Road and Outer Ring Road in NCT of Delhi.	NCT, Delhi	P.W.D., N.C.T, Delhi. Delhi - 54.	3000.42
4	Short Term improvement & routine maintenance of National Highway No.5 from Chilakaluripet to Vijayawada	Vijayawada	National Highways Authority Of India, New Delhi-110 075.	3144.10
5	Short Term improvement & routine maintenance of National Highway No.2 from Barwa Adda to Panagarh	Panagarh, West Bengal	National Highways Authority Of India, New Delhi-110 075.	2102.01
6	Work of Reconstruction, strengthening, widening and rehabilitation of Seoni-Balaghat-Gondia Road 114 Km State Highway on BOT basis for AAP Infrastructure Limited.	Madhya Pradesh	Madhya Pradesh Road Development Corporation	6,000.00
	Total			**19,864.09**

Location

Our Registered Office is located in the State of West Bengal at:

MBL Infrastructures Limited
23-A, Netaji Subhash Road,
3rd Floor, Suit # 14
Kolkata-700 001.
Tel: 91- 33- 2230 1671/2353/9517
Fax:(91) (33) 22308807
E-mail: info@mblinfra.com

We operate out of the following Branch and site offices at present:

1. Delhi B- Avenue Flyover, Ring Road, Sarojininagar, New Delhi 110 023 Phone :011 - 24677595 Fax :011 – 24677596	**2. Vijayawada** 54-15-17, Srinagar Colony, Ring Road, Vijayawada - 520 008 Andhra Pradesh Phone :0866 - 3205350 Fax :0866 – 2541388
3. Bhadravati B1 & B2 Industrial Area, Hutha , Bhadravati - 577 301 Karnataka Phone :08282 - 268266 Fax :08282 – 271385	**4. Durgapur** 62, 63 & 64, RIP Industrial Estate Durgapur - 713 212 West Bengal Phone : 0343 - 2555612 Fax :0343 – 2555245

5. Guwahati Dr. R.P. Road, Behind MLA Hostel, Last gate Dispur, Guwahati - 781 006 Assam Phone :0361 - 2233683 Fax :0361 - 2233678	**6. Balaghat** Village - Labada Seoni - Balaghat - Gondia Road, Tehsil - Lal Barra District Balaghat Pin - 483 001 Madhya Pradesh Phone :07632 - 249479 Fax :07632 – 249474
7. Lakhimpur Punjabi Colony, Behind Gurudwara, Lakhimpur - Kheri Pin - 262 701 Uttar Pradesh Phone : 05872 - 320339 Fax : 05872 - 277747	

Plant & Machinery

Our Company has acquired latest equipments and machineries, to improve productivity and quality. This allows our company to execute large road construction and maintainance projects within stipulated time frame while maintaining the desired quality. The list of equipments owned by our Company is given below:

SL. No.	Item of Equipments	No.	WDV as on 31.03.2006
1.	Hotmix Plants Including one Parker Batch Type plant imported from England	9	332.61
2	Paver Finishers Including one Titan Electronic Sensor Paver imported from Germany	7	109.86
3	Vibratory Soil Compactors	2	11.51
4	Vibratory Tandem Rollers	7	67.69
5	Static Rollers	7	16.18
6	Pneumatic tyre Rollers	1	9.71
7	Excavators	5	69.09
8	Loaders	9	84.45
9	Tippers / Dumpers/ Trucks	53	354.72
10	Bitumen Distributors & Sprayers	4	23.61
11	Motor Graders Out of which one has been imported from Japan and another from Canada	2	37.87
12	Kerb casting machine Imported from Australia	1	9.31
13	Wetmix Macadam Plant	1	6.23
14	D.G.Sets	15	61.34
15	Weighbridges	6	13.85
16	Bull Dozers	12	19.64
17	Water Tankers	11	3.65
18	Stone Crushers	8	176.86
19	Mechanical Boomers	1	1.43
20	Concrete Mixers	2	2.37
21	Magnetic Separators	4	197.41
22	Cranes/ Shovels	9	10.41
23	Tractors	4	11.59
24	Other Plant, Machinery & Equipments		341.58
	Total		**1,972.95**

Raw materials/Consumables/Bought outs

The major raw materials are aggregate, cement, steel, diesel, and bitumen. Our Company follows a centralized purchase system for cement, steel, diesel, and bitumen through its purchase department. Incase of steel, diesel and bitumen the requirements are project specific and our Company generally enters into a memorandum of understanding with major steel suppliers to ensure both the availability and timely delivery to meet its project schedule requirements. However as aggregate is a critical raw material and is required in big quantities for our Company puts up capital facility to manufacture the same. Metal, river sand, and block masonry are project specific and sourced at a location nearest to the project site. Most of the raw materials/consumables are easily available. The contract terms may mention escalation clauses which take care of price variations for raw material requirements.

The basis for the raw material requirements are determined by the total orders received for projects. The yearly execution plan of the outstanding orders at the beginning of the financial year determines annual requirement of raw material. This requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply. Our Company issue orders on a rolling plan which can be adjusted for changes in actual requirement on a quarter to quarter basis. For some of the projects, our Company is required to purchase specific equipments and components, which are key inputs for project implementation. These are called bought outs. This may include but not be limited to metal beam crash barrier, gabions, road marking sign boards and gantry mounted sign boards etc. Majority of the bought outs are technology specific.
Our Company normally enters into pre tender tie-ups for the same with suppliers. As the project defines the list of bought outs which may vary from project to project, the above mentioned items do not form a comprehensive list of bought outs.

Utilities

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

Key Processes and technology

There are no key processes, technology and collaboration agreements with any parties for technology. Company's clients normally specify proven conventional technologies and methods for their projects. Therefore, it does not entail the need for any collaboration agreements for technology to be used. The client specifies the same in the tender conditions. For the company to pre-qualify, it should have in the past implemented contracts using the similar technology. The Company doesn't require to own this technology however it can access the same, as they are available domestically. However, one can not rule out the possibility of going for collaboration to enable access new technologies in the future.

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

Human Resource

Manpower employed by the Company as on 27.09.2006 and break-up thereof is given below:

Sr. No.	Particulars	Total Manpower
1	Engineers	35
2	Supervisors	37
3	Administrative Staffs	28
4	Skilled workers	103
	Total	**203**

Marketing

Normally in the construction sector major portion of the work is awarded by Government agencies, however now substantial amount of contracts from private sector are also being offered. Normally a contract offered by Central or State government is backed by budgetary support or financial support or grants from various institutions and agencies both India and International.

As such the normal course for awarding these contracts by the Government or their agency is through the process of tendering. In view of the nature of our market, the major sources of information of ensuing tenders for construction contracts are newspapers and government gazettes.

In order to ensure that we can effectively bid for these contracts we have a separate department which is headed by General Manager Contracts and Tenders, which keeps track of these tender notification or advertisement and prepares the tender document. Further bidding capacity of a party is very important criteria for pre qualification in a contract. Also as per the requirements of the tender we take decision of forming Joint Venture with suitable partner or sometimes, as a strategic decision we bid in consortium with other reputed companies.

Competition

The construction industry is highly fragmented with large number of players operating in an unorganized sector and a few of them in the organized sector. Some of key players in the construction industry are Gammon (India) Ltd., Nagarjuna Constructions, Simplex Concrete Piles Ltd., IVRCL Infrastructure & Projects Ltd, Tantia Constructions Limited, Unity Infra etc . With the works coming up all over country, the number of agencies has increased enormously. This compelled most of the key players to limit their bidding to Mega Projects where few agencies get pre-qualified. To meet this tough competition, we are planning to introduce cost effective measures and fiscal discipline through newly appointed professionals.

OUR BUSINESS STRATEGY

Our company is operating in a highly competitive market and the strategy is to seize emerging opportunities created by the shifts in business dynamics and inherent strengths. Our Company plans to grow in the future through the following means:

- **Exclusive Customer profile:** Our Company works almost exclusively on government-commissioned projects because they best reflect the national priority, enjoy an attractive critical mass, enable it to capture a growing market share of similar projects commissioned by the government, represent the safest risk and enable the company to directly enhance the quality of life of the largest number of people in the quickest possible way.

- **Robust funding:** MBL works on projects that enjoy a secure financial closure through committed funding from the World Bank or the Asian Development Bank, de-risking it from project delay and incompletion.

- **Stable materials policy:** The Company procures key material inputs directly from reputable manufacturers like SAIL, TISCO, Ultratech, L& T, IOCL and HPCL possessing internationally validated processes and customer-responsive service standards, minimizing rework arising from material variations and ensuring on-time delivery.
- **Constant Technology Upgradation –** Our Company has focused on constant procurement of latest equipment used in our business from various parts of the world keeping in mind its usage in the Indian conditions.

OUR GROWTH PROSPECTS

Upcoming Market Segments	Targeted Procurement
National Highways and State Highways Expected investment of Rs. 87300 Crs by FY 2009.	Our Company has executed various National and State Highways in, Assam, UP, Karnataka, Andhra Pradesh and Jharkhand. Our next area of focus are the State Highway of West Bengal and Northeastern States..

Urban Infrastructure development Rapid urbanization has led to growing demand for construction of Airports, City Flyovers, Pumping stations, water Gas Pipe lines, water sewerage treatment Plants. Projects are usually State Government or internationally funded.	We intend to focus specifically in our core areas of construction of City Flyovers and Maintenance of major roads in the Metro cities and also play a major part in upgradation and construction of airports in B and C cities.
Industrial Infrastructure Development. The Indian infrastructure sector offers fast growing opportunities in Railways, Port Development , SEZs and Hydropower	Our company is looking out for opportunities to be a part of development of SEZs in the various states in which we operate
Land Township and Property development The growth in housing sector is driven by growing population,soft interest rate regime, rising disposable incomes and fiscal incentives and rapid expansion in retail segment	We propose to focus on the housing sector in view of the vast opportunities it offers specially in the cities where there is huge migrant population wherein the demand for rental/own housing has grown manifold.

Capacity & Capacity Utilization

The company is operating into construction industry, which can be termed as service sector. The nature of construction industry prohibits it from reasonably ascertaining installed capacity and therefore capacity utilization.

INSURANCE

The Company has insurance policies of the following nature:

1. Insurance of standard fire and special perils policy for furniture and fixtures in the office premises
2. Contractors All Risk Policies
3. Contractor Plant and Machinery Policies
4. Insurance of motor vehicles
5. Money Insurance.
6. Marine cargo inland policy
7. Burglary & standard fire and special perils policy for material at different projects.
8. Public Liability policy

PROPERTY

Purchase of Property

Our Company does not propose to purchase or acquire any property which is to be paid for wholly or partly out of the proceeds of this issue. The properties which are registered in the name of our Company have not been purchased form any of the promoters.

OUR STRENGTHS

- **Promoters:** The Promoters are in the business of infrastructure development for over a decade.
- **Experienced Management:** The promoters of our Company are backed by experienced and competent management team lead by Mr. Anjanee Kumar Lakhotia, CEO & Whole Time Director of the Company. The Management team comprises of professionals who are experts in their respective fields.
- **Well-Blended order portfolio:** In the last decade, MBL has executed numerous projects. While road infrastructure development and maintenance has been the primary growth driver in the past few years. Our company has an array of construction contracts on BOT and cash and also contracts for maintenance.
- **Robust Order Booking:** MBL has an order book size of over Rs. 400 Crs.
- **Excellent Track Record:** MBL has a track record of completing every single assignment since inception. Our Company has adequate equipment skilled manpower and to carry out large projects.
- **Stable materials policy:** MBL procures material inputs directly from reputed manufactures like SAIL, TISCO, Grasim, IOCL and HPCL etc. This aids our Company in minimizing rework arising from material variations and ensuring on-time delivery.
- **Joint Ventures:** Our Company has JVs with reputed firms like TCIL and Supreme Infrastructure Ltd .

Our Business Risk and Its Mitigation

The key risks and sensitivities that exists with regard to our Company's business are as follows:

a) Business model risk:

In new business models like built-operate-transfer (BOT), revenues accrue to the contractor at a later date in the form of user-fees or toll. It is risky if the toll collected is insufficient to compensate the contractor with reasonable profits.

Risk mitigation

- MBL takes due care and caution before taking up any such projects; estimates of toll revenues are made with utmost diligence, considering all practical constraints and realistic view points, so as to arrive at a reasonably accurate figure of future revenues to be earned through collection of user fees.
- The quality of its project is always maintained at the highest levels, which would attract higher traffic intensity.

b) Capital intensive business risk:

Construction business is inherently capital intensive. Our Company may fall short of funds while bidding for new projects or may not be able to bid due to lack of sufficient funds.

Risk mitigation:

- MBL funds its operations primarily through internal accruals and has earned itself sufficient goodwill to be able to fund its operations through external sources like bank loans, private placements etc. Its quality performance and timely performance would help it overcome the pressures of funding in such business where capital outflow is very high.
- The low debt-equity ratio as compared with industry figures speaks of the company's capability to counter the deficiency in capital in a practical and efficient manner. The low leverage position also makes it an attractive client for granting of further loans, by banks, financial institutions etc.
- The Government has announced granting of cheap loans to boost up the inflow of funds in the construction industry.

c) Input risk

The availability of the right quality and quantity of resources (raw material and finances) is critical for the timely completion of infrastructure projects. Besides, cost escalation could affect profitability.

Mitigation: Our Company controls its projects directly – as opposed to sub-contracting core infrastructure assignments - enabling it to ascertain when material would be required in what quantity and where. It procures key raw materials (steel and cement) directly from leading manufacturers for a more timely access. Moreover, most of our Company's contracts are protected with input escalation clauses, which protect profitability. Its captive steel fabrication unit on the outskirts of Kolkata helps control quality, cost and delivery schedule.

d) Equipment risk

Sophisticated equipment represents the heart of an infrastructure company leading to quality and timely project completion; an inability to mobilise at the right time at the right site could dent profitability.

Mitigation: Our Company possesses the capability to deploy resources in a timely manner across remote project sites - often inaccessible by road or rail – through captive ownership (excavators, crushers, pavers, tippers, automatic batching plants, tower cranes, excavators and concrete pumps among others), project documentation and equipment mapping covering operational characteristics, maintenance schedules, cross-site logistical management and equipment upgradation plans.

e) Manpower risk

Since people represent the most valuable asset in the business, any attrition could lead to a valuable loss of competitive edge.

Mitigation: Over the years, our Company has accelerated its recruitment of specialized professionals with an increasing regional flavor for a strong regional understanding leading to a better understanding of local terrains. Our Company has strengthened its delegation with a view to enhancing authority and responsibility resulting in leaders being grown at every business tier. This approach has been reinforced through training – functional and attitudinal – resulting in low attrition.

f) Safety and health risk

The use of heavy machinery carries safety risks, which could endanger worker well-being and project progress.

Mitigation: Our Company is committed to adequate worker safety, its disaster management framework incorporates prevention measures and best practices to be adopted during the different phases of construction activity coupled with a provision for prudent crisis management. Its on-site members are mandated to wear protection equipment while working under the supervision of a safety team.

g) Financial closure risk

An inability of the customer to raise adequate funds could result in project delay or even abandonment of the project.

Mitigation: The government is increasingly looking at stake divestments, adopting different infrastructure operation models, which seek private participation that protect project progress. As a business policy, MBL Infrastructure works only on government-sanctioned projects or those funded by World Bank and Asian Development Bank, resulting in completion certainty.

h) Quality risk

For an infrastructure company, product quality needs to withstand the test across time. Any failure could effectively invite negative publicity leading to the end of a company's prospects.

Mitigation: To ensure high-quality construction leading to a 'permanent product', our Company has built a three-layered quality structure:

- Incoming material checks: MBL Infrastructures Limited procures raw material from reputed brands (SAIL, TISCO and Ultratech) only, minimising much of the risk. All incoming material is supplemented with sample checks in its laboratory. The ownership of a captive steel fabrication unit also enhances quality control.
- Work-in-progress checks: These checks are carried out across intermediary products (for instance concrete) and phase-wise completion.
- Finished quality checks: These checks are carried out after project completion to protect structural strength; besides, maintenance activities enhance reinforcement.

As a result, all our Company's projects and products continue to inspire dependability in use.

REGULATION AND POLICIES IN INDIA

There are no specific regulations in India governing the construction industry. Sets forth below are certain significant legislations and regulations that generally govern this industry in India.

General

The company is engaged in the business of providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. Contracts are executed in pursuance of tenders/ quotations issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals please see "Government and Other Approvals" on page 143 of this Draft Red Herring Prospectus.

Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment up to 100% is permitted in construction and related engineering services.

Further, the Industrial Policy now also permits foreign direct investment under the automatic route in projects for construction and maintenance of roads, highways, toll roads, vehicular bridges and ports and harbors, similarly up to 100% foreign direct investment is also allowed in projects for electricity generation, transmission and distributed produced in hydroelectric power plants, coal/ lignite based thermal plants and oil based thermal power plants.

Subject to certain conditions and guidelines, the Industrial Policy and FEMA further permit up to 100% foreign direct investment in township, housing, built-up infrastructure and construction development projects which include, but are not restricted to housing, commercial, premises, hotels, resorts, hospitals, educational institutions, recreational facilities and city and regional level infrastructure.

In respect of the companies in infrastructure/ services sector, where there is a prescribed cap for foreign investment, only the direct investment is considered for the prescribed cap and foreign investment in an investing may not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.

The RBI by its (DIR Series) circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian Company by Non-Resident to residents, subject to the terms and conditions, including pricing guidelines, specified in such circular.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FII") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India.

FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transaction regulated under FEMA. FIIs must also comply with the provisions of SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian Companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issue for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issue of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post issue paid up capital of the company. However, the limit of 24% can be raised up to permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The offer of equity shares to a single FII should not exceed 10% of the post issue paid up capital of the Company or 5% of the total paid up capital in case such sub-account is a foreign corporate or an individual. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Environment and Labour Regulations

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

- Contracts Labour (Regulation and Abolition) Act, 1970
- Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996
- Inter State Migrant Workers Act, 1979
- Factories Act, 1948
- Payment of Wages Act, 1936
- Payment of Bonus Act, 1965
- Employees' State Insurance Act, 1948
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- Payment of Gratuity Act, 1972
- Shops and Commercial Establishments Act, where applicable
- Environment Protection Act, 1986
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Minimum Wages Act,
- Hazardous Waste (Management and Handling) Rules. 1989

3. HISTORY AND CORPORATE STRUCTURE

Incorporation and Initial history

Our company was incorporated as a public limited company by the name of Maheshwari Brothers Limited on 25th of August 1995. We received the certificate of commencement of business on 12th September 1995. We entered as a third partner on 3rd Oct 1995 in the partnership firm namely Maheshwari Brothers and took over the existing business carried on in the name of the firm. Mr.Mahabir Prasad Lakhotia and Late Gayatri Devi Maheshwari were allotted shares in lieu of handing over their business to our company. Our registered office has been located at 23 A, Netaji Subhash Road, Kolkata since incorporation.

We entered the road sector in 1993 as sub-contractor to Bridge & Roof Co. India Ltd. (a government of India organisation), completing the rehabilitation of the Snauli-Gorakhpur stretch, a World Bank-aided project of Uttar Pradesh PWD.

Apart from construction of Roads and Highways, we are also engaged in the following activities:

- Road Maintenance
- Industrial Infrastructure Development
- Waste Management (Ferrous scrap and slag recycling) at major steel plants
- Steel trading

Important events in the History of our Company are as follows:

Year	Achievements
1999	Awarded the first batch of contracts for the prestigious north-south-east-west corridor projects by the National Highways Authority of India.
2001	Completed the four-laning of km 41 to km 51 of the Agra-Gwalior section of NH-3 at Dholpur (Rajasthan) for a project value of Rs. 2052 lacs , the first to be completed under the north-south-east-west corridor project by NHAI and completed within a scheduled 15 months.
2002	Completed the rehabilitation and maintenance of the Tumkur-Harihar section of NH-4 for NHAI for Rs. 1161 lacs.
2003	Completed two maintenance and toll operation contract of NHAI
2003	Embarked on the first Build-Operate-Transfer contract for the 114 km Seoni-Balaghat-Gondia state highways project for Madhya Pradesh Road Development Corporation Ltd.
2004	Completed the four-laning of km 60 to km 70 of the Agra-Gwalior section of NH-3 in Madhya Pradesh
2004	Formed a special purpose vehicle subsidiary called AAP Infrastructure Limited
2006	Rs. 16700 Lacs Contract received in joint venture with TCIL for Widening & strengthening of existing NH from 2 lane to 4 lane from 183.00 Km to 163.895 Km of Sonapur to Guwahati section of NH-37 in the state of Assam

As our company focused on development of infrastructure we changed the name of our company to MBL Infrastructures Limited with effect from the 4th of July 2006.

MAIN OBJECTS

The main objects of our Company as set forth in the Memorandum of Association of the Company are as follows:

1. To carry on the business of construction, development, creation, expansion, design, modernization, management and maintenance of infrastructures projects and facilities including but not limited to power (both conventional & non-conventional), information technology, roads, highways, bridges, fly-over, airports, ports, railways, environmental engineering & management, sanitation, sewerage disposal , water & waterways, industrial

estates, Food Park, Industrial Park, Bio-technology Park, or any other facility of similar nature and to act as consultant, advisor, agent, promoter, developer, sponsor, contractor, financier for execution and completion of all sorts of engineering projects and to mobilize resources and to arrange both private and government sector participation for development of infrastructure projects, Joint Venture, foreign collaboration project etc.

2. To acquire, purchase, exchange, hire, buy, sell, construct, design, develop, promote, execute, undertake, maintain, run, manage, erect, demolish, alter, furnish, decorate, consult, advise, or otherwise deal in lands, buildings, houses, apartments, commercial complexes, residential complexes, office complexes, hospitals, shopping mall, townships, cineplexes, multiplexes, amusement parks, hotels, resorts, restaurants, clubs, golf course, film city, educational institutes, dairy farms, agro projects and all other kinds of immovable projects.

Changes in the Memorandum of Association

Since the incorporation of our Company the following changes have taken place in its Memorandum of Association:

Date of Amendment	Amendments
23rd March, 1996	Our Company's Authorised Share Capital was increased from 1 Crore to Rs.2.5 Crores
22nd March, 1997	Our Company's Authorised Share Capital was increased from Rs. 2.5 Crores to Rs. 4 Crores
29th February, 2000	Our Company's Authorised Share Capital was increased from Rs. 4 Crores to Rs. 5 Crores
8th August, 2001	Our Company's Authorised Share Capital was increased from Rs. 5 Crores to Rs. 6 Crores
9th March, 2005	Our Company's Authorised Share Capital was increased from Rs. 6 Crores to Rs. 7.5 Crores
31st March, 2006	Our Company's Authorised Share Capital was increased from Rs. 7.5 Crores to Rs. 17.5 Crores
4th July, 2006	Change in the name of our Company from 'Maheshwari Brothers Limited' to 'MBL Infrastructures Limited'
12th May, 2006	Main Objects changed in full
12th May, 2006	Changes were made in the Memorandum of Association of our Company. Included the following 3 clauses under Other Objects Clause: 40. To carry on the business of buyers, sellers, suppliers, agents, traders, merchants, indentors, brokers, assemblers, packers, stockiests, dealers, contractors, transporters, distributors, importers, exporters, miners, engineers, fabricators, processors, manufacturers, representative, commission brokers, of and in all kinds and forms of Iron Steel Goods, ferrous & non-ferrous metals, industrial and other wastes and by product, hardware, stores, plant, machinery, spare parts & accessories, vessel and other earth moving equipments, Ferro alloys and ferrous and non-ferrous scrap including mild steel scrap, cast iron scrap, M.S. Melting Scrap, M. S. Turning & Boring, unserviceable steel drums & barrels, grinding dust, alloys steel scrap, steel skull, mild, high carbon, spring, high speed, tool, alloy, stainless and special steel

	ingots, billets, rounds flats, anglas, channels, plates, bars, joists, rods, structural, tubes pipes, sheets, castings wires & rolling materials. 41. To carry on in India or elsewhere the business of Recovery and processing of all types of Iron & Steel Scrap, Slag and other salvages from dumps or current arising or otherwise as contractor, processors, dealers, buyers, sellers, importers, exporters, indentors, manufacturers, fabricators, engineers, merchants, stockiest, suppliers, distributors, transporters, agents, representative, commissions brokers, liaison jobs agents and consignors or otherwise. 42. To carry on business as contractor for all types and natures of contracts and projects including civil, mechanical, structural, engineering and electrical, labour, mining, etc.
2nd September, 2006	Our Company's Authorised Share Capital was increased from Rs. 17.5 Crores to Rs. 20 Crores

The details of the capital raised are given in the section on Capital Structure on page no. 13 of the Draft Red Herring Prospectus.

OUR SUBSIDIARY

AAP Infrastructure Limited (100% Subsidiary Company)

Date of Incorporation	30th December, 2002
Registration No	21-95575
Nature of Business	Infrastructure Road Project on BOT basis
Status	Unlisted

Background of the Subsidiary

AAP Infrastructure Limited was incorporated on 30th December 2002 under the Companies Act, 1956. The subsidiary received the certificate for commencement of business on 14th January 2003. Our Company was awarded a project by Madhya Pradesh Rajya Setu Nirman Nigam Limited on a BOT basis for reconstruction, strengthening, widening and rehabilitation of a section on Seoni-Balaghat Road along with its operation and maintenance. In order to execute the project, a Special Purpose Vehicle (SPV) was necessary to be formed as per the concession agreement entered with MPRSNNL. Our Company then acquired 99% shareholding of our group company AAP Infrastructure Limited on 23rd March 2004. The remaining shares of the Company were acquired by MBL on 31st March 2006 to form 100% subsidiary company.

The shareholding pattern of AAP Infrastructure Limited as on September 26 2006 is as follows:

Name of the Shareholders	No. of shares	% of holding
MBL Infrastructures Limited	11035000	99.37
Nominees on behalf of MBL Infrastructures Limited	70000	0.63
Total	**11105000**	**100.00**

Board of Directors

The following are the Directors on the Board of AAP Infrastructure Limited as on September 26 2006

Name of Director	Date of Appointment
Shri Anjanee Kumar Lakhotia	30.12.2002
Shri Maruti Maheshwari	18.02.2003
Shri Bhanu Prasad Agarwal	02.09.2006

Financial Performance

Rs. in Lacs

Particulars	31st March 2004	31st March 2005	31st March 2006
Total Income	-	-	-
Profit after Taxation	-	-	-
Equity Capital	1,110.50	1,110.50	1,110.50
Share Application Money Pending Allotment	1.60	1.60	-
Capital Subsidy	348.00	1,392.00	3,132.00
Reserves (Excluding revaluation Reserve)	-	-	-
Misc. Expenditure	1.03	0.77	0.52
Net Worth	1,457.47	2,501.73	4,241.98
NAV per share	13.12	22.53	38.20
EPS per share	-	-	-
No. of Equity Shares	11105000	11105000	11105000

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered
3. While calculating Net Worth, share application money has not been considered while capital subsidy has been considered
4. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

Holding Company of the Issuer Company

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

Revaluation of Assets

In the year 2000 a review of fixed assets was carried out. It was revealed that the plant and machinery which were being shown at depreciated values had much higher value on net replacement basis. It was felt that the revaluation of plant and machinery be carried out to their net replacement value. As on 31st March 2000 the plant and machinery available with the company were increased by Rs. 954.35 Lacs of which only Rs. 322.41 Lacs remain as on 31st March 2006.

Shareholders agreements

At present there are no shareholding agreements between our Company and any other person.

Strategic Partners

Our Company as on date has no strategic partners except for the joint ventures entered into by our Company as shown on page 52 of the Red Herring Prospectus.

Financial Partners

We have no financial partners as on date.

4. OUR MANAGEMENT

As per the Articles No. 115 of the Articles of Association, the number of Directors (excluding Debenture and Alternate Directors, (if any) shall not be less than three nor more than twelve. Our Company has 7 (Seven) directors out of which 2 (Two) are Executive directors, 1 (one) Non-Executive Director and 4 (Four) Non –Executive Independent Directors.

Board of Directors

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

Sl No.	Name, Designation, Father's Name, Address & Occupation, Term of Appointment	Date of Appointment	Other Directorship
1.	**Mr. Ram Gopal Maheshwari** **S/o Late Mr. Rameshwar Lal Lakhotia** **Address:** 'Prasad Residency', 8/10, Alipore Park Road, 4th Floor, Kolkata - 700 027 **Designation:** Non-executive Chairman **Occupation:** Business **Term:** To retire by rotation	Since Incorporation (25.08.1995)	NIL
2.	**Mr. Anjanee Kumar Lakhotia** **S/o Late Mr. Rameshwar Lal Lakhotia** **Address:** B-37, Swami Nagar, New Delhi - 110 017 **Designation:** Whole-time Director & CEO **Occupation:** Business **Term:** Whole-time Director (3 years from 01.07.2006)	Since Incorporation (25.08.1995)	1. AAP Infrastructure Ltd. 2. SMH Capital Limited
3.	**Mr. Maruti Maheshwari** **S/o Mr. Ram Gopal Maheshwari** **Address:** 'Prasad Residency', 8/10, Alipore Park Road, 4th Floor, Kolkata - 700 027 **Designation:** Executive Director **Occupation:** Business **Term:** Executive Director (3 years from 01.07.2006)	Since 19.04.2006	1. AAP Infrastructure Ltd. 2. Prabhu International Vyapar Pvt. Ltd.
4.	**Mr. Bhanu Prakash Agarwal** **S/o Mr. Satya Narayan Jajodia** **Address:** 3, S.R. Das Road, Kolkata – 700 026 **Designation:** Independent Director **Occupation:** Chartered Accountant **Term:** To retire by rotation	Since 19.04.2006	1. Suvidha Placements Ltd. 2. Suvidha Consultants (P) Ltd. 3. Suvidha Insurances Services (P) Ltd. 4. Deepjyoti Agencies (P) Ltd. 5. Navaketan Vyapar (P) Ltd.

			6. Madhu Commodities (P) Ltd. 7. Times Consultancy Services (P) Ltd. 8. Triyog Cosmetics (P) Ltd. 9. Trinetra Vinimay (P) Ltd. 10. Indraloke Vyapaar (P) Ltd. 11. AAP Infrastructure Ltd.
5.	**Mr. Ashwini Kumar Singh** **S/o Late Shri Rama Balak Sinha** **Address:** House No. 28, Co-operative Housing Society, Bokaro Steel City, Bokaro – 827001 **Designation:** Independent Director **Occupation:** Business **Term:** To retire by rotation	Since 29.05.2006	NIL
6.	**Mr. Shiba Prosad Mukherjee** **S/o Late Shri Sachindra Lal Mukherjee** **Address:** 364/31, Netaji Subhash Chandra Bose Road, Kolkata – 700 047 **Designation:** Independent Director **Occupation:** Business **Term:** To retire by rotation	Since 30.06.2006	NIL
7.	**Mr. Kumar Singh Baghel** **Address:** 32, Laxman Colony, Shyam Nagar, Jaipur – **Designation:** Independent Director **Occupation:** Business **Term:** To retire by rotation	Since 09.09.2006	NIL

A brief profile of directors is given below..

Mr. Ram Gopal Maheshwari (61) is a Commerce Graduate having more than four decades of experience in business. He is the Chairman of our Company. His experience, vision and wisdom have played an instrumental role in growth and success of our Company. He is philanthropic in nature and is associated with many charitable and social organizations. He performs social responsibilities of our Company and duties of a responsible citizen of the nation.

Mr. Anjanee Kumar Lakhotia (43) is a director of our Company since inception. His finance management skills, grass root knowledge of the industry, business development skills and organizational capabilities have been instrumental in exponential growth and success of our Company. He is a fellow member of the Institute of Chartered Accountants of India and an Honours Graduate from St. Xavier's College, Calcutta University. He is actively involved in various business associations like Merchants Chamber of Commerce, Indian Chamber of Commerce, Institute of Directors etc. He is **Whole-time Director and CEO** of our Company.

Mr. Maruti Maheshwari (33) has a dynamic 13-year career reflecting pioneering experience and excellent performance in the Infrastructure business. He has exceptional management skills including vast experience in the core business functions –marketing and operations. He has been instrumental in establishing strategic partnerships and dealer relationships thus increasing the revenues of our Company and a record of success in relationship building, startup management and business planning.

Mr. Bhanu Prakash Agarwal is a fellow member of ICAI. He is a corporate consultant in various subjects like Direct & Indirect Tax including Excise Duty, Service Tax and Value Added Tax. He is an erudite commentator and has been a speaker in more than 250 seminars/ conferences/ workshops. He is also a prolific writer and has written two books on Income Tax namely, '*Tax Audit – Law, Practice and Procedures with Auditor's Responsibility*' and '*Business & Corporate Tax Planning – A Handbook*'. He is currently an Independent Director of MBL Infrastructures Limited.

Mr. Kumar Singh Baghel is a professional specializing in banking and is an expert in areas like Corporate Credit and Forex, Planning and Development, Finance, Investment and operations. He was associated with the Associates of State Bank of India for over three decades before retiring as General Manager -State Bank of Bikaner & Jaipur in the year 2001. He is currently an Independent Director of MBL Infrastructures Limited.

Mr. Ashwini Kumar Singh has done his graduation in Electrical Engineering from Jadavpur University. He has attended various training programmes in countries like Australia, Malaysia, Singapore and USSR. He has more than 23 years of experience in senior Management positions in Steel Authority of India (SAIL). He has experience in various areas like General & Operations Management, HR Development & Training, Sales & Marketing Leadership, Team Building & Leadership, Revenue & Profit growth, etc. He is currently an Independent Director of MBL Infrastructures Limited.

Mr. S.P. Mukherjee has done his graduation in Engineering (Civil) from Calcutta University. He is a professional in field engineer with over forty (40) years of experience in all types of terrain and geographic conditions. Ha has been awarded 'Shaurya Chakra' for brilliantly executing road rescue operations in difficult terrain. He also has experience in executing projects requiring high level of logistic complications and is well versed in contractual & day-to-day monitoring of field activities. He is currently an Independent Director of MBL Infrastructures Limited.

Borrowing Powers

The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money not exceeding Rs. 200 crores for the purpose of the Company; provided that the Board shall not without the sanction of our Company in General Meeting borrow any sum of money which together with money borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of our Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

The Board may raise or secure the repayment of such sum or sums in such; manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of our Company (both present and future including its uncalled capital for the time being.

Compensation of the Directors of the Company

Details of the compensation of the Whole-time Director and Executive Director of the Company are as mentioned hereunder. The other directors on the Board are entitled to Sitting fees as is permissible under the Companies Act, 1956 and reimbursement of actual travel, boarding and lodging expenses for attending the Board/ Committee meetings on presentation of Bills.

Compensation of Whole-time Director - Mr. Anjanee Kumar Lakhotia

Term of Office	Period of 3 years beginning from 1st July, 2006
Date of Passing of Resolution in Board Meeting	12th June, 2006
Date of passing of Resolution in General Meeting	22nd July, 2006
Date of Signing of Agreement	1st July, 2006

REMUNERATION :

(I) (A)(i) **SALARY:**

Rs. 1,00,000/- (Rupees One lakh) only per month (in the Grade of Rs. 1,00,000/- to Rs. 1,50,000/- per month). The Board is authorized in its absolute discretion and from time to time to fix his salary within the range state above.

(B)(ii) **PERQUISITES & AMENITIES:**

(a) **Motor Car**:
Provision for Motor Car and Driver.

(b) **Medical**:
Reimbursement of medical expenses incurred in India and / or abroad including Hospitalisation Nursing Home and Surgical Charges, cost of travel and stay for self and family

(c) **Leave Travel Concession**:

Reimbursement of actual travelling expenses (domestic and overseas) for proceeding on leave once in a year in respect of self and family.

(d) Club Fee:

Reimbursement of Club Bills including membership and subscription in respect of two Clubs.

(e) Communication Facilities:

Provision of telephones, Telefax, Computer and other Communication facilities at the residence.

(f) Personal Insurance:

Personal Accident and Mediclaim Insurance as per the rules of the Company.

(g) Provident and Other Funds:

Company's contribution towards Provident fund, Pension Fund/Superannuating Fund as per the rules of the Company.

(i) Gratuity :

As per the rules of the Company's Gratuity Scheme.

(j) Leave Encashment:

Encashment of leave accumulated as per the rules of the Company.

(k) Other Perquisites:

Subject to the overall ceiling on remuneration mentioned herein below, other allowances, benefits and perquisites as the Board of Directors may from time to time decide.

(II) **OVERALL REMUNERATION:**
The aggregate of salary and perquisites in any financial year shall not exceed limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act as may be for the time being in force.

(III) In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the said Whole-time director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of part II of Schedule XII of the Companies Act, 1956.

The Whole-time director shall also be entitled to reimbursement of the actual business entertainment and traveling expenses incurred by him with regard to business of the Company and reimbursement of such expenses will not be treated as an item of perquisites for him under Section 198 of the Companies Act, 1956.

1. The Whole-time director, so long he functions as such, shall not be entitled to any sitting fee for attending the Board meeting of the Company.

2. The Whole-time director will ipso facto cease to be the Whole-time director if he ceases to hold the office of Director for any cause.

3. The Whole-time director, shall not so long as such, become interested or otherwise concerned directly or though his spouse, son(s) or unmarried daughter(s) if any, in any Selling Agency of the Company in future without the prior approval of the Company law Board / Central Government.

4. Above appointment can be terminated either by the Whole-time director himself or the Board of Directors of the Company by serving 3 (three) months' notice in writing to the other.

The Board of Directors of the Company is authorized to alter, vary or amend any of the terms and conditions of this Agreement and / or designation and / or remuneration including salary, allowances, perquisites, benefits and amenities of the Whole-time director to the extent it may deem fit and proper, provided the same is in accordance with any Statutory Amendment or Modification or Relaxation that may hereafter be made thereto by the Central Government to the applicable provisions of the Companies Act, 1956, and / or as may be approved by the Central Government if required and /or as may be considered / approved by the Shareholders of the Company whenever required and subject to the consent of the Whole-time director.

Compensation of Executive Director – Mr. Maruti Maheshwari

Term of Office	Period of 3 years beginning from 1st July, 2006
Date of Passing of Resolution in Board Meeting	12th June, 2006
Date of passing of Resolution in General Meeting	22nd July, 2006
Date of Signing of Agreement	1st July, 2006

REMUNERATION:

(I) (A)(i) **SALARY**:

Rs. 75,000/- (Rupees Seventy Thousand) only per month (in the Grade of Rs. 75,000/- to Rs. 1,25,000/- per month). The Board is authorized in its absolute discretion and from time to time to fix his salary within the range state above.

(B)(ii) **PERQUISITES & AMENITIES**:

a) Motor Car:
Provision for Motor Car and Driver.

b) Medical:
Reimbursement of medical expenses incurred in India and / or abroad including Hospitalisation Nursing Home and Surgical Charges, cost of travel and stay for self and family

c) **Leave Travel Concession**:

Reimbursement of actual travelling expenses (domestic and overseas) for proceeding on leave once in a year in respect of self and family.

d) **Club Fee**:

Reimbursement of Club Bills including membership and subscription in respect of one Club.

(f) **Communication Facilities**:

Provision of telephones, Telefax, Computer and other Communication facilities at the residence.

(g) **Personal Insurance**:

Personal Accident and Mediclaim Insurance as per the rules of the Company.

(h) **Provident and Other Funds**:

Company's contribution towards Provident fund, Pension Fund/ Superannuation Fund as per the rules of the Company.

(i) **Gratuity**:

As per the rules of the Company's Gratuity Scheme.

(j) **Leave Encashment**:

Encashment of leave accumulated as per the rules of the Company.

(k) **Other Perquisites**:

Subject to the overall ceiling on remuneration mentioned herein below, other allowances, benefits and perquisites as the Board of Directors may from time to time decide.

(II) **OVERALL REMUNERATION:**
The aggregate of salary and perquisites in any financial year shall not exceed limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act as may be for the time being in force.

(IV) In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the said Executive director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of part II of Schedule XII of the Companies Act, 1956.

The Executive director shall also be entitled to reimbursement of the actual business entertainment and traveling expenses incurred by him with regard to business of the Company and reimbursement of such expenses will not be treated as an item of perquisites for him under Section 198 of the Companies Act, 1956.

1. The Executive director, so long he functions as such, shall not be entitled to any sitting fee for attending the Board meeting of the Company.

2. The Executive director will ipso facto cease to be the Executive director if he ceases to hold the office of Director for any cause.

3. The Executive director, shall not so long as such, become interested or otherwise concerned directly or though his spouse, son(s) or unmarried daughter(s) if any, in any Selling Agency of the Company in future without the prior approval of the Company law Board / Central Government.

4. Above appointment can be terminated either by the Executive director himself or the Board of Directors of the Company by serving 3 (three) months' notice in writing to the other.

5. The Board of Directors of the Company is authorized to alter, vary or amend any of the terms and conditions of this Agreement and / or designation and / or remuneration including salary, allowances, perquisites, benefits and amenities of the Executive director to the extent it may deem fit and proper, provided the same is in accordance with any Statutory Amendment or Modification or Relaxation that may hereafter be made thereto by the Central Government to the applicable provisions of the Companies Act, 1956, and / or as may be approved by the Central Government if required and /or as may be considered / approved by the Shareholders of the Company whenever required and subject to the consent of the Executive director.

CORPORATE GOVERNANCE

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. The Company shall comply with the Guidelines issued by SEBI in respect of the Corporate Governance immediately upon listing of its Equity Shares on the stock exchanges. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

AUDIT COMMITTEE

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered with the Stock Exchanges. The Audit Committee consists of three Directors as members with the majority being Independent Directors. The composition of the Audit Committee is as under:

Sl. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Bhanu Prakash Agarwal	Chairman	Independent & Non Executive Director
2.	Mr. Ashwini Kumar Singh	Member	Independent & Non Executive Director
3.	Mr. Anjanee Kumar Lakhotia	Member	Whole-time Director

The scope of Audit Committee shall include but shall not be restricted to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.

2. To investigate any activity within its terms of reference

3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

4. Reviewing with management the annual financial statements.

5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.

6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

7. Reviewing the Company's financial and risk management policies.

8. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee is formed to specifically look into all the matters relating to shares and shareholders grievance i.e. approval of transfer/ transmission/ demat/ remat of shares, issue of duplicate share certificates, split–up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc. The composition of the committee is as under:

Sl. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Ashwini Kumar Singh	Chairman	Independent & Non Executive Director
2.	Mr. Bhanu Prakash Agarwal	Member	Independent & Non Executive Director
3.	Mr. Maruti Maheshwari	Member	Executive Director

REMUNERATION COMMITTEE

The Remuneration Committee has been formed to decide and approve the terms and conditions for appointment of executive directors of the company and remuneration payable to other directors and executives of the company and other matters related thereto. The composition of the committee is as under:

Sl. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Ashwini Kumar Singh	Chairman	Independent & Non Executive Director
2.	Mr. Bhanu Prakash Agarwal	Member	Independent & Non Executive Director
3.	Mr. Shiba Prosad Mukherjee	Member	Independent & Non Executive Director
4.	Mr. Maruti Maheshwari	Member	Executive Director

Shareholding of Directors in the Company

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

Sl. No.	Name of the Director	No. of equity Shares
1.	Mr. Ram Gopal Maheshwari	21,52,125
2.	Mr. Anjanee Kumar Lakhotia	3,86,250
3.	Mr. Maruti Maheshwari	1,69,500
4.	Mr. Bhanu Prakash Agarwal	Nil
5.	Mr. Ashwini Kumar Singh	Nil
6.	Mr. Shiba Prosad Mukherjee	Nil
7.	Mr. Kumar Singh Baghel	Nil

Interest of the Directors

All the directors of MBL Infrastructures Ltd may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

The Directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/ transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements /arrangements entered into or to be entered into by MBL Infrastructures Ltd with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

The Whole Time Directors of the MBL Infrastructures Limited are interested to the extent of remuneration paid to them for services rendered to the Company (For more details, please refer "Related Party Disclosures" as mentioned in the Auditor's Report given in this Draft Red Herring Prospectus. Further, the Directors are interested to the extent of Equity Shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors are not interested in any property acquired by MBL Infrastructures Limited within two years from the date of the Draft Red Herring Prospectus or proposed to be acquired by the Company.

The Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

Change in Directors during last 3 (three) years

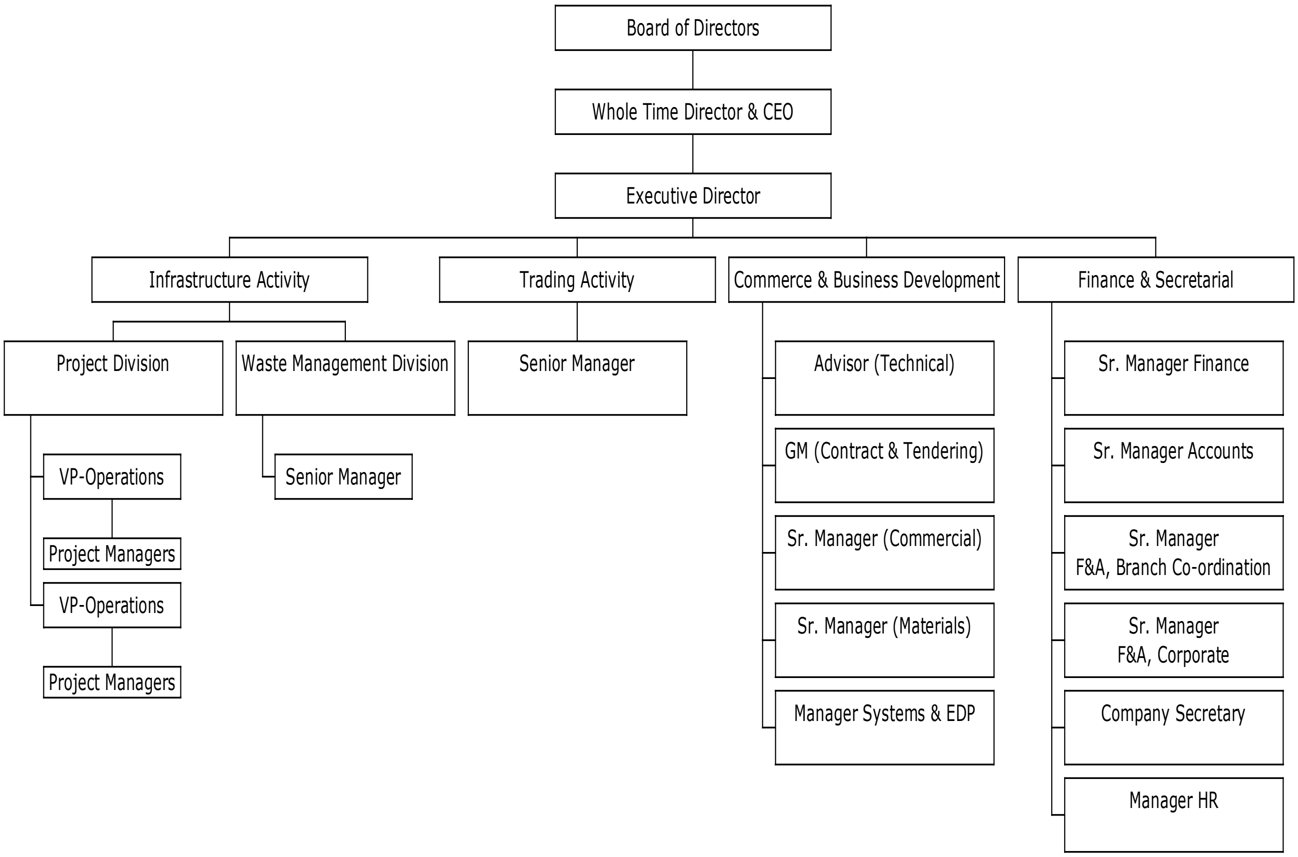
Directors who lave resigned during last 3 (three) years

Name	Date of Cessation	Reason
Mr. Shree Kumar Lakhotia	18.11.2004	Resigned from Directorship
Mrs. Gayatri Devi Maheshwari	11.07.2005	Due to Death
Mr. Shree Kumar Lakhotia	30.07.2005	Resigned from Directorship

Directors who lave joined during last 3 (three) years

Name	Date of Appointment	Reason
Mr. Shree Kumar Lakhotia	21.02.2005	Appointed as Additional Director
Mr. Maruti Maheshwari	19.04.2006	Appointed as Additional Director
Mr. Bhanu Prakash Agarwal	19.04.2006	Appointed as Additional Director (Independent)
Mr. Ashwini Kumar Singh	29.05.2006	Appointed as Additional Director (Independent)
Mr. Shiba Prosad Mukherjee	30.06.2006	Appointed as Additional Director (Independent)
Mr. Kumar Singh Baghel	09.09.2006	Appointed as Additional Director (Independent)

ORGANIZATIONAL STRUCTURE



DETAILS OF KEY MANAGERIAL PERSONNEL OF MBL INFRASTRUCTURES LIMITED

Mr. Sunil Chandra Kabiraj (63)
A Civil Engineer with more than 40 years of experience in construction line. He is a thorough professional and a very competent General Manager. He joined our Company in 1990 and has been Project manager in respect of various projects undertaken by the Company. He has displayed his capability at handling the tenders and projects with his experience and vast knowledge. Prior to joining our organization he has worked as Asst. Executive Engineer (Civil) planning, Execution and maintenance of Roads and Bridges from 1966 to 1990 and as Asst. Inspector of Works construction of Broad Gage Project in N. F. Railway from 1964-1966. Presently he is **General Manager (Contract and Tendering)** and looks after all the technical aspects of the Tenders and Projects as well as helping in implementation of them at various sites of the Company.

Mr Subrata Basu (58)
A first class bachelor of civil engineering, he has 36 years of experience in coordinating,tendering/marketing,contract management of civil and highway projects.He was with Bridge & Roof Co (India) Ltd as Deputy General Manager(Roads &Highways).With the co poised for exponential growth,he as **advisor(technical)** will ensure proper tendering/marketing and coordination of various projects.

Mr. Aditya Maheshwari (29)
Mr. Aditya Maheshwari is son of Mr. Ram Gopal Maheshwari, the Chairman and is a Commerce graduate. He joined the Company in 1998 as a trainee just after the completion of his graduation. He underwent on job training for a couple of years and afterwards was appointed to take care of management of Rourkela business operations at SAIL-RSP. He was at IISCO, Burnpur during the years 1998-1999 taking care of the operations over there i.e., Waste Management Activities. He has handled two of the important projects of the Company viz., Agra –Dholpur and Agra-Gwalior under the supervision and guidance of Mr. Anjanee Kumar Lakhotia, Whole-time Director & CEO of the Company. He is now **VP–operations** and incharge of Guwahati, Lakhimpur and Balaghat Projects.

Mr. Anuj Maheshwari (27)
Mr. Anuj Maheshwari is son of Mr. Ram Gopal Maheshwari, the Chairman. He joined the Company in 2000 as a trainee on completion of graduation. He has looked after and taken care of various assignments at different sites. His job involved procurement of Stores and Spares for different sites and looking after the banking operations of the Company. He had also been on the site for 4 years in Bhadravati taking care of Waste Management Project, trading and banking activities. For a couple of years i.e. during 2001-03, he was responsible for Road Maintenance Projects of Tumkur-Harihar and Bangalore-Nelmangala, which he handled successfully and with ease under the supervision and guidance of Mr. Anjanee Kumar Lakhotia, Whole-time Director & CEO of the Company. Presently he is **VP-Operations** incharge of maintenance projects of Durgapur and Vijaywada

Mr. Amiya Kumar Panda (32)
A commerce graduate and a Member of ICWAI, he joined the Company in 1995 as an Accountant. He was Manager (Accounts) for some period, wherein he handled finalization of accounts, preparation of Tax Audit Reports, Co-ordinating with the bankers and financers of the Company and other commercial activities. Presently he is **Senior Manager (Commercial and Trading).**

Mr. Amit Kumar Agarwal (32)
Mr. Agarwal joined the Company in 2001. At present he is in-charge of Purchase of Equipments as well as for making arrangements for different construction equipments on rentals as and when required for the Sites. He also has experience in Export –Import activities. He handles purchases from HO. Presently he is **Senior Manager (Waste Management Dinision & Materials)** and is looking after all the purchase requirements of the Company and ensures proper arrangements for the same with proper support to the site.

Mr. Goutam Kumar Bhalotia (25)
Mr. Bhalotia is a Chartered Accountant and has joined the Company in 2006. He looks after the accounts and financial aspects of the Company at its Delhi Office. Earlier he was working as Manager-Accounts in M/s Shashwat International Ltd. At present he is **Senior Manager (F&A), Corporate** in the Company.

Mr. Prabhat Ranjan (26)
A Chartered Accountant, Mr. Ranjan has joined the Company in 2006. He was given the responsibilities of accounts, specifically banking aspect of the organization. Presently he is **Senior Manager (Accounts)** and looks after the accounting and the banking aspects of the Company.

Mr D.S.Negi (36)
A commerce graduate .He joined the co in 1999.He has been looking after commercial activities of the co at New Delhi. Presently he is **Senior Manager (Finance)** of the Company.

Mr L. Sahoo (36)
A member of ICWAI since 1996 and a commerce graduate of 1991, he is well versed with cost analysis,accounting and financial aspects of projects. He joined the company in 2001. He is **Manager** in subsidiary company AAP Infrastructure Ltd to look after day to day management of affairs of the company. He is well versed with general and financial management.

Ms. Namrata Sharma (31)
Ms. Sharma is the **Company Secretary and the Compliance Officer** of the Company. She joined the Company in June 2006. She is an Associate Member of the Institute of Company Secretaries of India since 2003 and has four and a half years of experience in corporate secretarial field. She has completed her Management training from 'Birla Corporation Limited', a flagship Company of M. P. Birla group and was working as a Company Secretary in L. N. Bangur group before joining this organization.

Mr. Sunanda Tarei(34)
Mr. Terei is a Chartered Accountant and has joined the Company in 2006. He is **Senior Manager (F&A), Branch Coordination** in the Company.

EMPLOYEES

The total manpower directly employed by the Company is 203 including site staffs.

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

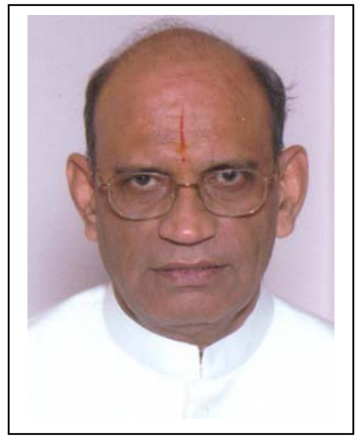
Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company makes ex-gratia payments to its officers as and when it deems fit.

Key Managerial Personnel who have joined the company in the last three years

Name of Key Managerial Personnel	Date of joining
Mr Subrata Basu	15-Sep-06
Mr. Aditya Maheshwari	01-Apr-06
Mr. Anuj Maheshwari	01-Apr-06
Mr. Goutam Kumar Bhalotia	16-Aug-06
Mr. Prabhat Ranjan	16-Aug-06
Ms. Namrata Sharma	01-Jun-06
Mr. Sunanda Terei	16-Aug-06

5. OUR PROMOTERS

Mr. Ram Gopal Maheshwari	
Designation	Non Executive Chairman
Residential Address	8/10, Alipore Park Road "Prasad Residency" 4th Floor Kolkata – 700 027
Occupation	Business
Date of Birth	14-04-1945
Passport Details	-
Permanent Account Number	AEUPM7619D
Voter ID No.	-
Driving Licence Number	-
Name of Bank and Address	**State Bank of Mysore** Bentinck Street Branch Kolkata – 700 001
Type of Account	Savings
Account Number	54028010744
Any other relevant information	-

Mr. Anjanee Kumar Lakhotia	
Designation	CEO & Whole-Time Director
Residential Address	B-37, Swami Nagar 1st Floor New Delhi - 110 017
Occupation	Business
Date of Birth	08.12.1962
Passport Details	F1992383
Permanent Account Number	ABWPL3541N
Voter ID No.	-
Driving Licence Number	WB-01-186202
Name of Bank and Address	**State Bank of Mysore** Corporate Accounts Branch Nehru Place New Delhi – 110 019
Type of Account	Savings
Account Number	64004555088
Any other relevant information	-

Mr. Maruti Maheshwari	
Designation	Executive Director
Residential Address	"Prasad Residency" 8/10, Alipore Park Road 4th Floor Kolkata – 700 027
Occupation	Business
Date of Birth	26.07.1975
Passport Details	F6210157
Permanent Account Number	AEOPM9824Q
Voter ID No.	-
Driving Licence Number	WB 19 006701
Name of Bank and Address	State Bank of Mysore Bentinck Street Branch Kolkata – 700 001
Type of Account	Savings
Account Number	54027993531
Any other relevant information	-

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

Relationship between the Promoters, Directors and Key Managerial Personnel

Mr. Ram Gopal Maheshwari is father of Mr. Maruti Maheshwari , Mr. Aditya Maheshwari and Mr.Anuj Maheshwari and brother of Mr. Anjanee Kumar Lakhotia . Except as stated otherwise, there is no relation between any Promoters, Director and Key Managerial Personnel of the Company.

Common Pursuits

There are no common pursuits in the business of the company and other companies promoted by the promoters and other companies of the promoter group.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property acquired by our company within two years from the date of the Draft Red Herring Prospectus.

The following companies/ firms/ ventures have been promoted by the Promoters of Company and the Promoters may be deemed to be interested in these companies:

<table>
<tr><th>Name of the Concern</th><th>Interested Party</th></tr>
<tr><td>SMH Capital Limited</td><td rowspan="9">Mr. Ram Gopal Maheshwari
Mr. Anjanee Kumar Lakhotia
Mr. Pawan Kumar Lakhotia
Mr. Shree Kumar Lakhotia
Mrs. Uma Devi Lakhotia
Mr. Maruti Maheshwari
Mr. Aditya Maheshwari
Mr. Anuj Maheshwari</td></tr>
<tr><td>Prabhu International Vyapar Pvt. Limited</td></tr>
<tr><td>MB Magnets Pvt Limited</td></tr>
<tr><td>SMH Infrastructure Pvt. Limited</td></tr>
<tr><td>Shree International Vyapar Pvt. Limited</td></tr>
<tr><td>MSP Infrasrtuctures Limited</td></tr>
<tr><td>Prabhu International</td></tr>
<tr><td>Maheshwari Steel Processors</td></tr>
<tr><td>Ganpatrai Ramnarsingh Lakhotia Charitable Trust</td></tr>
</table>

Payment or benefit to Promoters of the Company

Apart from the above there have been no payment or benefits to the Promoters of the Company.

Related Party Transactions

For details of related party transactions please refer to the Auditor Report beginning on page no. 83 of the Draft Red herring Prospectus.

6. CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

7. DIVIDEND POLICY

Our Company has a dividend policy for dividend payment as written in the Articles of association of the Company. The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, in their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition.

The details of dividend paid by the Company is as follows:

(Rs. In Lacs)

PARTICULARS	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
EQUITY SHARES					
Paid-up Share Capital (Rs. In Lacs)	599.25	599.25	599.25	724.25	1086.37
Face Value (Rs.)	10	10	10	10	10
Rate of Dividend	Nil	Nil	5.00%	5.00%	10.00%
Dividend Amount	Nil	Nil	29.96	36.21	108.64
Corporate Dividend Tax	Nil	Nil	3.84	4.73	15.24
No of Equity Shares of Rs. 10 Each	5992485	5992485	5992485	7242485	10863727

Note : - Capital of the company was enhanced from Equity Shares 7242485 to Equity Shares 3,621,242 by issue of Bonus Shares during the year 2005-06 and accordingly dividend was paid on the entire capital .

IV. FINANCIAL STATEMENT

1. AUDITOR REPORT

The Board of Directors
MBL Infrastructures Limited
23 A Netaji Subhas Road,
3rd Floor,
Kolkata-700 001

Reg. Public Offer of MBL Infrastructures Limited Auditors' Report as required by Part II of Schedule II of the Companies Act,1956.

Dear Sirs,

1. We have examined the following financial information of MBL Infrastructures Limited ("the Company") as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors which has been prepared in accordance with Paragraph B-1 Part-II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") issued by the Securities and Exchange Board of India (SEBI).

2. We have examined the attached restated summary statement of Assets and Liabilities of the Company as at 31st March 2002, 2003, 2004, 2005 and 2006 and the attached restated summary statement of Profit and Loss for each of the years ended on those dates ("summary statements") (see Annexure I and II) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion appropriate and more fully described in the notes appearing in Annexure IV to this report. These summary statements have been extracted from the financial statements for the year ended 31st March, 2002, 2003, 2004,2005 and 2006 audited by us and adopted by the members for the respective years. Based on our examination of these summary statements we confirm that:

   a. The impact of changes in accounting policies adopted by the Company as and for the period ended 31st March , 2006 have been adjusted with retrospective effect in the attached summary statements:

   b. There are no prior period items which are required to be adjusted in the summary statements in the years to which they relate:

   c. There are no qualifications in the auditor's reports, which require any adjustments in the summary statements.

3. Significant Accounting Policies adopted by the Company and the relevant notes pertaining to the audited financial statements are enclosed as Annexure III and IV respectively.

4. We have examined the following other financial information of the Company proposed to be included in the Draft Red Herring Prospectus/ Red Herring Prospectus/Prospectus as approved by you and annexed to this report.

   a) Summary of Cash Flows as restated in Annexure V
   b) Statement of rate of Dividend in Annexure VI
   c) Statement of Accounting Ratios in Annexure VII
   d) Statement of Investments in Capitalization statement as at March 31st 2006 as Annexure VIII
   e) Statement of Tax Shelter in Annexure IX
   f) Statement of Loans and Advances in Annexure X

g) Statement of Secured Loans in Annexure XI

h) Statement of Un Secured Loans in Annexure XII

i) Statement of Investments in Annexure-XIII

j) Statement of Sundry Debtors in Annexure – XIV

k) Statement of other Current Assets in Annexure-XV

l) Statement of Contingent Liabilities not provided for in Annexure-XVI

m) Statement of Related Party Transactions in Annexure - XVII

5. We have issued a report of even date on our examination of the Statement of Consolidated Statement of Profit and Losses, as restated of the Company for the years ended March 31, 2005 and March 31, 2006, the Consolidated Statement of Assets and Liabilities, as restated of the Company as at March 31, 2005 and March 31, 2006 and the Statement of Consolidated Cash flows, as restated for the years ended March 31, 2005 and March 31, 2006 together with the significant accounting policies and notes on accounts, other schedules and notes thereon.

6. In our opinion, the financial information of the Company as attached to this report, read with the significant accounting policies and notes on accounts and other notes contained in the aforesaid Annexures, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

7. This report is intended solely for your information for inclusion in the Draft Red Herring Prospectus/ Red Herring Prospectus and Prospectus for the proposed Public Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For, Khandelwal Ravindra & Co.

Chartered Accountants

(Ravindra Khandelwal**)**

Proprietor
M.No. 054615

Date: September 25, 2006
Place: Kolkata

ANNEXURE-I

STATEMENT OF ASSETS & LIABILITIES AS RESTATED

The assets and liabilities of the company as at the end of each five financial years ended on 31 March 2002, 2003, 2004, 2005 and 2006 are as set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regroupings as are, in our opinion, appropriate.

Rs. in Lacs

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Fixed Assets					
Gross Block	2,815.01	3,345.68	3,514.70	3,662.61	4,145.63
Less: Depreciation	547.41	792.94	1,072.18	1,358.91	1,662.23
Net Block	**2,267.60**	**2,552.73**	**2,442.52**	**2,303.69**	**2,483.40**
Less: Revaluation Reserve	744.79	640.01	535.23	425.86	322.41
Net Block after adjustment for Revaluation Reserve	**1,522.81**	**1,912.72**	**1,907.28**	**1,877.84**	**2,160.99**
Capital Work in Progress	-	-	-	-	121.18
Total (A)	**1,522.81**	**1,912.72**	**1,907.28**	**1,877.84**	**2,282.17**
Investment (B)	-	-	325.00	1,103.50	1,110.50
Current Assets, Loans and Advances					
Inventories	348.49	446.45	433.16	717.12	1,306.58
Sundry Debtors	543.61	1,271.70	2,102.35	2,649.27	3,252.90
Cash and Bank Balances	529.73	682.42	974.19	1,212.02	1,694.69
Other Current Assets	79.67	36.05	26.98	32.20	141.33
Loans and Advances	204.34	165.88	546.93	934.80	1,064.23
Total (C)	**1705.84**	**2,602.50**	**4,083.61**	**5,545.41**	**7,459.73**
Total Assets (A+B+C) = D	**3,228.65**	**4,515.23**	**6,315.89**	**8,526.75**	**10,852.40**
Less: Liabilities and Provisions:					
Secured Loans	630.61	1,068.30	1,049.18	1,394.71	1,648.10
Unsecured Loans	555.24	417.26	1,452.73	1,795.61	1,343.72
Sundry Creditors	351.36	897.23	1,141.02	1,138.87	848.58
Other Current Liabilities	154.82	109.26	178.23	890.74	2,952.76
Share Application Money	13.45	113.85	4.77	-	-
Provisions	30.14	49.50	126.30	174.28	269.54
Deferred Tax Liability	278.22	332.10	363.03	385.25	336.02
Total Liabilities (E)	**2013.84**	**2,987.50**	**4,315.26**	**5,779.46**	**7,398.72**
Net Worth (D-E)	**1,214.80**	**1527.73**	**2000.64**	**2,747.28**	**3,453.68**
Represented By					
Equity Share Capital **(I)**	599.25	599.25	599.25	724.25	1,086.37
Reserves and Surplus	1,360.85	1,568.86	1,936.86	2,448.98	2,689.72
Less: Revaluation Reserves	744.79	640.01	535.23	425.86	322.41
Net Reserves and Surplus (II)	**616.06**	**928.85**	**1,401.62**	**2,023.12**	**2,367.31**
Misc. Expenditure **(III)**	0.51	0.37	0.23	0.09	-
Net Worth (I+II-III)	**1,214.80**	**1,527.73**	**2,000.64**	**2,747.28**	**3,453.68**

The accompanying Significant Accounting Policies (Annexure –III) and Notes (Annexure – IV) are integral part of this statement.

ANNEXURE-II

SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT AS RESTATED

We report that the profits of the company for the five financial years ended on 31st March 2002, 2003, 2004, 2005 and 2006 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustments and regroupings as are, in our opinion, appropriate.

Rs. in Lacs

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
INCOME					
Income from Construction Activities	2,270.08	4,228.24	7,607.73	9,890.89	11,673.20
Income from Trading Activities	3,436.00	3,594.39	3,724.33	4,395.99	4,142.62
Sub Total	**5,706.08**	**7,822.63**	**11,332.06**	**14,286.88**	**15,815.82**
Other Income	36.09	50.59	33.00	53.65	84.38
Increase/(Decrease) of Stock – Construction	(126.39)	202.37	(68.61)	378.67	365.62
Increase/(Decrease) of Stock-Trading	230.86	(104.40)	55.32	(94.71)	223.84
Total Income	**5,846.64**	**7,971.19**	**11,351.77**	**14,624.49**	**16,489.66**
EXPENDITURE					
Cost of Goods Sold (Trading)	3,197.42	3,560.28	3,613.31	4,339.14	4,019.36
Material Consumption	1,437.68	2,404.99	2,272.26	4,803.88	3,302.32
Sub Contracting Expenses	-	130.70	3,244.24	3,118.77	6,059.26
Other Operating Expenses	559.65	898.09	862.77	759.21	810.97
Staff Costs	26.21	27.38	59.53	61.92	128.60
Selling, Administrative & Other Expenses	118.53	280.22	270.67	293.62	498.19
Interest and Financial Charges	148.48	124.18	261.46	315.19	596.11
Depreciation	129.68	147.20	179.84	197.56	200.79
Total Expenditure	**5,617.65**	**7,573.04**	**10,764.09**	**13,889.29**	**15,615.60**
Net Profit before Tax & Extraordinary Items	**228.99**	**398.15**	**587.68**	**735.20**	**874.06**
Provision for Income Tax					
Deferred	68.73	53.88	30.93	22.22	(49.23)
Current	18.00	31.50	43.00	55.00	76.94
Net Profit Before Extraordinary Items	**142.26**	**312.77**	**513.76**	**657.97**	**846.35**
Prior period Tax	(0.06)	(0.02)	7.18	(4.46)	16.15
Net Profit After Extraordinary Items	**142.32**	**312.79**	**506.58**	**662.43**	**830.20**
Balance of Profit brought forward	241.67	152.71	465.50	338.28	343.55
Earlier Year Depreciation w/b	-	-	-	-	-
Dividend	-	-	29.96	36.21	108.64
Corporate Tax on Dividend	-	-	3.84	4.73	15.24
Transfer to General Reserve	231.27	-	600.00	616.22	432.56
Balance Carried to Balance Sheet	**152.71**	**465.50**	**338.28**	**343.55**	**617.31**

The accompanying Significant Accounting Policies (Annexure –III) and Notes (Annexure – IV) are integral part of this statement.

ANNEXURE III

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

(i) The financial statements have been prepared under the historical cost convention other transition in Fixed Assets which are stated at revalued amount and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

(ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

b. Revenue Recognition

(i) Sales is recognised on despatch of goods and net of Value Added Tax (VAT).

(ii) Revenue in respect of uncertified contract is recognised under percentage of completion method.

(iii) Revenue in respect of claims is recognised to the extent the Company is reasonably certain of their realisation.

c. Fixed Assets and Depreciation

(i) Fixed Assets are stated at their original cost adjusted by revaluation of certain Plant and Machinery. Cost includes acquisition price, attributable expenses and pre-operational expenses.

(ii) Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

d. Investments

Long term Investments are valued at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

e. Foreign Currency Transactions:

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(ii) Monetary items denominated in foreign currencies, if any, at the end of the year are restated at year end rates.

(iii) Non monetary foreign currency items are carried at cost.

(iv) Any income or expense on account of exchange difference either on settlement or on translation recognised in the Profit and Loss account.

f) Inventories

Stock of goods traded is valued at cost or net realisable value whichever is lower. Cost of inventories is generally ascertained on FIFO basis.

g) Taxes on Income

i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961

ii) Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainity that the assets will be adjusted in future.

h) Retirement Benefits

Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss account. Gratuity and Leave Encashment benefit are charged to Profit and Loss Account on the basis of actuarial valuation as at year end.

i) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

j) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised not disclosed in the financial statements.

ANNEXURE IV
NOTES TO THE ACCOUNTS

a. **Disclosure in respect of Joint Ventures:**

Rs. in Lacs

	List of Joint Ventures:	**Proportion of Ownership Interests**	**Assets**	**Liabilities**	**Income**	**Expenses**
i)	MBL-Supreme Asphalts Ltd.JV	60%	-	-	773.45	721.63
ii)	MBL-Telecomunications Consultants India Ltd. JV.	51%	-	-	-	-

b. Investments in equity shares of AAP Infrastructure Limited has been pledged with Bankers against facilities availed by them

c. **Earnings per Share**

		2004-2005	**2005-2006**
(i)	Net Profit after tax available for equity Shares (Rs.)	66,243,772	83,019,504
(ii)	Number of equity shares (including retrospective effect of bonus shares issued)	10863727	10863727
(iii)	Basic and Diluted Earnings per Share (Rs.)	6.10	7.64

d. **Segment Reporting**

In terms of Accounting Standard 17 of The Institute of Chartered Accountants of India, information about primary Business Segment is being given hereunder for the period ended 31st March 2006:

Rs in Lacs

Particulars	**Business Segments**			
	Construction Activity	**Trading Activity**	**Unallocable**	**Total**
Segment Revenue	**11,751.97**	**4,142.62**	**5.62**	**15,900.21**
Previous Year	9,926.55	4,395.99	17.98	14,340.52
Segment Result before Interest & Taxes (PBIT)	**1,395.44**	**72.53**	**2.20**	**1,470.17**
Previous Year	1,032.41	48.34	17.98	1,098.73
Interest & Finance Charges	**-**	**-**	**-**	**596.12**
Previous Year	-	-	-	315.19
Profit Before Tax (PBT)	**-**	**-**	**-**	**874.06**
Previous Year	-	-	-	735.20
Taxes	**-**	**-**	**-**	**43,867.35**
Previous Year	-	-	-	77,218.78
Profit After Tax (PAT)	**-**	**-**	**-**	**830.20**
Previous Year	-	-	-	662.44
Segment Assets	**9,790.24**	**529.83**	**854.75**	**11,174.82**
Previous Year	7,623.45	702.00	627.24	8,952.69
Segment Liabilities	**5,733.94**	**1,023.40**	**305.36**	**7,062.70**
Previous Year	4,345.42	834.70	214.10	5,394.22
Segment Capital Expenditure	**473.90**	**0.43**	**16.33**	**490.66**
Previous Year	176.59	-	8.73	185.32
Segment Depreciation	**200.36**	**0.26**	**0.17**	**200.79**
Previous Year	190.63	4.16	2.77	197.56
Segment non-cash expenses other than depreciation	**-**	**-**	**0.09**	**0.09**
Previous Year			0.14	0.14

Notes :

i. The company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the business activity, organisational structure and internal reporting system. The company's operations predominantly relate to Infrastructure, Construction and Maintenance.

ii. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

iii. There are no reportable geographical segments.

iv. Previous Year means the financial year ended 31st March 2005 and the figures in bold represent the figures for the year ended 31st March 2006.

e. **Disclosure of related parties / related party transactions:**

As per Accounting Standard (AS -18) issued by Institute of Chartered Accountants of India, the Company's related party disclosure is as under:

A.	**List of Related Parties:**	
i.	Name of the parties where control exists	AAP Infrastructure Ltd., a subsidiary of the Company Prabhu International, Proprietary Concern of a Director
ii.	Key Management Personnel	a) Mr. Ram Gopal Maheshwari
		b) Mr. Pawan Kumar Lakhotia
		c) Mr. Anjanee Kumar Lakhotia
iii.	Joint Ventures:	a) MBL-Telecomunications Consultants India Ltd. JV.
		b) MBL-Supreme JV

B.	**Names of the related parties with whom transactions were carried out during the year and description of relationship:**	
a.	Subsidiary Company:	AAP Infrastructure Ltd.
	Proprietorship Concern	Prabhu International
b.	Key Management Personnel:	a) Mr. Ram Gopal Maheshwari
		b) Mr. Pawan Kumar Lakhotia
		c) Mr. Anjanee Kumar Lakhotia

C. Transactions with related parties						**(Rs.in Lacs)**
	Subsidiary Company		**Joint Ventures**		**Key Management Personnel**	
	2004-05	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**
Payments:						
Salary						
Ram Gopal Maheshwari					2.40	2.40
Pawan Kumar Lakhotia					2.40	2.40
Anjanee Kumar Lakhotia					7.20	7.20
Receipts:						
Contract Receipts	2624.69	3665.50	247.63	773.45	NA	NA
Amounts receivable at the	721.01	1365.91	9.89	21.62	NA	NA
year end						
Amounts payable at the year end: (Mobilisation advance)	3198.51				NA	NA

f. **Deferred Tax Liability (Net) Deferred Tax**

Rs. in Lacs

	Deferred Tax Liabilities	**Deferred Tax Liability / (Assets) as at 01.04.2005**	**Charge / (Credit) during 2005-06**	**Deferred Tax Liability / (Assets) As at 31.03.2006**
i)	Difference between book and Tax depreciation	340.61	(8.20)	332.41
ii)	Others	45.33	(4,1.72)	3.61
	(A)	**385.94**	**(4,9.92)**	**336.02**
	Deferred Tax Assets			
	Past Losses and unabsorbed Depreciation	0.69	(0.69)	-
	(B)	**385.25**	**(49.23)**	**336.02**

g. To the extent information is available with the company there are no dues outstanding to the Small Scale Industrial Undertakings for more than 30 days.

h. **Contingent Liabilities**

Rs. in Lacs

		As at 31.03.2005	**As at 31.03.2006**
	i) Claims against the Company / disputed Liabilities not acknowledged as Debts	88.36	200.25
	ii) Corporate Guarantees given on behalf of Subsidiary Companies	899.07	1980.00

i Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.561.75 Lacs (For 2004-05 - Nil)

j. Information in accordance with the requirements of the revised Accounting Standard (AS-7) on Construction Contracts issued by the Institute of Chartered Accountants Of India :

Rs. in lacs

	2004-2005	**2005-2006**
Contract revenue recognized for the year ended 31st March, 2006	9,890.89	11,673.20
Aggregate amount of contract costs incurred and Recognized profits (Less recognized losses) up to 31st March, 2006 for all the contracts in progress	5,469.68	14,091.89
The amount of customer advances outstanding for Contracts in progress as at 31st March'2006	347.41	2,271.78
The amount of retention due from customers for contracts in progress as at 31st March 2006	144.70	165.83
Gross amount due from customers for contracts in Progress (included in work-in-Progress Rs.1007.37 Lacs and Sundry Debtors Rs.1564.59 Lacs	1,609.65	2,571.95

k. Additional Information under Part II of Schedule VI to the Companies Act, 1956

A. Turnover, Purchases, Closing and Opening Stocks

Rs. in Lacs

	2004-05		2005-06	
	Qty(MT)	Value	Qty(MT)	Value
Class of Goods:				
a) Iron & Steel				
Opening Stock	2572.955	226.35	1440.105	131.65
Purchase (Net of Wastage / Excess)	17935.975	4238.51	14641.910	4,234.40
Sales	19068.825	4395.99	14705.601	4,142.62
Closing Stock	1440.105	131.65	1376.414	355.49

b) Construction Material

The company is mainly engaged in the business of infrastructure construction. Keeping in view of the job difficulties in different sites and projects, no quantitative detail of stock, production, turnover and consumption of raw materials can be given

Value of Import (on CIF basis)	2004-2005	2005-2006
Purchase (Rs. In Lacs)	-	78.62

B. Foreign Exchange Earnings on account of Export of Export of Goods Rs.132.54 Lacs (For 2004-05- Rs.205.85 Lacs)

C. Foreign Exchange expenditure on account of Traveling Rs. Nil (For 2004-05- Rs.8.44 Lacs)

l. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

ANNEXURE-V

SUMMARY OF CASH FLOW AS RESTATED

Rs. in Lacs

		Year Ended				
		31.03.02	**31.03.03**	**31.03.04**	**31.03.05**	**31.03.06**
A.	**Cash flows from Operating Activities :**					
	Net Profit / (Loss) before Tax & Extraordinary Items	228.99	398.15	587.68	735.20	874.06
	Adjustments for :					
	(Profit) / Loss on Sale of Fixed Assets	(2.70)	(0.70)	(0.97)	(1.43)	0.71
	Interest on Fixed Deposits	(24.26)	(32.44)	(26.76)	(35.27)	(77.89)
	Depreciation	129.68	147.20	179.84	197.56	200.78
	Preliminary Expenses Written off	0.14	0.14	0.14	0.14	0.09
	Interest & Finance Charges	203.31	182.91	261.46	315.19	596.12
Operating Profit before Working Capital Changes : (i)		535.16	695.26	1,001.39	1,211.40	1,593.88
	(Increase) / Decrease in Inventories	(104.47)	(97.96)	13.29	(283.96)	(589.46)
	(Increase) / Decrease in Trade and other receivables	358.29	(646.01)	(1,202.62)	(925.59)	(842.18)
	Increase / (Decrease) in Trade Payables and other Liabilities	(306.62)	563.09	322.23	732.94	1,779.33
	Total (ii)	**(52.80)**	**(180.88)**	**(867.10)**	**(476.61)**	**347.68**
Cash Generated from Operations - (i)+(ii)		**482.36**	**514.38**	**134.29**	**734.79**	**1,941.56**
	Direct Taxes	(17.94)	(31.48)	(50.18)	(50.54)	(93.10)
Net Cash from Operating Activities (A)		**464.42**	**482.90**	**84.12**	**684.25**	**1,848.46**
		-	-	-	-	-
B.	**Cash Flows from Investing Activities :**	-	-	-	-	-
	Additions in Fixed Assets	(84.32)	(571.36)	(197.93)	(185.33)	(611.84)
	Sale of Fixed Assets	33.99	34.95	24.50	18.64	6.00
	(Additions) / Disposals of Investments	-	-	(325.00)	(778.50)	(7.00)
	Interest on Fixed Deposits	24.26	32.44	26.76	35.27	77.89
Net cash used in Investing Activities (B)		**(26.07)**	**(503.97)**	**(471.67)**	**(909.92)**	**(534.95)**
C.	**Cash Flow from Financing Activities :**					
	Increase in Share capital	125.85	-	-	125.00	-
	Receipts / (Refunds) of Share Application	-	100.40	(109.08)	(4.77)	-
	(Repayments) / Proceeds of Secured Loan	(237.81)	352.47	1,049.86	345.53	253.40
	(Repayments) / Proceeds of Unsecured Loan	56.42	(94.55)	-	342.88	(451.89)
	Dividend Paid	(12.61)	-	-	(29.96)	(36.21)
	Taxes on Dividend	(1.34)	(1.64)	-	-	-
	Interest & Finance Charges	(203.31)	(182.91)	(261.46)	(315.19)	(596.12)
Net cash from Financing Activities (C)		**(272.79)**	**173.77**	**679.32**	**463.49**	**(830.83)**

Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	165.56	152.70	291.77	237.82	482.68
Cash & Cash Equivalents at begining of the Year (Opening Balance)	364.17	529.73	682.42	974.19	1,212.02
Cash & Cash Equivalents at the end of the Year (Closing Balance)	529.73	682.42	974.19	1,212.02	1,694.70

Notes:

a) Figures in brackets Represent outflows.
b) Previous Year figures have been recast/restated wherever necessary.
c) Tax on Dividend has not been considered as this has been considered as paid by the Company by adjustment with Tax deducted at source.

ANNEXURE-VI

STATEMENT OF RATE OF DIVIDEND

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Equity Shares					
Paid-up Share Capital (Rs. In Lacs)	599.25	599.25	599.25	724.25	1086.37
Face Value (Rs.)	10	10	10	10	10
Rate of Dividend	Nil	Nil	5.00%	5.00%	10.00%
Dividend Amount (Rs. In Lacs)	Nil	Nil	29.96	36.21	108.64
Corporate Dividend Tax (Rs. In Lacs)	Nil	Nil	3.84	4.73	15.24
No of Equity Shares of Rs. 10 Each	5992485	5992485	5992485	7242485	10863727

ANNEXURE-VII

SUMMARY OF ACCOUNTING RATIOS

PARTICULARS	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Earning Per Shares (EPS)					
Profit after Tax (Rs. In Lac)	142.32	312.79	506.58	662.43	830.20
Weighted Average No of Shares outstanding	9613727	9613727	9613727	10863727	10863727
EPS (in Rupees)	**1.48**	**3.25**	**5.27**	**6.10**	**7.64**
RETURN ON NETWORTH					
Profit after Tax (Rs. In Lac)	142.32	312.79	506.58	662.43	830.20
Net Worth (Rs. In Lacs)	1,506.47	1,641.58	2,005.41	2,747.28	3,453.68
RETURN ON NETWORTH-%	**9.45%**	**19.05%**	**25.26%**	**24.11%**	**24.04%**
NET ASSETS VALUE PER SHARE					
Total Assets (Rs. In Lacs)	3,228.65	4,515.23	6,315.89	8,526.75	10,852.40
Total Liabilities (Rs. In Lacs)	2,013.85	2,987.50	4,315.25	5,779.47	7,398.72
Assets Value (a)-(b) (Rs. In Lacs)	1,214.80	1,527.73	2,000.64	2,747.28	3,453.68
Weighted Average No of Shares outstanding	9613727	9613727	9613727	10863727	10863727
No of Shares outstanding at the end of the year	5992485	5992485	5992485	7242485	10863727
Net Assets Value Per Share (Rs.)	**12.64**	**15.89**	**20.81**	**25.29**	**31.79**

Notes:

The above ratios have been computed as below:

Earnings per Share	Profit after Tax / Weighted average number of Equity Shares outstanding during the year
Return on Net Worth (%)	Profit after Tax / Net Worth at the end of the year
Net Asset Value per share (Rs.)	Net Worth at the end of the year / Weighted average number of Equity Shares outstanding at the end of the year

1. Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity Shares issued during the year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.
2. Profit after Tax, as appearing in the statement of Profit & Loss of the respective years as restated has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of Un consolidated financial statements of the Company.
3. Earnings per Share calculation are done in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.
4. during the year ended March 31st 2006, the Company has made allotment of 3621242 Equity Shares as bonus shares on 31.06.2006
5. Net Worth means Equity Share Capital + Reserves & Surplus (excluding asset revaluation reserve) - Misc. Expenditure not written off or adjusted

ANNEXURE – VIII

CAPITALISATION STATEMENT

Rs. in Lacs

Particulars	**Pre Issue as on 31.03.2006**	**Post Issue**
Loans – Secured and Unsecured		
Short Term Debt	2429.03	[•]
Long Term Debt	562.79	[•]
Total Debt	2,991.82	[•]
Shareholders' Fund		
Share Capital	1,086.37*	1706.37
Reserves & Surplus	2,367.31	[•]
Sub-Total	3,453.68	[•]
Less: Preliminary Expenses not written off	-	
Total shareholders Fund	3,453.68	[•]
Long Term Debt/Equity	0.16	[•]

Notes:

1. The above has been computed on the basis of restated statement of accounts.
2. Short-term Debts are debts maturing within next one year.
3. Security Premium under the head Reserves & Surplus for post issue capitalization can not be determined till fixation of the issue price.

4. There has been a further issue of 2,00,000 equity shares and the same were allotted on 26th May 2006.

ANNEXURE-IX

TAX SHELTER STATEMENT

Rs. in Lacs

Particulars	**31.03.02**	**31.03.03**	**31.03.04**	**31.03.05**	**31.03.06**
Profit as per Books of Account-Before Tax	**228.99**	**398.15**	**587.68**	**735.19**	**874.06**
Tax Rate (Including Surcharge)%	35.70	36.75	35.88	36.60	33.66
Notional Tax Payable- (A)	81.75	146.32	210.86	269.08	294.21
B) Adjustments					
Impact in respect of profit from industrial Undertaking U/s 80-IB / 80IC /80IA	-	229.49	493.10	610.95	800.00
Impact in respect of Depreciation on Fixed Assets	137.24	143.06	118.15	79.63	(23.64)
Profit /Loss on Sale of Assets	2.70	0.70	0.97	1.43	(0.70)
Other Adjustments	91.14	24.89	(24.55)	43.18	(39.53)
Total –B	231.08	398.14	587.67	735.19	736.13
Tax Burden / (Savings) thereon	82.50	146.32	210.86	269.08	247.78
Total Tax	(0.75)	0.00	0.00	0.00	46.43
Taxable Income as per MAT	228.99	344.26	556.75	712.98	861.74
Tax as per MAT	17.17	25.82	41.76	53.47	64.63
Tax as per Profit & Loss Account	18.00	31.50	43.00	55.00	72.52

Note:

The statement of tax shelter has been prepared based on income tax return filed by the Company for the year 31.03.2002 to 31.03.2005 .except for the year ended 31.03.2006, which are provisional and final amount will be ascertained at the time of filing of Return of Income. The effect of assessment / appellate orders have not been considered in above.

ANNEXURE-X

STATEMENT OF LOANS & ADVANCES

Rs. in Lacs

Particulars	**31-Mar**	**31-Mar**	**31-Mar**	**31-Mar**	**31-Mar**
	2002	**2003**	**2004**	**2005**	**2006**
Advances in cash or kind or for value to be Received	178.47	148.10	469.02	799.23	836.56
Tax deducted at source	25.88	17.78	77.92	121.14	227.67
Total - As per audited statement	**204.35**	**165.88**	**546.94**	**920.37**	**1,064.23**

ANNEXURE-XI

STATEMENT OF SECURED LOANS

Rs. in Lacs

Particulars	31-Mar 2002	31-Mar 2003	31-Mar 2004	31-Mar 2005	31-Mar 2006
TERM LOANS					
Schedule Bank					
SHORT TERM LOANS:					
Scheduled Bank	102.85	292.98	192.76	709.00	935.00
Advance against Contracts (Secured against Bank Guarantees)	458.69	415.26	0.00	0.00	0.00
Advance against Contracts (Secured against Materials)	54.78	13	0.00	0.00	0.00
Equipment Finance (Secured by the hypothecation of the equipments acquirewd under finance)	527.77	775.32	856.42	685.71	712.79
Total Secured Loans	**1144.09**	**1496.56**	**1049.18**	**1394.71**	**1647.79**

Equipment Finance Loans

Rs. in Lacs

Institution / Bank	Amount Outstanding as on 31.03.06	Rate of Interest p.a. (%)	Repayment Terms	Securities Offered
Centurion Bank Ltd.	34.45	10.50%-13.50%	As negotiated with the Banks and Institutions and range between Two to Four Years	First charge on the Equipment Financed
ICICI Bank Ltd	202.71	9.50%-10.66%		
Citibank N.A.	3.02	8.44%-12.25%		
HDFC Bank Ltd .	20.72	6.51%-9.75%		
ABN Amro Bank	3.80	8.75%		
L & T Finance Ltd.	78.98	9.25%-10%		
GEE Capital Trans. Financial Serv. Ltd.	1.90	10.52%		
Sheba Properties Limited	3.69	9.71%		
SREI International Finance Ltd.	48.73	15.00%		
Sundram Finance Ltd	8.10	9.62%		
Magma Leasing Ltd.	7.31	8%		
Telecommunication Consultant India Ltd.	299.39	10.00%		
	712.79			

Refer to Note No. 5 of Annexure IV pertaining to Secured Loans.

Credit facilities from Banks as on 31st March 2006

Rs. in Lacs

Name of Bank	Fund Based	Non Fund based	Total Limits
State Bank of Mysore	575	3000	3575
State Bank of Patiala	225	1200	1425
State Bank of Hyderabad	100	1400	1500
State Bank of Bikaner & Jaipur	100	950	1050
Bank of India	100	950	1050
Citibank	54	-	54
Total	**1154**	**7500**	**8654**

Details of Cash Credit Outstanding as on 31st March 2006			
Institution / Bank	**Amount Outstanding AS per Books**	**Rate of Interest p.a. (%)**	**Securities Offered**
State Bank of Mysore	360.23	11.00%	The loans are secured by way of First charge against movable& immovable properties including raw materials, stock-in-progress, finished goods and book debts.
State Bank of Patiala	225.95	11.50%	
State Bank of Hyderabad	97.58	11.00%	
State Bank of Bikaner & Jaipur	101.60	11.50%	
Bank of India	100.77	11.75%	
Citi Bank	49.18	14.00%	First Charge against specific plant & machinery.
	935.31		

ANNEXURE-XII

STATEMENT OF UNSECURED LOANS

Rs. in Lacs

Particulars	**31-Mar 2002**	**31-Mar 2003**	**31-Mar 2004**	**31-Mar 2005**	**31-Mar 2006**
Deposits From Bodies Corporate	96.55	2.00	2.00	-	-
Advanced against contracts (fully interest free)	458.69	415.26	1,450.73	1,795.61	1,343.72
Total Unsecured Loans	**555.24**	**417.26**	**1,452.73**	**1,795.61**	**1,343.72**

ANNEXURE- XIII

STATEMENT OF INVESTMENTS

Rs. in Lacs

PARTICULARS	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006
Equity Share	-	-	325.00	1,103.50	1,110.50
Total	-	-	325.00	1,103.50	1,110.50
Aggregate Market Value of quoted Investment	-	-	-	-	-
Aggregate Book Value of unquoted Investment	-	-	325.00	1,103.50	1,110.50

ANNEXURE- XIV

STATEMENT OF SUNDRY DEBTORS

Rs. in Lacs

Particulars as at	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Debt outstanding for a period exceeding six months	64.77	133.49	116.09	133.49	256.37
Debt outstanding for a period not exceding six months	478.85	1,138.21	1,986.26	2,515.77	2,996.53
Total Sundry Debtors	**543.62**	**1,271.70**	**2,102.35**	**2,649.26**	**3,252.90**

ANNEXURE- XV

STATEMENT OF OTHER CURRENT ASSETS

Rs. in Lacs

Particulars	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2002	2003	2004	2005	2006
Security and other deposits	66.86	31.05	18.49	20.34	100.40
Accrued interest	11.82	3.90	8.48	11.86	40.93
Others	0.99	1.10	-	-	-
Total	**79.67**	**36.05**	**26.97**	**32.20**	**141.33**

ANNEXURE-XVI

STATEMENT OF CONTINGENT LIABILITIES NOT PROVIDED FOR

Rs. in Lacs

Particulars	**31.03.02**	**31.03.03**	**31.03.04**	**31.03.05**	**31.03.06**
Claim against the Company/Disputed Liabilities not acknowledged as Debts	29.22	29.22	88.36	88.36	200.25
Bank Guarantees/Letter of Credit Issued by banks on behalf of the company (Net of Margin)	1646.05	2341.80	2188.03	4034.16	5931.28
Total	**1,675.27**	**2,371.02**	**2,276.39**	**4,122.52**	**6,131.53**

ANNEXURE-XVII

STATEMENT OF RELATED PARTY TRANSACTIONS AS RESTATED

I) **List of Related Parties**

Name of the Related Party	**Relationship**
Promoters/ Directors	
Mr. Ram Gopal Maheshwari	Promoter Director
Mr. Anjanee Kumar Lakhotia	Promoter Director
Mr. Maruti Maheshwari	Promoter Director
Mr. Bhanu Prasad Agarwal	Independent Director
Mr. Ashwini Kumar Singh	Independent Director
Mr. Shiba Prosad Mukherjee	Independent Director
Mr. Kumar Singh Baghel	Independent Director
Subsidiary Company	
AAP Infrastructure Limited	Subsidiary Company
Joint Ventures	
MBL –Supreme Infrastructures India Ltd. JV	Joint Venture
MBL-Telecommunications Consultants India Limited. JV	Joint Venture
Companies /Firms in which Promoters/Directors or their Relatives are substantially interested	
SMH Capital Limited	Group Company
Prabhu International Vyapar Private Limited	Group Company
MB Magnets Private Limited	Group Company
Prabhu International	Group Venture
Maheshwari Steel Processor	Group Venture
Ganpatrai Ramnarsingh Lakhotia Charitable Trust	Trust
SMH Infrastructure Private Limited	Group Company
MSP Infrastructures Limited	Group Company
Shree International Vyapar Private Limited	Group Company

Key Managerial Personnel	
A. Relatives of Promoters/ Directors	
Aditya Maheshwari	Son of Mr. Ram Gopal Maheshwari, Promoter of the Company
Anuj Maheshwari	Son of Mr. Ram Gopal Maheshwari, Promoter of the Company
B. Other Key Managerial Personnel	
C. Ex Promoters/ Directors	
Mr. Pawan Kumar Lakhotia	
Mr. Shree Kumar Lakhotia	
Mr. Mahabir Prasad Lakhotia	
Late Gayatri Devi Maheshwari	

* Note : Relatives mean only the spouse

II) Transaction with Related Parties

Rs. in Lacs

Name of related party	**Nature of Transaction**	**For the year ended**				
		31-Mar-02	**31-Mar-03**	**31-Mar-04**	**31-Mar-05**	**31-Mar-06**
Promoters/ Directors						
Mr. Ram Gopal Maheshwari	Salary	1.20	1.20	1.20	2.40	2.40
Mr. Anjanee Kumar Lakhotia	Salary	1.20	1.20	1.20	7.20	7.20
Mr. Maruti Maheshwari	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Subsidiary Company						
AAP Infrastructures Limited	Contract Receipts	-	-	440.36	2,624.69	3,365.50
	Receivables at the year end	-	1.81	190.76	721.01	1,365.91
	Payables at the year end	-	900.00	843.58	319.85	-
Joint Ventures						
MBL Supreme JV	Contract Receipts	-	-	-	247.63	773.45
	Receivables at the year end	-	-	-	9.89	21.62
Companies /Firms in which Promoters/Directors or their Relatives are substantially interested						
SMH Capital Limited	Sale / (Purchase) of AAP Shares	-	-	778.50	(778.50)	-
	Receivables at the year end	-	-	778.50	-	-

MSP Infrastructures Limited	Equipment Hire Charges Received	-	257.01	2.11	-	-
	Receivables at the year end	-	303.37	317.72	436.93	440.58
SMH Infrastructure Private Limited	Service Charges Paid	-	2.18	2.16	-	-
	Payables at the year end	-	2.16	-	-	-
Companies /Firms in which Promoters/Directors or their Relatives are substantially interested						
M/s Prabhu International	Trading Purchase	392.89	326.19	-	-	-
	Trading Sales	186.22	564.45	372.07	1,173.35	3,162.49
	Receivables at the year end	10.29	190.40	367.77	326.21	-
M/s Maheshwari Steel Processor	Service Charges Paid	83.73	43.80	18.50	-	-
	Payables at the year end	-	32.80	-	-	-
B. Ex Promoters/ Directors						
Mr. Pawan Kumar Lakhotia	Salary	1.20	1.20	1.20	2.40	2.40
Mr. Shree Kumar Lakhotia	Salary	1.20	1.20	-	-	-
Mr. Mahabir Prasad Lakhotia	Salary	1.20	1.20	0.80	-	-

OUR FINANCIAL INDEBTNESS

A breakup of salient terms of our loans is as below:

Lender	Loan Documentation	Limits	Amount Outstanding As on 31.03.2006	Interest Rate	Repayment Schedule	Security Created
State Bank of Mysore	Fund based facilities and non fund based facilities Application cum indemnity from borrower & creation of charge on assets of the company.	Total limit : Rs. 3575.00 lakhs (Non fund based : CC limit: 575.00 lacs (Incl 15% SLC) & Non fund based : 3000.00 lacs)	Rs.360.23 lacs	11% p.a.	1 year; Period of guarantee 60 months	Hypothecation of entire current assets of the Company. Hypothecation of goods procured under LC. Personal Guarantee of all the Directors Omnibus Counter guarantee.
State Bank of Patiala	Fund based facilities and non fund based facilities Application cum indemnity from borrower & creation of charge on assets of the company and Standard Loan Documents.	Total limit : Rs. 1845.00 lakhs (Non fund based : CC limit: 345.00 lacs(Incl 15% SLC) & Non fund based : 1500.00 lacs)*as amended on 28.06.2006	Rs.225.95 lacs	11.50% p.a.	1 year	Hypothecation of entire current assets of the Company on pari passu basis. Hypothecation of goods procured under LC. Personal Guarantee of all Directors Omnibus Counter guarantee.
State Bank of Bikaner & Jaipur	Fund based facilities and non fund based facilities Application cum indemnity from borrower & creation of charge on assets of the company and Standard Loan Documents.	Total limit : Rs. 1523.50 lakhs (Non fund based : CC limit: Rs 143.50 lacs(Incl 15% SLC) & Non fund based : 1380.00 lacs)*	101.60 lacs	11.50%	1 year	Hypothecation of the entire current assets of the Company. Personal guarantee of all directors of the Company. Hypothecation of goods procured

		amended on 21.07.2006				under LC. Omnibus Counter guarantee.
Bank of India	Fund based facilities and non fund based facilities Application cum indemnity from borrower & creation of charge on assets of the company and Standard Loan Documents.	Total limit : Rs. 1075.00 lakhs (Non fund based : CC limit: 125.00 lacs(Incl 15% SLC) & Non fund based : 950.00 lacs)*as amended on 14.07.2006	100.77 lacs	11.75%	1 year	Hypothecation of the entire current assets of the Company. Personal guarantee of all directors of the Company Hypothecation of goods procured under LC. Omnibus Counter guarantee.
Citigroup 1st Floor, Kanak Building, 41, Chowringhee Road, Kolkata - 700071	Fund based facilities and non fund based facilities Demand Promissory note and letter of continuity Loan and Credit Agreements.	Total limit : Rs. 54.30 lakhs (Non fund based : CC limit :Rs 54.30 Lacs)	Rs. 49.18 Lacs	14% p.a.	Maximum tenure – 1 year; Maximum tenor for guarantees 3 years 6 months	First pari passu charge on vehicles and equipments of Rs.79.90 lacs and personal guarantee of all directors
State Bank of Hyderabad	Fund based facilities and non fund based facilities Application cum indemnity from borrower & creation of charge on assets of the company.	Total limit : Rs. 1875.00 lakhs (Non fund based : CC limit: 125.00 lacs & Non fund based : 1750.00 lacs)** as amended on 8th June, 2006)	Rs. 97.58 lacs	11.50% - floating	One year	First pari passu charge on the entire current assets of the company. Hypothecation of goods procured under LC. Personal Guarantee of Directors Omnibus Counter guarantee.

SELECTED CONSOLIDATED FINANCIAL DATA

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MBL INFRASTRUCTURES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MBL INFRASTRUCTURES LIMITED AND ITS SUBSIDIARY.

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

To

The Board of Directors
MBL Infrastructures Limited
23 A Netaji Subhas Road,
3rd Floor,
Kolkata-700 001

Dear Sirs,

We have audited the attached consolidated financial statement of MBL Infrastructure Limited ('MBL' or 'the Company') and its subsidiary, AAP Infrastructure Limited ('AAP' or 'the Subsidiary') (together referred to as 'the Group') as at 31 March 2006 annexed to this report, for the purposes of inclusion in the Draft Red Herring Prospectus ('the DRHP'), which has been prepared in accordance with the requirements of:

a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b) the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended by notification SEBI/ CFD/DIL/DIP/16 / 2005/19/9 dated September 19, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and

c) the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the DRHP of the Company in connection with its proposed Initial Public Offer ('IPO').

The IPO will be for a fresh issue by the Company of 60,00,000 equity shares of Rs 10 each, at such premium, by way of book building process, as may be decided by the Board of Directors (referred to as 'the Offer'). The Offer is being made through the 100 percent book-building scheme.

Consolidated financial information as per the audited consolidated financial statements

1. We have examined the attached Consolidated Balance Sheet of MBL Infrastructures Limited and its subsidiary as at 31st March, 2006, the Consolidated Profit and Loss Account for the year then ended and Consolidated Cash Flow Statement for the year ended on that date.

2. These financial statements are the responsibility of MBL Infrastructures Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material mis-statements. An audit includes, examining on a test basis, evidence supporting the accounting principles used and significant estimates made by management,

as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary – AAP Infrastructure Limited whose financial statements reflect total assets of Rs. 76.1 Lacs as at 31st March 2006 and nil revenues for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, is so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of MBL Infrastructures Ltd. and its subsidiary and audited results of the associates included in the Consolidated Financial Statements.

5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of MBL Infrastructures Ltd and its aforesaid subsidiary, we are of the opinion that:

a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of MBL Infrastructures Ltd and its subsidiary as at 31st March, 2006 and

b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of MBL Infrastructures Ltd and its subsidiary for the year then ended.

c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiary for the year then ended.

For KHANDELWAL RAVINDRA & CO.
Chartered Accountants

Place: Kolkata

Date: September 25, 2006

RAVINDRA KHANDELWAL
Proprietor
Membership No. 54615

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2006

(Rs. In Lacs)

Particulars	Consolidated	
	31.03.05	**31.03.06**
Fixed Assets		
Gross Block	3,663.37	4,146.15
Less: Depreciation	1,358.91	1,662.23
Net Block	**2,304.46**	**2,483.92**
Less: Revaluation Reserve	425.86	322.41
Net Block after adjustment for Revaluation Reserve	**1,878.60**	**2,161.51**
Capital Work in Progress	-	121.18
Expenditure on BOT Projects	3,661.52	7,269.23
Total (A)	**5,540.12**	**9,551.92**
Investment (B)	-	-
Current Assets, Loans and Advances		
Inventories	717.12	1,306.58
Sundry Debtors	1,950.34	1,896.60
Cash and Bank Balances	1,697.19	2,025.33
Other Current Assets	32.20	141.33
Loans and Advances	934.80	1,064.23
Total (C)	**5,331.66**	**6,434.07**
Total Assets (A+B+C) = D	**10,871.78**	**15,985.99**
Less: Liabilities and Provisions:		
Secured Loans	2,293.78	3,646.36
Unsecured Loans	1,795.61	1,343.72
Sundry Creditors	1,184.25	851.10
Other Current Liabilities	892.34	2,952.76
Share Application Money		
Provisions	174.28	270.35
Deferred Tax Liability	385.25	336.02
Total Liabilities (E)	**6,725.52**	**9,400.31**
Net Worth (D-E)	**4,146.26**	**6,585.68**
Represented By		
Equity Share Capital	724.25	1,086.37
Reserves and Surplus	2,448.98	2,689.72
Less: Revaluation Reserves	425.86	322.41
Capital Subsidy	1,392.00	3,132.00
Others	6.99	
Net Reserves and Surplus (I)	**2,023.12**	**2,367.31**
Misc. Expenditure (II)	0.09	-
Net worth (I+II)	**4,146.27**	**6,585.68**

CONSOLIDATED RESTATED PROFIT & LOSS ACCOUNT

Rs. in Lacs

Particulars	Consolidated	
	31.03.05	**31.03.06**
INCOME		
Income from Const. Activities	9,890.89	11,673.20
Sales of Trading Goods	4,395.99	4,142.62
Sub Total	**14,286.88**	**15,815.82**
Other Income	53.65	84.38
Increase/(Decrease) of Stock-Construction	378.67	365.62
Increase/(Decrease) of Stock – Trading	(94.71)	223.84
Total Income	**14,624.49**	**16,489.66**
EXPENDITURE		
Cost of Goods Sold (Trading)	4,339.14	4,019.36
Material Consumption	4,803.88	3,302.32
Operating Expenses	3,877.98	6,870.23
Sub-Contract	3,118.77	6,059.26
Other Operating Expenses	759.21	810.97
Staff Costs	61.92	128.60
Selling, Administrative & Other Expenses	293.62	498.19
Interest and Financial Charges	315.19	596.11
Depreciation	197.56	200.79
Total Expenditure	**13,889.29**	**15,615.60**
Net Profit before Tax & Extraordinary Items	**735.20**	**874.06**
Provision for Income Tax		
Deferred	22.22	(49.23)
Current	55.00	76.94
Net Profit Before Extraordinary Items	**657.97**	**846.35**
Prior period Tax	(4.46)	16.15
Net Profit After Extraordinary Items	**662.43**	**830.20**
Balance of Profit brought forward	338.28	343.54
Earlier Year Depreciation w/b	-	-
Dividend	36.21	108.64
Corporate Tax on Dividend	4.73	15.24
Transfer to General Reserve	616.22	432.56
Balance Carried to Balance Sheet	**343.55**	**617.30**

CONSOLIDATED RESTATED CASH FLOW STATEMENT

Rs. in Lacs

Particulars	**Year Ended 31.03.2005**		**Year Ended 31.03.2006**	
A. Cash from Operating Activities				
Net Profit / (Loss) before Tax & Extraordinary Items		735.20		874.06
Adjustments for :				
(Profit) / Loss on Sale of Fixed Assets	(1.43)		0.71	
Interest on Fixed Deposits	(35.27)		(77.89)	
Depreciation	197.56		200.79	
Preliminary Expenses Written off	0.14		0.09	
Interest & Finance Charges	315.19	476.20	596.12	719.82
Operating Profit before Working Capital Changes: (i)		1,211.40		1,593.89
(Increase) / Decrease in Inventories	(283.96)		(589.46)	
(Increase) / Decrease in Trade and other receivables	97.39		(184.82)	
Increase / (Decrease) in Trade Payables and other Liabilities	559.21		1,736.46	
		372.64		962.18
Cash Generated from Operations - (i)+(ii)		1,584.03		2,556.07
Direct Taxes		(50.54)		(93.10)
Net Cash from Operating Activities (A)		**1,533.49**		**2,462.97**
B. Cash Flows from Investing Activities:				
Additions in Fixed Assets	(2,501.79)		(4,218.48)	
Sale of Fixed Assets	26.28		6.00	
(Addition)/ Disposal of Investments in subsidiary	(778.50)		(7.00)	
Interest on Fixed Deposits	35.27		77.89	
Net Cash used in Investing Activities (B)		**(3,218.73)**		**(4,141.59)**
C. Cash Flow from Financing Activities:				
Increase in Share capital	125.00		-	
Receipts / (Refunds) of Share Application	(4.77)		(1.60)	
Proceeds from Capital Subsidy	1,044.00		1,740.00	
(Repayments) / Proceeds of Secured Loan	1,244.60		1,352.59	
(Repayments) / Proceeds of Unsecured Loan	34,288.00		(451.89)	
Dividend Paid	(29.96)		(36.21)	
Interest & Finance Charges	(315.19)		(596.12)	
Net Cash from Financing Activities (C)		**2,406.56**		**2,006.77**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		721.32		328.14
Cash & Cash Equivalents (Opening Balance)		**975.87**		**1,697.19**
Cash & Cash Equivalents (Closing Balance)		**1,697.19**		**2,025.33**

SCHEDULES FORMING PART TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes on Consolidated Accounts and Significant Accounting Policies

1 **Consolidation of Accounts**

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated financial statement issued by the Institute of Chartered Accountants of India. The Consolidated financial Statements comprise the financial statement of AAP Infrastructure Ltd.

2 **Significant Accounting Policies**

a. **Basis of Preparation of Financial Statements**

(i) The financial statements have been prepared under the historical cost convention other transition in Fixed Assets which are stated at revalued amount and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

(ii) The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

b. **Revenue Recognition**

(i) Sales is recognised on despatch of goods and net of Value Added Tax (VAT).

(ii) Revenue in respect of uncertified contract is recognised under percentage of completion method.

(iii) Revenue in respect of claims is recognised to the extent the Company is reasonably certain of their realisation.

(iv) Fee collections from users of facilities are accounted for as and when the amount is due and recovery of which is certain. Such collections are taken on revenue account after completion of construction of the entire Build-Operate-Transfer Road of the Company and on commencement of commercial operation of the complete project. Such collections during construction period are deducted from the expenditure during the construction period.

c. **Fixed Assets and Depreciation**

(i) Fixed Assets are stated at their original cost adjusted by revaluation of certain Plant and Machinery. Cost includes acquisition price, attributable expenses and pre-operational expenses.

(ii) Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

d. **Investments**

Long term Investments are valued at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

e. **Foreign Currency Transactions:**

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(ii) Monetary items denominated in foreign currencies, if any, at the end of the year are restated at year end rates.

(iii) Non monetary foreign currency items are carried at cost.

(iv) Any income or expense on account of exchange difference either on settlement or on translation recognised in the Profit and Loss account.

f) **Inventories**

Stock of goods traded is valued at cost or net realisable value whichever is lower. Cost of inventories is generally ascertained on FIFO basis.

g) **Taxes on Income**

i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961

ii) Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

h) **Retirement Benefits**

Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss account. Gratuity and Leave Encashment benefit are charged to Profit and Loss Account on the basis of actuarial valuation as at year end.

i) **Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

j) **Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

3 **Notes to the Accounts**

A The Company has been awarded the reconstruction, strengthening, widening, rehabililitation of Seoni-Balaghat-Rajegoan road on SH-11 and SH-26 on Built-Operate-Transfer by a Concession Agreement. The construction of the entire project has not been completed during the year under review.

B Disclosure in respect of Joint Ventures : **Rs. in Lacs**

	List of Joint Ventures:	Proportion of Ownership Interests	Assets	Liabilities	Income	Expenses
i)	MBL-Supreme JV	60%	-	-	773.45	721.63
ii)	MBL-Telecomunications Consultants India Ltd. JV.	51%	-	-	-	-

C Investments in equity shares of AAP Infrastructure Limited has been pledged with Bankers against facilities availed by them.

D	**Earnings per Shares**	**2004-2005**	**2005-2006**
(i)	Net Profit after tax available for equity Shares (Rs.)	66,243,772	83,019,504
(ii)	Number of equity shares (including retrospective effect of bonus shares issued)	10863727	10863727
(iii)	Basic and Diluted Earnings per Share (Rs.)	6.10	7.64

E **Segment Reporting**

In terms of Accounting Standard 17 of The Institute of Chartered Accountants of India, information about primary Business Segment is being given hereunder :

Particulars	**Business Segments**			
	Construction Activity	**Trading Activity**	**Unallocable**	**Total**
Segment Revenue	**11,751.97**	**4,142.62**	**5.62**	**15,900.21**
Previous Year	9,926.55	4,395.99	17.98	14,340.52
Segment Result before Interest & Taxes (PBIT)	**1,395.44**	**72.53**	**2.20**	**1,470.17**
Previous Year	1,032.41	48.34	17.98	1,098.73
Interest & Finance Charges	**-**	**-**	**-**	**596.12**
Previous Year	-	-	-	315.19
Profit Before Tax (PBT)	**-**	**-**	**-**	**874.06**
Previous Year	-	-	-	735.20
Taxes	**-**	**-**	**-**	**43,867.35**
Previous Year	-	-	-	77,218.78
Profit After Tax (PAT)	**-**	**-**	**-**	**830.20**
Previous Year	-	-	-	662.44
Segment Assets	**9,790.24**	**529.83**	**854.75**	**11,174.82**
Previous Year	7,623.45	702.00	627.24	8,952.69
Segment Liabilities	**5,733.94**	**1,023.40**	**305.36**	**7,062.70**
Previous Year	4,345.42	834.70	214.10	5,394.22
Segment Capital Expenditure	**473.90**	**0.43**	**16.33**	**490.66**
Previous Year	176.59	-	8.73	185.32
Segment Depreciation	**200.36**	**0.26**	**0.17**	**200.79**
Previous Year	190.63	4.16	2.77	197.56
Segment non-cash expenses other than depreciation	**-**	**-**	**0.09**	**0.09**
Previous Year			0.14	0.14

i. The company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the business activity, organisational structure and internal reporting system. The company's operations predominantly relate to Infrastructure, Construction and Maintenance.

ii. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

iii. There are no reportable geographical segments.

iv. Previous Year means the financial year ended 31st March 2005 and the figures in bold represent the figures for the year ended 31st March 2006.

F **Disclosure of related parties / related party transactions:**

As per Accounting Standard (AS -18) issued by Institute of Chartered Accountants of India, the Company's related party disclosure is as under:

A.	**List of Related Parties:**	
i.	Name of the parties where control exists	AAP Infrastructure Ltd., a subsidiary of the Company Prabhu International, Proprietary Concern of a Director
ii.	Key Management Personnel	a) Mr. Ram Gopal Maheshwari
		b) Mr. Pawan Kumar Lakhotia
		c) Mr. Anjanee Kumar Lakhotia
iii.	Joint Ventures:	a) MBL-Telecomunications Consultants India Ltd. JV.
		b) MBL-Supreme JV

B.	**Names of the related parties with whom transactions were carried out during the year and description of relationship:**	
a.	Subsidiary Company:	AAP Infrastructure Ltd.
	Proprietorship Concern	Prabhu International
b.	Key Management Personnel:	a) Mr. Ram Gopal Maheshwari
		b) Mr. Pawan Kumar Lakhotia
		c) Mr. Anjanee Kumar Lakhotia

C. Transactions with related parties						**(Rs.in Lacs)**
	Subsidiary Company		**Joint Ventures**		**Key Management Personnel**	
	2004-05	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**
Payments:						
Salary						
Ram Gopal Maheshwari					2.40	2.40
Pawan Kumar Lakhotia					2.40	2.40
Anjanee Kumar Lakhotia					7.20	7.20
Receipts:						
Contract Receipts	2624.69	3665.50	247.63	773.45	NA	NA
Amounts receivable at the year end	721.01	1365.91	9.89	21.62	NA	NA
Amounts payable at the year end: (Mobilisation advance)	3198.51				NA	NA

G **Deferred Tax Liability (Net) Deferred Tax**

Rs. in Lacs

		Deferred Tax Liability / (Assets) as at 01.04.2005	**Charge / (Credit) during the year 2005-2006**	**Deferred Tax Liability / (Assets) as at 31.03.2006**
	Deferred Tax Liabilities			
i)	Difference between book and Tax depreciation	340.61	(8.20)	33,2.41
ii)	Others	45.33	(41.72)	3.61
	(A)	**385.94**	**(49.92)**	**336.02**
	Deferred Tax Assets			
	Past Losses and unabsorbed			
	Depreciation	0.69	(O.69)	-
	(B)	**385.25**	**(49.23)**	**336.02**

H To the extent information is available with the company there are no dues outstanding to the Small Scale Industrial Undertakings for more than 30 days.

Rs. in Lacs

I	**Contingent Liabilities**	**As at 31.03.2005**	**As at 31.03.2006**
	i) Claims against the Company / disputed Liabilities not acknowledged as Debts	88.36	200.25
	ii) Corporate Guarantees given on behalf of Subsidiary Companies	899.07	1980.00

J Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.56174981 (Previous year Nil)

K Information in accordance with the requirements of the revised Accounting Standard (AS-7) on Construction Contracts issued by the Institute of Chartered Accountants Of India :

(Rs.in Lacs)

	2004-2005	**2005-2006**
Contract revenue recognized for the year ended 31st March, 2006	9,890.89	11,673.20
Aggregate amount of contract costs incurred and Recognized profits (Less recognized losses) up to 31st March, 2006 for all the contracts in progress	5,469.68	14,091.89
The amount of customer advances outstanding for Contracts in progress as at 31st March'2006	347.41	2,271.78
The amount of retention due from customers for contracts in progress as at 31st March 2006	144.70	165.83
Gross amount due from customers for contracts in Progress (included in work-in-Progress Rs.1007.36 Lcas and Sundry Debtors Rs.1564.58 Lacs	1,609.65	2,571.95

L. Additional information under Part II of Schedule VI to the Companies Act, 1956

I. Turnover, Purchases, Closing and Opening Stocks

	2004-2005		2005-2006	
	Qty(MT)	Qty(MT)	Value	Value
Class of Goods:				
a) Iron & Steel				
Opening Stock	2572.955	1440.105	131.65	226.35
Purchase (Net of Wastage / Excess)	17935.975	14641.910	4,234.40	4238.51
Sales	19068.825	14705.601	4,142.62	4395.99
Closing Stock	1440.105	1376.414	355.49	131.65

b) Construction Materials

The company is mainly engaged in the business of infrastructure construction. Keeping in view of the job difficulties in different sites and projects, no quantitative detail of stock, production, turnover and consumption of raw materials can be given.

	c)	Value of Import (on CIF basis)	2004-05	2005-06
		Purchase (Rs. In Lacs)	-	78.62

II. Foreign Exchange Earnings on account of Export of Export of Goods Rs.132.54 Lacs (Previous Year - Rs.205.85 Lacs)

III. Foreign Exchange expenditure on account of Travelling Rs.Nil (Previous Year Rs.8.44 Lacs)

M. Previous Years figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

2. OUR GROUP COMPANIES AND AFFILIATES

The following are the Companies/ other ventures **under the same Management**

1. SMH Capital Limited

Date of Incorporation	16th May, 1996
Registration No	21-79709
Nature of Business	NBFC - Investment Co.
Status	Unlisted

The company was incorporated as SMH Capital Ltd. on 16th May, 1996 under the Companies Act, 1956. The company received certificate for commencement of business on 21st May, 1996.

The shareholding pattern of the Company as on September 26, 2006 is as follows:

Name of Shareholders	No. of Shares	% age holding
Promoter		
Anjanee Kumar Lakhotia	279800	56.16
Others	218400	43.84
TOTAL	**498200**	**100.00**

Board of Directors

The following are the Board of Directors of SMH Capital Limited as on September 26, 2006

Name of Director	Date of Appointment
Shri Anjanee Kumar Lakhotia	16.05.1996
Shri S.C. Kabiraj	16.05.1996
Smt. Uma Devi Lakhotia	01.09.2006

Financial Performance

(Rs. In Lacs)

Particulars	31st March, 2004	31st March, 2005	31st March, 2006
Total Income	-	3.22	23.51
Profit after Taxation	(0.09)	3.03	12.25
Equity Capital	49.82	49.82	49.82
Reserves (Excluding revaluation Reserve)	6.96	10.00	22.25
Misc. Expenditure	0.06	0.03	-
Net Worth	56.72	59.79	72.07
NAV per share	11.38	12.00	14.47
EPS per share	(0.02)	0.61	2.46
No. of Equity Shares	498200	498200	498200

Source: Audited Financial Statements

Notes:
1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

2. Prabhu International Vyapar Private Limited

Date of Incorporation	2nd January, 2004
Registration No	21-U27109
Nature of Business	Trading & Contracting
Status	Unlisted

The shareholding pattern of the Company as on September 26, 2006 is as follows:

Name of Shareholders	No. of Shares	% age holding
Anuj Maheshwari	10000	98.04
Maruti Maheshwari	100	0.98
Aditya Maheshwari	100	0.98
TOTAL	**10200**	**100.00**

Board of Directors

The following are the Board of Directors of Prabhu International Vyapar Private Limited as on September 26, 2006

Name of Director	Date of Appointment
Shri Maruti Maheshwari	02.01.2004
Shri Anuj Maheshwari	02.01.2004
Shri Aditya Maheshwari	02.01.2004

Financial Performance

(Rs. In lacs)

Particulars	31st March, 2005	31st March, 2006
Total Income	16.01	1.98
Profit after Taxation	0.12	0.15
Equity Capital	1.02	1.02
Reserves (Excluding revaluation Reserve)	0.12	0.27
Misc. Expenditure	1.06	0.70
Net Worth	0.08	0.59
NAV per share	0.78	5.78
EPS per share	1.18	1.47
No. of Equity Shares	10200	10200

Source: Audited Financial Statements

Notes:
1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

3. MB Magnets Private Limited

Date of Incorporation	19th July, 1996
Registration No	21-80550
Nature of Business	Manufacturer and Repairers of Electro Magnets.
Status	Unlisted

The shareholding pattern of the Company as on September 26, 2006 is as follows:

Name of the Shareholders	No. of shares	% of holding
Promoters/ Promoters Group		
Pawan Kumar Lakhotia	18000	7.83
Ram Gopal Maheshwari	21000	9.13
Sharda Devi Lakhotia	10000	4.35
Raghav Maheshwari	2000	0.87
Maruti Maheshwari	32500	14.13
Uma Devi Lakhotia	23000	10.00
Others	123500	53.69
Total	**230000**	**100.00**

Board of Directors

The following are the Board of Directors of MB Magnets Private Limited as on September 26, 2006

Name of Director	Date of Appointment
Smt. Uma Devi Lakhotia	04.11.2003
Shri D.S. Nayal	30.03.2006

Financial Performance

(Rs. In lacs)

Particulars	31st March, 2004	31st March, 2005	31st March, 2006
Total Income	9.39	3.45	2.53
Profit after Taxation	0.11	0.33	0.04
Equity Capital	23.00	23.00	23.00
Reserves (Excluding Revaluation Reserve)	2.93	3.26	3.31
Misc. Expenditure	0.06	0.03	-
Net Worth	25.87	26.23	26.31
NAV per share	11.25	11.40	11.44
EPS per share	0.05	0.14	0.02
No. of Equity Shares	230000	230000	230000

Source: Audited Financial Statements

Notes:
1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

4. SMH Infrastructure Private Limited

Date of Incorporation	26th June, 2002
Registration No	21-94805
Nature of Business	Consultants to Infrastructure Projects design & surveys etc
Status	Unlisted

The shareholding pattern of the Company as on September 26, 2006 is as follows:

Name of Shareholders	No. of Shares	% age holding
Uma Devi Lakhotia	31800	99.07
Sunil Chandra Kabiraj	100	0.31
Ravindra Khanelwal	100	0.31
Shiba Prosad Mukherjee	100	0.31
TOTAL	**32100**	**100.00**

Board of Directors

The following are the Board of Directors of SMH Infrastructure Private Limited as on September 26, 2006

Name of Director	Date of Appointment
Smt. Uma Devi Lakhotia	26.06.2002
Shri D.S. Nayal	30.03.2006
Shri Manmohan Pimoli	11.09.2006

Financial Performance

(Rs. In lacs)

Particulars	31st March, 2004	31st March, 20045	31st March, 2006
Total Income	17.16	18.25	15.00
Profit after Taxation	1.00	0.58	0.12
Equity Capital	3.21	3.21	3.21
Reserves (Excluding revaluation Reserve)	1.15	1.73	1.85
Misc. Expenditure	0.47	0.32	0.16
Net Worth	3.89	4.62	4.90
NAV per share	12.12	14.39	15.26
EPS per share	3.12	1.81	0.37
No. of Equity Shares	32100	32100	32100

Source: Audited Financial Statements

Notes:
1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

5. Prabhu International (Proprietorship)

Date of Constitution	June 19, 1998
Nature of Business	Trading in Steel rods and other items

Mr. Ram Gopal Maheshwari is the proprietor of Prabhu International.

Financial Performance

(Rs. In Lacs)

Particulars	**31st March, 2004**	**31st March, 2005**	**31st March, 2006**
Proprietor's Capital Account	27.84	23.14	23.14
Total Income	1,119.30	1,610.68	3563.12
Profit after Taxation	12.01	12.90	25.05

Source: Audited Financial Statements

Notes:

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the firm.

6. Shree International Vyapar Private Limited

Date of Incorporation	12th July, 2004
Registration No	U02710KA2004PTC034315
Nature of Business	Trading & Contracting
Status	Unlisted

The shareholding pattern of the Company as on September 26, 2006 is as follows:

Name of Shareholders	**No. of Shares**	**% age holding**
Shree Kumar Lakhotia	100	1.00
Prem Lata Lakhotia	9900	99.00
TOTAL	**10000**	**100.00**

Board of Directors

The following are the Board of Directors of Shree International Vyapar Private Limited as on September 26, 2006

Name of Director	**Date of Appointment**
Shri Shree Kumar Lakhotia	20.07.2004
Smt. Prem Lata Lakhotia	20.07.2004

Financial Performance

(Rs. In lacs)

Particulars	**31st March, 2005**	**31st March, 2006**
Total Income	6.17	0.55
Profit after Taxation	0.06	0.01
Equity Capital	1.00	1.00
Reserves (Excluding revaluation Reserve)	0.06	0.07
Misc. Expenditure	0.93	0.70
Net Worth	0.13	0.37
NAV per share	1.30	3.70
EPS per share	0.60	0.10
No. of Equity Shares	10000	10000

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

7. MSP Infrastructures Limited

Date of Incorporation	4th April, 2002
Registration No	21-94463
Nature of Business	SPV for Infrastructure Road Projects
Status	Unlisted

Background of the Company

The company was incorporated as MSP Infrastructure Ltd. on 4th April, 2002 under the Companies Act, 1956. The company received certificate for commencement of business on 28th May, 2002.

The shareholding pattern of the Company as on September 26, 2006 is as follows:

Name of the Shareholders	**No. of shares**	**% of holding**
Shree Kumar Lakhotia	20000	39.60
Mahabir Prasad Lakhotia	100	0.20
Aditya Maheshwari	100	0.20
Maruti Maheshwari	100	0.20
Shweeta Maheshwari	10100	20.00
Sangita Maheshwari	100	0.20
Pawan Kumar Lakhotia	20000	39.60
Total	**50500**	**100.00**

Board of Directors

The following are the Board of Directors of MSP Infrastructures Limited as on September 26, 2006

Name of Director	**Date of Appointment**
Shri Pawan Kumar Lakhotia	04.04.2002
Shri Shree Kumar Lakhotia	04.04.2002
Shri Pramod Kumar Tuwani	04.04.2002

Financial Performance

(Rs. In lacs)

Particulars	31st March, 2004	31st March, 2005	31st March, 2006
Total Income	-	-	-
Profit after Taxation	-	-	-
Equity Capital	5.05	5.05	5.05
Share Application Money Pending Allotment	855.50	-	-
Reserves (Excluding revaluation Reserve)	-	-	-
Misc. Expenditure	0.90	0.90	0.90
Net Worth	4.15	4.15	4.15
NAV per share	8.22	8.22	8.22
EPS per share	-	-	-
No. of Equity Shares	50,500	50,500	50,500

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered
3. While calculating Net Worth, share application money has not been considered
4. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.
5. Maheshwari Steel Processors (Partnership Firm)

8. Maheshwari Steel Processors

Date of Constitution	April 1st, 2003
Nature of Business	Waste Management and Transport Services

Partners and Profit sharing Ratio

The following are the Partners on Ms Maheshwari Steel Processors

Name of Partners	Profit sharing Ratio
Rekha Devi Lakhotia	50%
Manish Kumar Lakhotia	50%

Financial Performance

(Rs. In lacs)

Particulars	31st March, 2004	31st March, 2005	31st March, 2006
Partners' Capital	2.19	8.93	8.93
Total Income	52.54	89.68	54.25
Profit after Taxation	0.37	6.26	(20.99)

Source: Audited Financial Statements

Notes:

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the firm and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

9. Ganpatrai Ramnarsingh Lakhotia Charitable Trust

The trust has been formed on June 08, 1989 for the relief of poor, education, medical relief and the advancement of any other object of general public utility not involving any activity for profit.

Trustees

The following are the trustees of Ganpatrai Ramnarsingh Lakhotia Charitable Trust

Name of Trustees
Sh. Ram Gopal Maheshwari
Sh. Mahabir Prasad Lakhotia
Sh. Pawan Kumar Lakhotia
Sh. Anjanee Kumar Lakhotia
Sh. Shree Kumar Lakhotia

Financial Performance

(Rs. In lacs)

Particulars	31st March, 2004	31st March, 2005	31st March, 2006
Trust Fund	0.60	0.62	0.64
Total Income	0.45	0.13	0.13
Surplus Transferred to Capital Fund	0.05	0.02	0.02

Source: Audited Financial Statements

Notes:

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the trust and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

DISASSOCIATION DETAILS OF PROMOTERS

The promoters namely Mr. Ram Gopal Maheshwari and Mr. Anjanee Kumar Lakhotia alongwith their spouses and children have disassociated from all companies, firms controlled by their brother Mr. Mahabir Prasad Lakhotia.

The above disassociation was on account of group restructuring amongst the promoter brothers and to develop core competencies and was done through share transfer between the promoters.

There are no sales or purchases between companies in the promoter group wherein such sales or purchase exceed in value in the aggregate 10% of the total sales or purchases of our company except for transaction between the company and Prabhu International a group venture in which Mr. Ram Gopal Maheshwari is a proprietor.

Nature of Transaction	For the year ended				
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06
Trading Purchase (a)	392.89	326.19	-	-	-
Trading Sales (b)	186.22	564.45	372.07	1,173.35	3,162.49
Receivables at the year end (c)	10.29	190.40	367.77	326.21	-
(a) as a % of Trading Sales	11.43%	9.07%	0.00%	0.00%	0.00%
(b) as a % of Trading Sales	5.42%	15.70%	9.99%	26.69%	76.34%

CHANGES IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS

There are no major changes in accounting policies in the last three years except as stated otherwise in the sub heading Auditors report appearing on page 83 of this Draft Red Herring Prospectus.

3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Overview of the Business of the Company

MBL Infrastructures Limited is an infrastructure construction, development and maintenance Company having its Head office at Kolkata. MBL was incorporated in the year 1995 and is a profit making company since inception. Over the decade of existence MBL has a record of completing assignments on time. In recent years the company has executed and is engaged in a number of praiseworthy projects in the states of West Bengal, Assam, Maharastra, Jharkhand, Uttar Pradesh, Andhra Pradesh, Madhya Pradesh, Karnataka and NCT of Delhi

Some of our projects under implementation are:

Four Laning the NH 37, Assam: This is a joint venture with TCIL where we are executing the project as lead partner. The estimated project cost is Rs 167 Crores. Assignment comprises the widening and strengthening of the existing two-lane highway to a four-lane highway on the Sonarpur- Guwahati section of NH 37 in Assam.

Western Express Highway, Mumbai: The project includes the widening and construction of the Western Express Highway from the Andheri flyover to JVLR Junction in Mumba in Joint Venture with Supreme Infrastructures India Limited.

Seoni-Balaghat-Gondia Road Project, Madhya Pradesh: Strengthening, widening and upgrading the 114 km Seoni-Balaghat road in Madhya Pradesh. The first project undertaken by the company on a BOT basis for 5440 days with M P State Road Development Corporation Ltd.

Rehabilitation of the state highway-26, Uttar Pradesh: This Project for Uttar Pradesh PWD includes major road maintenance in the Khuttar-Bahraich road section of SH-26 in Uttar Pradesh.

Fly over, Service Road and Side drain project, Guwahati Bypass Section, Assam: The project includes the construction of an additional length of service road and side drains on the Guwahati Bypass section of NH-37 in Assam (including the two-lane flyover). This project is expected to be completed by September 2007.

Comprehensive Maintenance of the Ring Road and outer Ring Road, NCT, Delhi: This assignment for the Public Works Department of NCT comprises comprehensive maintenance of the Ring Road and Outer Ring Road in the NCT of Delhi for three years.

Maintenance Contract for NHAI on National High Way No 5, near Vijayawada : This is a contract for short term improvement and maintenance of prestigious high way connecting Kolkata-Chennai.

Maintenance Contract for NHAI on National High Way No 2 on Dhanbad-Durgapur section : This is a contract for short term improvement and maintenance of prestigious high way connecting Kolkata-Delhi.

The order book of the company as on 25th September 2006 is Rs. 416 Crores.

Significant Developments Subsequent to the Last Financial Year

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

Factors that may affect Results of the Operations

As an infrastructure project company, the business operations of MBL Infrastructures Limited are affected by three broad set of factors, as follows:

1. Government policy towards infrastructure

With the Public Private Partnership (PPP) framework still being in initial stages of implementation in India, infrastructure spends is still dependent to a large extent on the priority given by the Government towards such projects. The Government's budgetary position (or other financial closure) also plays an important role in determining healthy cash flows and timely completion of the projects.

2. Market price behavior of key materials

The Company's project costs mainly comprise of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

3. Company's capabilities to participate and execute

The nature of the Government's tendering process is such that the pre-qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to strategically partner with other players will also determine the success in award of some key projects the company will be/is bidding for. The project management capability will also determine the profitability.

The following discussion on the financial operations and performance should be read in conjunction with the statement of significant accounting policies and statement of notes on adjusted profits & losses and assets and liabilities as appearing in the Auditors Report:

(Rs in Lacs)

Particulars	Year Ended			
	31-Mar	**31-Mar**	**31-Mar**	**31-Mar**
	2003	**2004**	**2005**	**2006**
INCOME				
Income from Contracts	4,228.24	7,607.73	9,890.89	11,673.20
Trading Activities	3,594.39	3,724.33	4,395.99	4,142.62
Sub Total	**7,822.63**	**11,332.06**	**14,286.88**	**15,815.82**
Other Income	50.59	33.00	53.65	84.38
Increase/(Decrease) of Stock	97.96	-13.29	283.96	589.46
Total Income	**7,971.19**	**11,351.77**	**14,624.49**	**16,489.66**
% Increase in Income from Contract	86.26%	79.93%	30.01%	18.02%
EXPENDITURE				
Cost of Goods Sold	3,560.28	3,613.31	4,339.14	4,019.36
Cost of Goods Sold as a % of Sales from Trading	99.05%	97.02%	98.71%	97.02%
Material Consumption	2,404.99	2,272.26	4,803.88	3,302.32
Material Consumption as a % of Income from Contracts	56.88%	29.87%	48.57%	28.29%
Other Operating Expenses	898.09	862.77	759.21	810.97
Contract Operating Expenses as a % of Income from Contracts	21.24%	11.34%	7.68%	6.95%
Sub-Contract	130.70	3,244.24	3,118.77	6,059.26
Sub Contract Expenses as a % of Income from Contracts	3.09%	42.64%	31.53%	51.91%
Sub Total	3,433.78	6,379.27	8,681.86	10,172.55
Expenses as a % of Total Cost	81.21%	83.85%	87.78%	87.14%

Staff Costs	27.38	59.53	61.92	128.60
Staff Costs as a % of Income from Contracts	0.65%	0.78%	0.63%	1.10%
Selling, Administrative & Other Expenses	280.22	270.67	293.62	498.19
Selling, Administrative & Other Expenses as a % of Income from Contracts	6.63%	3.56%	2.97%	4.27%
Interest and Financial Charges	124.18	261.46	315.19	596.11
Interest and Financial Charges as a % of Income from Contracts	2.94%	3.44%	3.19%	5.11%
Depreciation	147.20	179.84	197.56	200.79
Depreciation as a % of Income from Contracts	3.48%	2.36%	2.00%	1.72%
Total Expenditure	**7,573.04**	**10,764.09**	**13,889.29**	**15,615.60**
Net Profit before Tax & Extraordinary Items	**398.15**	**587.68**	**735.20**	**874.06**
Profit before Tax & Extraordinary Items as a % of Total Income	4.99%	5.18%	5.03%	5.30%
Net Profit After Tax	**312.79**	**506.58**	**662.43**	**830.20**
Profit After Tax as a % of Total Income	3.92%	4.46%	4.53%	5.03%
Other Income on Total Income	0.63%	0.29%	0.37%	0.51%
Other Income on Profit before Tax	12.71%	5.62%	7.30%	9.65%

COMPARISON OF FY 2006 WITH FY 2005 - REASON FOR VARIANCE

Total Income

The Total Income of the Company increased by 12.75% to Rs. 16489.66 Lacs in 2006 as compared to Rs. 14624.49 Lacs in 2005. This increase can mainly be attributed to the rise in Income from contracts executed by the Company, which increased by 18.02%.

Material Consumption and Sub-Contracting Expenses

Material Consumption as a % of Income from Contracts executed decreased from 48.57% in 2005 to 28.29% in 2006. In absolute terms, Material Consumption decreased by 31.26%. This was due to the fact that the Company has sub-contracted a substantial portion of its work. As a result, Sub-Contract Expenses increased from Rs. 3118.77 Lacs in 2005 to Rs. 6059.26 Lacs in 2006. As a % of Income from Contracts executed, Sub-Contract Expenses increased from 31.53% in 2005 to 51.91% in 2006.

Contract Operating Expenses

Contract operating expenses as a percentage of income from contracts executed declined to 6.95% in 2006 compared to 7.68% in the FY 2004-05. The decline can be mainly attributed to a better efficiency resulting into reduction in machinery hire expenses, power and fuel charges and site mobilization expenses.

Staff Costs

Staff costs increased more than two folds to Rs. 128.60 Lacs in 2006 as compared to Rs. 61.92 Lacs in 2005. As a percentage of income from contracts executed, Staff cost increased from 0.63% in 2005 to 1.10% in 2006. The rise in staff costs was mainly due to the fact that in the FY 2005-06 the Company had strengthened its work force and hired several new employees, which caused the staff costs to rise.

Selling, Administrative and Other Expenses

Administrative and other general corporate expenses as a percentage of income from contracts executed increased from 2.97% in the FY 2004-05 to 4.27% in the FY 2005-06 owing to the execution of projects having higher gestation periods. In absolute terms, Selling, Administrative and Other Expenses increased by 69.67% over 2005.

Finance Charges

In absolute terms interest and finance charges for the year 2006 increased by 89.13% as compared to the previous year. As a percentage of income from contracts executed, interest and finance charges increased from 3.19% in 2005 to 5.11% in 2006. This increase was due to the rise in cash credit from banks and equipment finance availed by the Company.

Depreciation

Depreciation as a percentage of income from contracts decreased marginally to 1.72% in 2006 as compared to 2.00% in 2005.

Profit Before Tax

The PBT Margin increased from 5.03% in 2005 to 5.30% in 2006. In absolute terms, PBT increased by 18.89% as compared to 2005. This is due to increase in contract income and effective utilization of material, effective cost control and efficient monitoring of overall administration.

Profit After Tax

As a percentage of Total Income from contracts executed, PAT increased from 4.53% in 2005 to 5.03% in 2006. In absolute terms, PAT increased by 25.22% as compared to 2005.

COMPARISON OF FY 2005 WITH FY 2004 - REASON FOR VARIANCE

Total Income

The Total Income of the Company increased by 28.83% to Rs. 14624.49 Lacs in 2005 as compared to Rs. 11351.77 Lacs in 2004. This increase was due to the rise in Income from contracts executed by the Company, which increased by 30.01% and also increase in the trading sales, which increased by 18.03% over the previous year i.e. 2004.

Material Consumption and Sub-Contracting Expenses

Material consumption cost as a percentage of Income from Contracts increased from 29.87% in 2004 to 48.57% in 2005. In absolute terms, Material Consumption more than doubled to Rs. 4803.88 Lacs in 2005 as compared to Rs. 2272.26 Lacs in 2005. This was due to the increase in both the number and the sizes of the contracts executed by the Company during the year. However, Sub-Contract expenses decreased by 3.87% to Rs. 3118.77 Lacs in 2005 as compared to Rs. 3244.24 Lacs in 2004. The extent of sub-contracting depends on the site of the project. If the Company has its full-fledged facilities at the project site, then the amount of sub-contracting done is very less.

Contract Operating Expenses

Contract operating expenses declined by 12% to Rs. 759.21 Lacs in 2005 as compared to Rs. 862.77 Lacs in 2004. As a percentage of income from contracts executed, contract operating expenses decreased from 11.34% in 2004 to 7.68% in 2005. The decline in contract operating expenses was due to better cost control measures adopted by the Company.

Staff Costs

Staff costs increased from Rs. 59.53 Lacs in 2004 to Rs. 61.92 Lacs in 2005- a marginal increase of 4%. However, as a percentage of income from contracts executed, staff cost decreased from 0.78% in 2004 to 0.63% in 2005.

Selling, Administrative and Other Expenses

Administrative and other general corporate expenses increased by 8.48% to Rs. 293.62 Lacs in 2005 as compared to Rs. 270.67 Lacs in 2004. This was due to the increased activities of the Company and the increase in the number of sites. However, as a percentage of income from contracts executed, Selling, Administrative and Other Expenses decreased from 3.56% in 2004 to 2.97% in 2005.

Finance Charges

Financial charges increased from Rs. 261.46 Lacs in FY 2003-04 to Rs. 315.19 Lacs in 2005. The increase was due to additional cash credit availed by the Company to fund its working capital requirements.

Depreciation

As a percentage of income from contracts, depreciation decreased from 2.36% in 2004 to 2% in 2005. In real terms, depreciation increased by 9.86%. This was due to purchases of certain equipments, which increased the total gross block of fixed assets.

Profit Before Tax

Profit Before Tax increased by 25.10% to Rs. 735.20 Lacs as compared to Rs. 587.68 Lacs in the previous year. This increase is mainly due to efficient management and better cost control policies adopted by the Company.

Profit After Tax

During the year 2005, PAT increased by more than 30% to Rs. 662.43 Lacs. Although there was an overall increase in costs, the PAT margin increased from 4.46% in 2004 to 4.53% in the year 2005.

COMPARISON OF FY 2004 WITH FY 2003 - REASON FOR VARIANCE

Total Income

The Total Income of the Company IN 2004 increased by 42.41% to Rs. 11351.77 Lacs as compared to Rs. 7971.19 Lacs in 2003. This increase was due to the rise in Income from contracts executed by the Company, which increased substantially by around 80%.

Material Consumption and Sub-Contracting Expenses

Material Consumption as a % of Income from Contracts executed decreased from 56.88% in 2003 to 29.87% in 2004. In absolute terms, Material Consumption decreased by 5.52%. This was due to the fact that the Company sub-contracted a substantial portion of its work. As a result, Sub-Contract Expenses increased from Rs. 130.70 Lacs in 2003 to Rs. 3244.24 Lacs in 2004. As a % of Income from Contracts executed, Sub-Contract Expenses increased from 3.09% in 2003 to 42.64% in 2004.

Contract Operating Expenses

Contract operating expenses declined by 3.93% to Rs. 862.77 Lacs in 2004 as compared to Rs. 898.09 Lacs in 2004. As a percentage of income from contracts executed, contract operating expenses decreased from 21.24% in 2003 to 11.34% in 2004. The decline in contract operating expenses was due to better cost control measures adopted by the Company.

Staff Costs

Staff costs increased more than two folds to Rs. 59.53 Lacs in 2004 as compared to Rs. 27.38 Lacs in 2003. As a percentage of income from contracts executed, Staff cost increased from 0.65% in 2003 to 0.78% in 2004. The rise in staff costs was mainly due to the fact that in the FY 2004 the Company had strengthened its work force to manage its increasing activities and the increased number of sites.

Selling, Administrative and Other Expenses

Selling, administrative and other corporate expenses decreased by 3.41% to Rs. 270.67 Lacs in 2004 as compared to Rs. 280.22 Lacs in 2003. As a percentage of income from contracts executed, Selling, Administrative and Other Expenses decreased from 6.63% in 2003 to 3.56% in 2004.

Finance Charges

Finance Charges increased more than two folds to Rs. 261.46 Lacs in 2004 as compared to Rs. 124.18 Lacs in 2003. This was due to the fact that the company had taken additional cash credit from banks for financing its Working capital requirements and also the increased bidding by the company, which augmented the commission on bank guarantee and other non-fund based financing cost.

Depreciation

As a percentage of income from contracts, depreciation decreased from 3.48% in 2003 to 2.36% in 2004. In real terms, depreciation increased by 22.17%. This was due to purchases of certain equipments, which increased the total gross block of fixed assets.

Profit Before Tax

Profit Before Tax increased by 47.60% to Rs. 587.68 Lacs as compared to Rs. 398.15 Lacs in the previous year. The PBT margin also increased from 4.99% in 2003 to 5.18% in 2004.

Profit After Tax

During the year 2004, PAT increased by 61.96% to Rs. 506.58 Lacs as compared to Rs. 312.79 Lacs. PAT Margin increased from 3.92% in 2003 to 4.46% in the year 2004.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (a) OF SEBI DIP GUIDELINES

Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transactions that have taken place during the last year.

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

Government's focus on improving infrastructure will have major bearing on the companies involved in construction in infrastructure sector. Further the changes in bitumen prices for non-escalation contracts could adversely impact the profitability of the company.

Changes in relationship between costs and revenues

The changes in the prices of major raw material like steel ,bitumen and cement (for non-escalation contracts) has a significant bearing on the revenues of the Company.

Extent to which material increases in revenues are due to increased volumes, introduction of new projects

Increases in revenue are by and large linked to increase in volume of construction activity carried out by the company.

Total turnover of each major industry segment in which the Company operates

Our Company is operating mainly in the construction industry of which it operates presently only in construction of roads and highways and maintenance thereof. However, there are no published data available to the Company for total turnover of the construction industry.

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

Apart from the risks as disclosed under heading "RISK FACTORS" appearing on page no. xi of this Draft Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

Status of any publicly announced new products or business segment

Our Company has not announced any new product or segment

Seasonality of business

Execution of work on construction sites may be affected by heavy monsoon/extreme weather. Usually the company has experienced lower overall construction progress in the July-September quarter due to southwest monsoons, which affects most parts of India.

Dependence on single or few suppliers/customers

The Company sources its raw materials from a set of known suppliers and is not under threat from excessive dependence on any single supplier. There is no dependence on any single customer.

Competitive Conditions

The Company faces stiff competition from larger and well-established players. The Company is smaller in size compared to the market leaders, which acts as deterrent for very large projects. However, the Company has bid for large projects in past and bagged a few large projects inspite of big companies in fray.

Further, smaller proprietary firms also create competition for the Company. But, considering the size and entry norms for the contracts, for which the Company is bidding, the competition from smaller proprietary firms is minimal.

V. LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Save as stated herein, there are no:

a. Pending litigations in which the Promoters of our company are involved, defaults to financial institutions/banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/firms promoted by the promoters.

b. Pending litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoters were associated in the past but are no longer associated, where their name continues to be associated with particular litigation(s).

c. Litigations against the Company or against any other company whose outcome could have a materially adverse effect of the position of the Company.

d. Litigations against the Promoters or directors involving violation of statutory regulations or criminal offence

e. Pending proceedings initiated for economic offences against the directors, the promoters, companies and firms promoted by the promoter.

f. Past cases in which penalties were imposed by the concerned authorities.

g. Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

h. Pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/Civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board/ stock exchanges against the Company/Promoters and their other business ventures (irrespective of the fact whether they fall under the purview of Sec 370 (1B) of the Company's Act, 1956) / Directors.

Criminal Matter pending against our Company

Sl. No.	1
Court / Arbitrator and Case No.	C/1917 of 2006 In the Court of the Ld. Chief Metropolitan Magistrate
Background of the Case	Techno Mechanical Services (P) Ltd. (Complainant) has filed applications under Section 138 and 141 of the Negotiable Instruments Act, 1881 as amended against: 1, Maheshwari Brothers Limited 2. Gayatri Devi Maheshwari (since deceased) 3. Mahabir Prasad Lakhotia 4. Ram Gopal Maheshwari 5. Anjani Kumar Lakhotia 6. Pawan Kumar Lakhotia 7. Maruti Maheshwari 8. Sree Kumar Lakhotia The Complainant has filed the above Application complaining dishounour of cheque of Rs. 11,19,000/- bearing no. 258735 dated December 31, 2005 drawn on ICICI Bank Limited. The Complainant has alleged that the said cheque was returned unpaid with cheque return memo issued by the Bank with the narration “Payment stopped by the Drawer”. This matter is subject matter of **C.S. No. 120 of 2006** and the said cheque was one of the cheque leaf from the lost cheque book of the Company for which company had filed FIR in past. The Company has filed the above Civil Suit and the same is pending. Applications under the Code of Criminal Procedure has been filed for dispensation of personal appearance of Accused Nos. 1, 3 and 4 to 7 and pursuant to such applications their personal appearances have been dispensed with.
Present Status	The Section 138 Application is pending adjudication.
Amount Involved/ Financial Implications on the issuer	11.19 Lacs
Provision made in the Financial Statement	Tthe Company has included the amount in the Contingent Liabilities as on March 31, 2006 and the same is shown as ‘Claims against the Company not acknowledged as Debts’.

Cases filed against the Company

Sl. No.	1
Parties	National Highways Authority of India (Petitioner) –Vs- Maheshwari Brothers Ltd. (Respondent/ Company)
Court / Arbitrator and Case No.	A. P. No.286 of 2005 before the Hon'ble High Court at Calcutta.
Background of the Case	Disputes arose between the parties regarding a Contract dated June 25, 2003 between them by which the respondent was awarded the work of short term improvement and routine maintenance of Barwa Adda under Panagar Section of National Highway 2 under the Golden Quadrilateral Scheme of the Government of India. The Respondent has furnished performance securities for the sums of Rs.1,60,50,000/- and Rs. 1,27,11,458/- in favour of the Petitioner. When the disputes arose between the parties, essentially due to alleged under performance of the said Contract by the Respondent, the Respondent moved an Application under Section 9 of the Arbitration and Conciliation Act, 1996 (A.P. No. 435 of 2004 and A.P. No. 232 of 2004) seeking, inter alia, an order of injunction restraining the Petitioner from invoking the performance securities. Thereafter, appeals were also filed by the Respondent against the orders passed in the said Section 9 Applications. Thereafter, a Dispute Review Expert was appointed and the Dispute Review Expert gave its decision vide order dated March 30, 2006 in favour of the Respondent. The Petitioner being dissatisfied gave notice to refer the decision of the Dispute Review Expert to Arbitration and filed an application (**A.P. No. 286 of 2006**) under Section 11 of the Arbitration and Conciliation Act, 1996 for the same and it was ordered by the Hon'ble High Court at Calcutta that an Arbitrator be appointed for adjudicating the disputes between the parties
Present Status	Matter has been referred to arbitration before Learned Arbitrator appointed by Hon'ble High Court at Calcutta, who is Chief Justice (Retired) of Hon'ble Supreme Court of India. The same is pending. Next date of hearing is 29.01.2007.
Amount Involved / Financial Implications on the issuer	Liability is not ascertainable.
Provision made in the Financial Statement	Nil

Sl No	2
Parties	Shree Niwas Goyal Giti Utpadak & Vikreta Bharatpur (Petitioner) Vs. Maheshwari Brothers Limited (Respondent/ Company
Court / Arbitrator and Case No.	Misc. appeal before Addl. District Magistrate ,Fast Track, Bharatpur. Rajasthan
Background of the Case	Ex party order and decree was passed on misc. petition by the Petitioner claiming short payment against supply of stone aggregates. The Company has preferred appeal and the same has been admitted.
Present Status	Appeal is pending.

Amount Involved / Financial Implications on the issuer	Rs.54,655/-
Provision made in the Financial Statement	Nil

Sl No	3
Parties	Goyal Transport Co (Prop Shree Niwas Goyal) Bharatpur (Petitioner) Vs. Maheshwari Brothers Limited (Respondent/ Company
Court / Arbitrator and Case No.	Misc. appeal before Addl. District Magistrate ,Fast Track, Bharatpur. Rajasthan
Background of the Case	Ex party order and decree was passed on misc. petition by the Petitioner claiming short payment against transportation charges of stone aggregates. The matter is under Appeal.
Present Status	Matter is under Appeal
Amount Involved /Financial Implications on the issuer	Rs.30,000/-
Provision made in the Financial Statement	Nil

Sl No	4
Parties	Collector, Sehore Vs. Maheshwari Brothers Limited
Court / Arbitrator and Case No.	
Background of the Case	The matter pertains to levy of Royalty on Mining & Excavation of materials for Road Project. The mining Department levied Royalty with penalty totaling Rs. 35 lacs
Present Status	Hearing is pending before SDM, Sehore, MP
Amount Involved / Financial Implications on the issuer	35.00 lacs
Provision made in the Financial Statement	Nil

Cases Filed by the Company

Sl No	1
Parties	Maheshwari Brothers Ltd. (Plaintiff/Company) –Vs- Ircon International Ltd. & State Bank of Mysore (Defendants)
Court / Arbitrator and Case No.	C. S. No.103 of 2003 before the Hon'ble High Court at Calcutta
Background of the Case	Disputes arose between Issuer and Ircon under Agreement dated 10th January, 2002 for strengthening existing two lane highway on NH2 Allahabad Khaga Road, U. P. The major portion of the work under the Agreement was given to a third party by Ircon International Ltd. and the remaining work was amicably foreclosed. However, Ircon International Ltd. refused to accept the foreclosure at a later stage and threatened to invoke the Bank Guarantees furnished by the Company. Against this the Company filed a suit. The amount in dispute as per Ircon own estimate amounts to Rs. 8835743.49. The Bank Guarantees furnished by company since expired. The court directed the company to deposit a sum of Rs. 73, 47, 754/- with Registrar High Court, which the company has complied with. In the meanwhile, Ircon International has made an application under section 9 of the Arbitration & Conciliation Act, 1996 vide A.P. No. 120 of 2005 for referring the suit to arbitration for deposit of balance mobilization advance and for extension of validity period of expired Bank Guarantees furnished by the Company in past.
Present Status	Affidavit in Opposition has been filed in the matter and the same is pending.
Amount Involved	Rs. 88,35,743.49
Financial Implications on the issuer	We have already deposited a sum of Rs. 73,47, 654/- with the Registrar, High Court.
Provision made in the Financial Statement	The Company has included an amount of Rs. 88,35,743.49 as a Note in the Contingent Liabilities as on March 31, 2006 and the same is shown as 'Claims against the Company not acknowledged as Debts'.

Sl No	2
Parties	Maheshwari Brothers Ltd. (Plaintiff/Company) –Vs- Airport Authority of India & S. K. Panigrahi (Defendants)
Court / Arbitrator and Case No.	C. S. No.237 of 2004 before the Hon'ble High Court at Calcutta.
Background of the Case	Dispute arose among the parties relating to a contract between the Plaintiff and the Defendant no. 1 pertaining to strengthening of runway and APRON, extension of APRON and construction of Isolation Bay with link Taxiway for PCN 64 at Gaya Airport ('Project'). The Plaintiffs contention is that the Defendant no. 1 had failed to discharge its obligations under the aforesaid contract and such contract stood discharged due to such breach subject to Plaintiff's right to claim compensation and/or damages for the same. The Plaintiff has also made an earnest money deposit of Rs. 1,00,000/- which was not refunded by the Defendant no. 1 and it is liable to refund the same. The Defendant no. 2 became vindictive towards the Plaintiff with malafide intention to cover up the latches of the Defendant no. 1 and took steps to cause loss of reputation and severe damages to the Plaintiff. The Plaintiff filed this Suit, inter alia, praying for refund of Rs. 1 Lacs on account of earnest money deposit held by respondent and a decree for Rs. 100 Lacs as damages and perpetual injunction against the defendents for carrying out project at the risk of plantiff. In the Suit, the Defendants filed an Application (**G.A. No. 4317 of 2004**) for dismissal or permanent stay of the Suit and to refer the same to Arbitration since the contract has Arbitration as the dispute resolution method. However, the Hon'ble High Court at Calcutta was pleased to dismiss this Application and held that the Suit shall continue.
Present Status	The Suit is Pending
Amount Involved	Nil
Financial Implications on the issuer	Nil
Provision made in the Financial Statement	Nil

Sl No	3
Parties	Maheshwari Brothers Ltd. (Plaintiff/ Company) vs. SENZO Engineering Pvt. Ltd. (Defendant)
Court / Arbitrator and Case No.	T. S. No.-40 of 2003 before the Hon'ble Civil Judge (Sr. Div) at Durgapur, West Bengal
Background of the Case	The dispute arose between the parties relating to an agreement for supply and installation of "Metal Beams Crash Barrier" (hereinafter referred to as 'Metal Beam') by the Defendant to the Plaintiff to enable the Plaintiff to implement a project with National Highway Authority of India and for which the Plaintiff arranged for one shed measuring 1750 sq ft along with open space of about 3000 sq ft for process, manufacture and fabrication of the Defendant's products. However, the Defendant failed to carry out the order of the entire quantity of Metal Beams as stipulated in the said agreement and wrongfully repudiated the same. Due to such wrongful repudiation, the Plaintiff's said project with National Highway Authority of India suffered a time loss and coupled with the same it also affected the reputation of the Plaintiff with National Highway Authority of India and thus damages were suffered by the Plaintiff. The Plaintiff had placed a separate Purchase Order with the Defendant, which the Defendant also failed to perform from its very inception and upon further extension of time being granted to the Defendant, they failed to meet the revised time schedule also and were able to supply only a small portion of the order. The Defendant has also served defamatory letters on the Plaintiff. The Plaintiff has therefore, filed the Suit against the Defendant, inter alia, praying for a (i) decree for compensation of Rs. 5,18,42,000/- for breach of contract dated May 18, 2002 and Rs. 83,33,650/- for breach of contract dated May 29, 2002 (ii) decree for damages of Rs. 1,50,000/- for power line installation (iii) decree against the defendant for a sum of Rs. 3,50,000/- for use and service charges @ Rs. 25,000/- per month for the period September 1, 2002 to October 31, 2002
Present Status	An interim order dated 20.11.2003 has been passed restraining the Defendant from removing any metal beam from the site. Further proceedings are pending.
Amount Involved	Not ascertainable
Financial Implications on the issuer	If the Company succeeds in the suit, then the Company is likely to get a sum of Rs. 5,57,60,750/- after certain adjustments

Sl No	4
Parties	Maheshwari Brothers Ltd. –Vs- (1) Techno Mechanical Services Pvt. Ltd (2) Delhi Delta Resources & Services (P) Ltd. (3) Subhash Sethi (4) Shishir Bhargava and (5) ICICI Bank Ltd. (Defendants)
Court / Arbitrator and Case No.	C. S. No.120 of 2006 before the Hon'ble High Court at Calcutta

Background of the Case	This Suit has been filed by the Plaintiff against the Defendants vis-à-vis a dispute regarding alleged issue of cheques by the Plaintiff in favour of Defendant no. 1 from a cheque book which has been lost by the Plaintiff and consequent dishonour of such cheques. The Plaintiff has contended that it has lost the cheque book and had duly lodged FIR and informed its Bankers. However, the Defendants in collusion with each other have alleged that the Plaintiff has pursuant to a Works Sign Off Contract with the Defendant no. 1 issued cheques in its favour which has been dishonoured. The Plaintiff has also been served with notices under Section 138 of the Negotiable Instruments Act for such dishonour. The Plaintiff had filed the Suit, inter alia, praying for, (a) Decree for delivery up of the cheques and their being adjudged void (b) Decree of Rs. 4 crores against the Defendants (c) Interest (d) Remaining cheque of missing cheque book be adjudged void (e) Mandatory injunction directing Defendant nos. 1 to 4 to return the purported cheques (f) Decree for specific delivery of the cheques (g) Mandatory Injunction against Defendant no. 5 to retain cheques from lost cheque book if presented for encashment (h) Perpetual Injunction against Defendant Nos. 1 to 4 from presenting cheques from lost cheque book (i) Notices under Section 138 of the Negotiable Instruments Act be adjudged null and void. The Plaintiff also filed a Petition being **G.A. No. 1588 of 2006** in the Suit praying inter alia, for Injunction on the Defendant no. 5 to to retain cheques from lost cheque book if presented for encashment and to intimate Plaintiff of the same which prayer was allowed by the Hon'ble High Court at Calcutta alongwith directions for filing Affidavits by the parties. The Defendant no. 1 filed an **Application** in the Suit stating that the Plaintiff had, pursuant to a Consultancy Agreement between themselves, issued post dated cheques, both allegedly signed by Sri Pawan Kumar Lakhotia, one of the Directors of the Plaintiff (now resigned) and since such Consultancy Agreement provides for Arbitration as the dispute resolution method, it inter alia, has prayed for referring the matter to Arbitration and stay of the Suit. The Hon'ble High Court at Calcutta ordered for filing of Affidavits in the above Application and the Plaintiff has accordingly filed its Affidavit in Opposition wherein it has denied the existence and/or execution of the said Consultancy Agreement and issue of post dated cheques pursuant to the same and has maintained that the signature of Sri Pawan Kumar Lakhotia has been forged by the Defendants for their malafide ends. Sri Pawan Kumar Lakhotia has inspected the originals of the said Consultancy Agreement and the cheques at the office of the Advocate of the Defendant no. 1 and has also confirmed vide an Affidavit that such signatures are forged.
Present Status	The Applications and the Suit is pending for hearing and adjudication before the Hon'ble High Court at Calcutta.
Amount Involved	Rs. 66,29,000 being the total value of the cheques dishonoured/-
Financial Implications on the issuer	Rs. 66,29,000 being the total value of the cheques dishonoured/-
Provision made in the Financial Statement	The Company has included the amount in the Contingent Liabilities as on March 31, 2006 and the same is shown as 'Claims against the Company not acknowledged as Debts'.

Sl No	5

Parties	Maheshwari Brothers Limited (Company) Vs. Rabia Bee (Opposite Party)
Court / Arbitrator and Case No.	Miscellaneous Appeal 1664/06 before the Hon'ble High Court of M.P. at Jabalpur
Background of the Case	An award has been passed by Motor Accidents Claims Tribunal, Seoni, M.P., with regard to a road accident involving a vehicle of the Company giving an award of Rs. 3.77 Lacs in favour of the Opposite Party. Company has filed an appeal against the order.
Present Status	Appeal is pending for final hearing.
Amount Involved	Rs. 3.77 Lacs
Financial Implications on the issuer	Rs. 3.77 Lacs
Provision made in the Financial Statement	Nil

Pending Tax Disputes against the Company

Sl. No.	1
Pending before authority / case no.	Dy. Commissioner of Commercial Taxes (Transition), Shimoga
Particulars	For Assessment year 2004-05, regular assessment under Karnataka Sales Tax Act, 1957 and Central Sales Tax Act, 1956 before Dy. Commissioner of Commercial Taxes (Transition), Shimoga who passed an assessment order under section 12-C of KST Act, 1957 dated August 11, 2006 raising a demand of Rs. 14, 786, out of which, department has given a credit of Rs. 5625/- against cheque deposited by the Company and demanded Rs. 9161/- be deposited.
Demand Rs.	Rs. 14,176/-
Demand outstanding Rs.	Rs. 9,161/-
Present status	The Company has made a submission vide our letter dated September 23, 2006 that we have already filed two nos. sales tax form No. 50 for Rs. 2695/- and Rs. 8016/- totaling Rs. 10711/-. Hence a refund of Rs. 1550/- (Rs. 10711- Rs. 9161) is due to us.

Labour Matter pending against the Company

Sl. No.	Court / Arbitrator and Case No.	Background of the Case	Present Status	Amount Involved	Financial Implications on the issuer	Provision made in the Financial Statement
1.	Office of Labour Enforcement Officer, Central, Faridabad	Summon has been issued by CJM, Faridabad for attending complaint filed by Labour Enforcement Officer under Minimum Wages act.	Summon has been received for the Company to appear on 2.11.2006	Maximum compounding Fees Rs.1,000	Rs. 1000/-	Nil

Cases filed by the AAP Infrastructures Limited, Subsidiary Company

Sl. No.	1
Parties	In the High Court of Judicature of Madhya Pradesh at Jabalpur,
Court / Arbitrator and Case No.	W.P. No. 2951 of 2006, Private Bus Operator Association Balaghat (M.P.) & others. W.P. No. 737 of 2006, M/s. Shastri Brothers –vs- State of M.P. & Ors. W.P. No. 2649 of 2006. Smt. Smriti Sudhir Shastri –vs- State of M.P & Ors. In this matter A.A.P Infrastructure Limited is Respondent No. 4 (23A, N.S. Road, Kolkata through its Chairman) and 5 (Village Lavada, Balaghat Seoni Road, Tehsil Lalbarra, Dist. Balaghat through its Manager) in this Petition.
Background of the Case	This Petition has been filed against (i) Issuance of Completion Certificate (Provisional) dated October 25, 2005 issued by the Chief Engineer of Madhya Pradesh Road Development Corporation Limited (ii) Realisation of "Fee" by enhancing rates @ 7% per year with effect from April 1, 2003 (iii) Wrong, illegal and arbitrary fixation of "Fee" (iv) Order dated October 22, 2005 fixing toll rates (v) refusal by respondents no. 4 to 6 for grant of 50% concession to "Local Commercial Traffic" (vi) Opening of "Toll Plaza" at Village Garra at a distance of 3.5 kms from Balaghat towards Seoni. The Government of Madhya Pradesh entered into an Agreement dated November 18, 2002 called "Build Own Transfer" ('BOT') or a Concession Agreement with Respondent nos. 4 to 6 for reconstruction, strengthening, widening and rehabilitation of Seoni-Balaghat road on State Highway No. 26 and Balaghat-Rajegaon on State Highway No. 11 approximate length of 114 kms. Such agreement provides reconstruction of roads as per prescribed specifications, issuance of completion certificate and levy of fee chargeable from "individual vehicles". The Petitioner has challenged the issuance of "Completion Certificate (Provisional)" dated October 25, 2005 issued by the Chief Engineer on the ground that the same could not be issued without successfully testing the safety and reliability of the road to put the same for commercial operation as per the Concession Agreement and the consequent chargeability of fee. Additionally the Petitioner has also challenged the aforesaid issues.
Present Status	Matter is pending
Amount Involved	Liability is not ascertainable
Financial Implications on the issuer	Liability is not ascertainable
Provision made in the Financial Statement	Nil

Sl. No.	2
Parties	AAP Inrastructures Limited Vs. State of M.P.
Court / Arbitrator and Case No.	Writ Petition No. 7754/06
Background of the Case	The Company had filed a writ petition challenging the levy of labour cess upto Maximum 2% of Rs. 60.00 Crores BOT project of Seoni-Balaghat Road. The above petition has been allowed and the court quashed the recovery notices issued by Labour Officer on ground of Jurisdiction of Labour Officer.
Present Status	Matter is pending
Amount Involved	Liability is unascertainable
Financial Implications on the issuer	Liability is unascertainable
Provision made in the Financial Statement	Nil

Sl. No.	3
Parties	AAP Infrastructures Limited Vs. State of M.P.
Court / Arbitrator and Case No.	Writ Petition No. 4125 / 2004
Background of the Case	A writ petition has been filed challenging the amendment in M.P. Stamp Act by which stamp duty at the rate upto 2% is leviable on BOT agreement of Rs. 60.00 Crores. Vide Interim Order, Hon'ble High Court of M.P. at Jabalpur has granted stay on levy of Stamp Duty.
Present Status	Petition admitted for final hearing and is pending
Amount Involved	Liability is unascertainable
Financial Implications on the issuer	Liability is unascertainable
Provision made in the Financial Statement	Nil

2. GOVERNMENT AND OTHER APPROVALS

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

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities. The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sl No	Issuing Authority	Registration / License No	Nature of Registration / License	Validity
MBL Infrastructures Limited				
1	Registrar of Companies	21-73700	Certificate of Incorporation Fresh Certificate of Incorporation consequent to Change of Name	N.A.
2	Profession Tax Officer	0332143	Certificate of Registration as a employer under W.B. State Tax on Profession, Trade, Callings and Employments Act, 1979.	N.A.
3	Commissioner of Income Tax	AACCM0564C	Permanent Account Number	N.A.
4	Deputy Director (Revenue)	CR/REV/44-3710-101	Registration under E.S.I. Act	N.A.
5	Commissioner, Commercial Taxes, West Bengal	19460359124	Certificate of Registration under West Bengal Sales Tax Act, 1994	N.A.
6	Commissioner, Commercial Taxes, West Bengal	19460359221	Certificate of Registration under Central Sales Tax Act, 1956	N.A.
7	Commissioner, Commercial Taxes, West Bengal	19460359027	Certificate of Registration under Value Added Tax Act	N.A.
8	Deputy Commissioner of Commercial Taxes	29620120145	Provisional VAT Registration	N.A.
9	Sales Tax Officer	07090295739	Certificate of Registration under Delhi Value Added Tax Act, 2004	N.A.
10	Assessing Officer, Superintendent of Taxes, Guwahati	GAU(D)/AGST-3413	Certificate of Registration as a Dealer under The Assam General Sales Tax Rules, 1993	N.A.
11	Superintendent of Taxes, Guwahati	GAU(O)/AET-63	Certificate of Registration under The Assam Entry Tax Rules, 2001	N.A.
12	Superintendent of Taxes, Guwahati	GAU(O)/C-2329	Certificate of Registration as a Dealer in Assam under The Central Sales	N.A.

			Tax (Registration And Turnover) Rules, 1957	
13	Deputy Commissioner, Commercial Taxes, West Circle Ranchi Jharkhand	Bihar-RN (W) 2448	Certificate of Registration as a Dealer under The Central Sales Tax (Registration And Turnover) Rules, 1957	N.A.
14	Deputy Commissioner of Commercial Taxes , West Circle Ranchi Jharkhand	RN (W) 27/(R)	Certificate of Registration U/s 14 of The Bihar Finance Act, 1981	31.05.06 (Renewal applied for)
15	Assistant Commissioner of Sales Tax	LW-5105547	Certificate of Registration as a Dealer in Uttar Pradesh under the Central Sales Tax (Registration And Turnover) Rules, 1957	N.A.
16	AETO, Assessing Authority	06771323339	VAT Certificate of Registration as a Dealer in Haryana under CST	N.A.
17	Central Excise Officer, New Delhi	DLIST/M&R/MBL/ 2693/06	Service Tax registration under Section 69 of the Finance Act 1994	N.A.
18	Asst. Labour Commissioner & Licensing Officer, Vijaywada	99/2006	License u/s 12(1) of Contract Labour (Regulation & Abolition) Act, 1970	04.09.07
19	Licensing Officer, Contractor Labour (R&A) Government of NCT Delhi	CLA/C/94/NWD/ DLC/05	License u/s 12(1) of Contract Labour (Regulation & Abolition) Act, 1970	15.08.07
20	Asst. Labour Commissioner & Licensing Officer	46/2(36)/2006-09-27 ALCR	License u/s 12(1) of Contract Labour (Regulation & Abolition) Act, 1970	06.09.07
21	Asst. Labour Commissioner (Central), Licensing Officer, Durgapur	GH.46/11/2006-L	License u/s 12(1) of Contract Labour (Regulation & Abolition) Act, 1970	11.01.07
22	VAT Registering Authority, Commercial tax officer, Vijaywada	28859759821	VAT Registration Number	N.A.
23	Officer Commercial Tax, Madhya Pradesh	23894502604	Tax Payer Identification Number	N.A.
24	Deputy Commissioner of Commercial Taxes, West Circle Ranchi	RN(W)2448(Central)	Certificate of Registration as a dealer u/s 7(2) of Central Sales Tax Act, 1957	N.A.
25	Regional Officer, Madhya Pradesh Pollution Control Board regional Office Jabalpu	258	Registration under section 21 of Air Pollution and control Act with Madhya Pradesh Pollution Control Board regional Office Jabalpu	30-09-06
26	Joint Chief controller of explosives	E/CC/MP/22/367 (E21904)	Licence to posess explosives for use.	31.03.2007
27	Controller of Explosives Agra	P/CC/MP/14/4086 (58827)	Licence to store petroleum in tank/s in connection with pump outfit for fuelling motor conveyances	31.12.07

28	Controller of Explosives Agra	P/CC/MP/14/4147 (P68748)	Licence to store petroleum in tank/s in connection with pump outfit for fuelling motor conveyances	31.12.06
29	Controller of Explosives Agra	P/CC/MP/14/4085 (P54289)	Licence to store petroleum in tank/s in connection with pump outfit for fuelling motor conveyances	31.12.07

VI. OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

Our Board of Directors has pursuant to resolution passed at its meeting held on April 19, 2006, authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

The shareholders have authorized the issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the extraordinary general meeting of our Company held May 12, 2006.

PROHIBITION BY SEBI

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

ELIGIBILITY FOR THE ISSUE

We are eligible for the Issue according to Clause 2.2.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, as follows:

- We have Net Tangible Assets atleast Rs. 300 Lacs in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with clause 2.2.1 (a) of SEBI Guidelines;
- We have a track record of distributable profits as per Section 205 of the Companies Act for at least three out of immediately preceding five years and is compliant with clause 2.2.1 (b) of SEBI Guidelines;
- We have a net worth of at least Rs. 100 Lacs in each of the three preceding full years (of 12 months each) and is compliant with clause 2.2.1 (c) of SEBI Guidelines;
- The aggregate of the proposed Issue and all the previous Issues made in the same financial year in terms of size is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with clause 2.2.1 (e) of SEBI Guidelines.
- The name of our Company was changed from Maheshwari Brothers Limited to MBL Infrastructures Limited with effect from 4th July 2006 to truly reflect the nature of activities carried out by the Company. The new name does not suggest any new line of activity.

The net profit, net worth, net tangible assets and monetary assets derived from the auditors report included in this Draft Red Herring Prospectus under the section titled "Financial Statements", as at, and for the last five years ended March 31, is set forth below:

Rs. in Lacs

Particulars	**FY 2002**	**FY 2003**	**FY 2004**	**FY 2005**	**FY 2006**
Net Tangible Assets (1)	1493.03	1859.82	2363.66	3132.54	3789.70
Monetary Assets (2)	**529.73**	**682.42**	**974.19**	**1212.02**	**1694.69**
Net Profits as restated	142.32	312.79	506.58	662.43	830.20
Net Worth as restated (3)	1214.80	1527.73	2000.64	2747.28	3453.68
Monetary Assets As A Percentage of Net Tangible Assets	**35.48**	**36.69**	**41.22**	**38.69**	**44.71**

(1) Net Tangible Assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

(2) Monetary assets include cash in hand and bank and quoted investments. For detailed figures, please refer to page no. 85 of this Draft Red Herring Prospectus.

(3) Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

Further, we undertake that the number of Allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, MICROSEC CAPITAL LIMITED AND A.K. CAPITAL SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE 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, MICROSEC CAPITAL LIMITED AND A.K. CAPITAL SERVICES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE.

B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C. THE DISCLOSURES MADE IN THE 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.

(III) BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRFAT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRFAT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(V) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS."

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT."

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

Our Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the above mentioned entities and anyone placing reliance on any other source of information, including Company's web site, www. mblinfra.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 among the BRLMs and us dated September 25, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by the BRLMs and us to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

CAUTION

Investors, who bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

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 authorized to invest in Shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law who are authorized under their constitution to hold and invest in Shares, permitted insurance companies and pension funds) and to permitted Non Residents including NRIs, FIIs and other eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession 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 the state of Himachal Pradesh, 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 and this Red Herring Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1993 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offered and sale occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED

As required, a copy of this Draft Red herring Prospectus has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

As required, a copy of this Draft Red herring Prospectus has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A Copy of the this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai – 400021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at West Bengal Nizam Palace, IInd MSO Building, 2nd floor 234/4, A.J.C. Bose Road Kolkata-700 020 India.

LISTING

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares of th Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized.

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

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the Bankers to our Company and the Bankers to this Issue; and (b) Book Running Lead Managers, the Syndicate Members, the Registrar to this Issue, the legal advisors to the Issue and the Underwriters, the Monitoring Agency, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Khandelwal Ravindra & Co., Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Khandelwal Ravindra & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and our members in the form and context in which it appears in this Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

EXPERT OPINION

Except as stated elsewhere in 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:

Rs. in Lacs

Particulars	Expenses	As a percentage of Total Issue Expenses	As a percentage of Total Issue Size
Lead management, underwriting and selling commission	[.]	[.]	[.]
Advertisement and marketing expenses	[.]	[.]	[.]
Printing, stationary including distribution expenses	[.]	[.]	[.]
Others (Registrar's fees, legal fees, listing fees, etc.)	[.]	[.]	[.]
Total estimated issue expenses	**[.]**	**100.00**	**[.]**

FEES PAYABLE TO THE BOOK RUNNING LEAD MANAGERS AND SYNDICATE MEMBERS

The total fees payable to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as stated in engagement letters with the BRLMs, a copy of which is availble for inspection at the registered office of our Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding between the Registrar to the Issue and our Company dated September 19, 2006, a copy of which is available for inspection at the registered office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/ under certificate of posting.

OTHERS

The total fees payable to the Legal Advisor, Auditors will be as per the terms of their respective engagement letters.

PREVIOUS RIGHTS AND PUBLIC ISSUES

We have not made any public issue or rights issue of Equity Shares either in India or abroad in the five years preceding the date of this Draft red Herring Prospectus.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except as stated in under the section, "Capital Structure" begnining on page 13 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

COMMISSION AND BROKERAGE PAID ON PREVIOUS EQUITY ISSUES BY US

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since incorporation.

PROMISE Vs PERFORMANCE – LAST ISSUED OF GROUP/ ASSOCIATE COMPANIES

Neither our Company nor our group/ associate Companies have made any capital issues, so the performance of our Company vis-à-vis the projection is not applicable.

OUTSTANDING DEBENTURES OR BONDS OR REDEEMABLE PREFERENCE SHARES

There are no outstanding debentures or bonds or redeemable preference shares issued by us as on the date of this Draft Red Herring Prospectus.

COMPANIES UNDER THE SAME MANAGEMENT

We do not have any other company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, save and except for the Promoter group companies mentioned in the section titled "Our Promoters" beginning on page 79 of this Draft Red Herring Prospectus.

STOCK MARKET DATA FOR OUR EQUITY SHARES

This being initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, depository participant name and the bank branch or collection center where the application was submitted.

DISPOSAL OF INVESTOR GRIVANCES BY OUR COMPANY

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven 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 Ms. Namrata Sharma, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue related problems. She can be contacted at the following address:

Ms. Namrata Sharma
Company Secretary,
23A, Netaji Subhash Road,
3rd Floor, Suit # 14
Kolkata – 700 001
Tel.: 91-33-22302353/9517
Fax: 91-33-22308807
E-mail: info@mblinfra.com

CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS AND REASONS THEREFOR

The auditors of our Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by Sections 224 to 233 of the Companies Act.

There has been following changes in the auditors in the last three years as per following details:

Name of Auditor	**Date of Appointment**	**Date of Resignation**	**Particulars/ Reasons for Change**
V. K. Keshari & Co.	30th September 1997	17th April 2006	Resgination due to pre-occupation & personal reasons
Khandelwal Ravindra & Co.	May 12, 2006	-	Appointment

CAPITALISATION OF RESERVES OR PROFITS

We have issued bonus shares in the ratio of 1: 2 on March 31, 2006 out of capitalization of free reserves. For further details, please refer to section titled '’Capital Structure" beginning on page 13 of this Draft Red Herring Prospectus.

REVALUATION OF ASSETS

We have not revalued our assets in the past five years. However, we had revalued our plant & machinery in the year 1999-2000. For further details, please refer to section titled '’History and Corporate Structure" on page 62 of this Draft Red Herring Prospectus.

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 in 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.

VII. ISSUE INFORMATION

1. ISSUE STRUCTURE

PUBLIC ISSUE OF 60,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT A PRICE OF RS. [•] PER EQUITY SHARE FOR CASH AT A PREMIUM AGGREGATING TO RS. [•] LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE 35.16% OF THE FULLY DILUTED POST ISSUE CAPITAL OF OUR COMPANY.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares#	Up to 30,00,000 Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Minimum of 9,00,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 21,00,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Instutional Bidders.
Percentage of issue size available for allocation	Upto 50% of Net Issue to Public or the Net Issue to Public less allocation to Non-Institutional Bidders and retail Individual Bidders. However, 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only.	Minimum 15% of Net Issue to Public or the Net Issue to Public less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 35% of Net Issue to Public or the Net Issue to Public less allocation to QIB Bidders and Non Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds portion; (b) The balance Equity Shares of QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000/-	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000/-	**[.]** Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue to Public, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue to Public, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 1,00,000/-
Mode of Allotment	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode
Bid/ Allotment lot	**[.]** Equity Shares and in multiples of **[.]** Equity Shares	**[.]** Equity Shares and in multiples of **[.]** Equity Shares	**[.]** Equity Shares and in multiples of **[.]** Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply*	Public financial institutions as defined in	Resident Indian individuals, HUF (in the	Individuals including Eligible NRIs & HUFs (in

	section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bi-lateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, FVCIs, 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.	name of Karta), Eligible NRIs, companies, corporate bodies, scientific institutions, societies and trusts	the name of Karta) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000/-
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non- Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	Atleast 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid amount on Bidding

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 5% of QIB portion (assuming QIB portion is 50% of the Net Issue to Public), the balance Equity Shares available for allocation in the Mutual Fund portion will be first added to the QIB portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

*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.

WITHDRAWAL OF THE ISSUE

We, 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 therefore.

LETTERS OF ALLOTMENT OR REFUND ORDERS

We shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares by the Designated Stock Exchange. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. 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 days of closure of Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertakes that:

• Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
• Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
• 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 prescribed time period as mentioned 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 as per the modes specified under para "Mode of Making Refunds" on page 180 of this Draft Red herring Prospectus.

BID/ ISSUE PROGRAMME

BID/ ISSUE OPENS ON	:	**[.]**
BID/ ISSUE CLOSES ON	:	**[.]**

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) on all working days during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/ Issue Closing Date, the Bids shall be accepted only between 10.00 a.m. and 1.00 p.m. (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

We reserves the right to revise the Price Band during the Bidding/ Issue 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 disclosed in this Draft Red Herring Prospectus.

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 ten working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate.

2. TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of our Company, the terms of this Draft Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws 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, Government of India, Reserve Bank of India, Stock Exchanges, RoC and /or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

Our Board of Directors has pursuant to resolution passed at its meeting held on April 19, 2006 authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

The shareholders have authorized the issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the annual general meeting of our Company held on May 12, 2006.

RANKING OF EQUITY SHARES

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

MODE OF PAYMENT OF DIVIDEND

Payment of dividend by our Company, if recommended by Board and declared at the general meeting of our Company, would be in any of the modes specified or permitted by the Act from time to time.

FACE VALUE AND ISSUE PRICE

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is Rs. **[.]** per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

The face value of the Shares is Rs. 10/- and the floor price is **[.]** times of the value and the Cap price is **[.]** of the face value.

COMPLIANCE WITH SEBI GUIDELINES

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the Equity Shareholders shall have the following rights:

i. Right to receive dividend, if declared.
ii. Right to attend general meetings and exercise voting powers, unless prohibited by law.
iii. Right to vote on a poll either personally or by proxy.
iv. Right to receive offers for Rights Shares and be allotted Bonus Shares, if issued.
v. Right to receive surplus on liquidation of our Company.
vi. Right of free transferability; and

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

For a detailed description of the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation/ splitting/, see "Main Provisions of Articles of Association of our Company" on page 184 of this Draft Red herring Prospectus.

MARKET LOT AND TRADING LOT

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

NOMINATION FACILITY TO 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 Issue amount including development of the Underwriters, 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.

We undertake that the number of allottee in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Since the market lot for our Equity Shares will be one, no arrangement for disposal of odd lot is required.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/SPLITTING

For a detailed description in respect of restrictions, if any, on transfer and transmission of Shares and on their consolidation/splitting, please refer to Section "Main Provisions of Articles of Association of our Company" on page 184 of this Draft Red Herring Prospectus.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in Kolkata, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1993 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offered and sale occur.

ALLOTMENT REONCILIATION AND REVISED CANs

After the Bid/ Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This Can is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to the 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 entirely the earlier CAN.

3. ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to QIB Bidders, including upto 5% of the QIB portion which shall be available for allocation to the Mutual Funds only. Further, a minimum of 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and a minimum of 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company, in consultation with the 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 and Retail Individual Bidders, we 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 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 this Draft Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. 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 authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, including Eligible NRIs, FVCIs and FIIs, applying on a repatriation basis	Blue

WHO CAN BID

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, 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. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
4. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
5. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
6. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
7. Indian mutual funds registered with SEBI;
8. Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);

9. Multilateral and bilateral development financial institutions;
10. State Industrial Development Corporations;
11. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in Equity Shares;
12. Eligible Non-Residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws; and
13. Scientific and/or industrial research organizations authorised to invest in Equity Shares.
14. Any other QIBs permitted to invest in the Issue under applicable law or regulation.
15. Venture capital funds registered with SEBI.
16. Foreign Venture Capital Investors registered with SEBI.

As per existing regulations, OCBs cannot bid in the Issue.

Note: The BRLMs, Syndicate Members and any associate of the members of the BRLMs and Syndicate Members shall also be entitled to subscribe to the Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

APPLICATION BY MUTUAL FUNDS

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

APPLICATION BY FII'S

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company (i.e. 10% of **[.]** Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. 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 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, and our Company and the BRLMs shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

MAXIMUM AND MINIMUM BID SIZE

a) **For Retail Individual Bidders:** The Bid must be for a minimum of **[.]** Equity Shares and in multiples of **[.]** Equity Shares thereafter, so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- 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 at the final Issue Price as determined at the end of the Book Building Process.

b) **For Other Bidders (Non-Institutional Bidders and QIB Bidders):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000/- and 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 Closing Date and is required to pay a 10% margin amount (upon submission of the Bid-cum-Application Form).

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to the option of Bidding at Cut-off Price.

Bidders area advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

1. We will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. 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 our registered office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids.
5. 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

1. Our Company and the BRLMs shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date and Price Band in the Red Herring Prospectus filed with the RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. 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).
2. During the Bidding/ issue Period, Investors who are interested in subscribing to Equity Shares should approach the members of the Syndicate or their authorised agent(s) to register their Bid.
3. The Bidding/ Issue 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/ Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate and the Bidding/ Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/ Issue Period not exceeding 10 working days.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to paragraph titled "Bids at Different Price levels" on page 163 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.
5. The Bidder cannot bid on another Bid cum Application Form after Bid (s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of Book and Revision of Bids" on page 166 of this Draft Red Herring Prospectus.
6. 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.
7. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page 165 of this Draft Red Herring Prospectus.

BIDS AT DIFFERENT PRICE LEVELS

1. The Price Band has been fixed at Rs. **[.]** to Rs. **[.]** per Equity Share, Rs. **[.]** being the floor of the Price Band and Rs. **[.]** being the cap of the price Band. The Bidders can Bid at any price within the Price Band, in multiples of Rs. **[.].**
2. We in consultation with the BRLMs, can revise the Price Band during the Bidding/ Issue Period, in which case, the Bidding/ issue Period shall be extended further for a period of three additional working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. 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 in a regional newspaper, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re. 1. Retail Individual Bidders may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/ demand draft for the Bid Amount based on the Cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid 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 respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000/- if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/-, the Bid will be considered for allocation under the Non-Institutional Portion in terms of 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 of the Price Band 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.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain **[.]** Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs.5, 000 to Rs. 7,000.

APPLICATION IN THE ISSUE

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

ESCROW MECHANISM

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Bank 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 and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, 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 ACCOUNT

Each Bidder, shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page 165 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/stock investment/money order shall not be accepted. The maximum Bid Amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until 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 Accounts, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account of our Company shall be transferred to the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment, to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 154 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 2 (two) days from the date of communication of the allocation list to the Syndicate Members 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 applicable Margin Rate for Bidders is 100%, 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

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their 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 upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:

   - Name of the investor;
   - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
   - Numbers of Equity Shares bid for;

- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form; and
- Depository participant identification number and client identification number of the beneficiary account of the Bidder.

5. 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.

6. **Such TRS will be non-negotiable and by itself will not create any obligation of any kind.**

7. Incase of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 176 of this Draft Red Herring Prospectus.

8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.

9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by NSE or BSE; 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 NSE and BSE.

BUILD UP OF THE BOOK AND REVISION OF BIDS

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.

2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

4. Revisions can be made in both the desired number of Equity Shares and the Bid 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.

5. 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.**

6. 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, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

7. 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.**

8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of our Company in consultation with the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

PRICE DISCOVERY AND ALLOCATION

1. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with us.

2. Our Company in consultation with the BRLMs, shall finalize the "Issue Price" (and the number of Equity Shares to be allocated in each investor category).

3. The allocation for QIBs for up to 50% of the Net Issue to Public would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs), in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price, in the manner as described in the Section titled "Basis of Allotment – Allotment to QIB Bidders". The allocation to Non-Institutional Bidders and Retail Individual Bidders of atleast 15% and 35% of the Net Issue to Public respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at our discretion, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion (assuming QIB Portion is 50% of Net Issue to Public), the balance Equity Shares from 5% specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

5. The BRLMs, in consultation with our Company, 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.

6. Allotment to Eligible NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.

7. 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.

8. In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

(a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization 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 has details of the Issue Price, no. of shares, underwriting arrangements and would be complete in all material respects.

(c) We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 an Section 60B of the Companies Act.

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. 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

Subject to "Allotment Reconciliation and Revised CANs" as set forth under Chapter "Terms of Issue"

(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. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that we shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be Allotted to such Bidder.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.

(b) As per SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

(c) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we will allot the Equity Shares to the Allottees.

(d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred 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.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Draft Red Herring Prospectus;

b) Ensure that you Bid within the Price Band;

c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application From (blue in colour), as the case may be;

d) Ensure that the details about your depository participant and beneficiary account are correct as Equity Shares will be Allotted in the dematerialized form only;

e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

f) Ensure that you have been given a TRS for all your Bid options;

g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

h) If your Bid is for Rs.50, 000/- or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (See to the section "Issue Procedure - 'PAN' or 'GIR' Number" on page 175 of this Draft Red Herring Prospectus.); and

i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the depository participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid amount in cash;

(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 and Non-Institutional Bidders 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 or under the terms of the Draft Red Herring Prospectus;

(h) Do not submit Bids accompanied by Stockinvest or postal order or money order; and

(i) Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

BIDS AND REVISIONS OF BIDS

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue color for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis).

2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.

4. 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. 1,00,000/-.

5. 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. 1,00,000/- 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 and regulations.

6. 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 BANK ACCOUNT 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**. **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 our Company shall have any responsibility and undertake any liability for the same.

BIDDER'S DEPOSITORY ACCOUNT DETAILS

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as

Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order or for efund through electronic transfer of funds and the Demographic Details given by Bidders in the Bid-cum-application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, the Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk 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 pay any interest for such delay.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Selling Shareholders, the Registrar, 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's identity, then such Bids are liable to be rejected.

BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

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 and 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 that for the purpose of printing particulars and 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 shall use the Demographic Details as given in the Bid cum Application Form in stead of those obtained from the depositories.

BIDS BY ELIGIBLE NRI'S

Eligible NRI Bidders should comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Forms from our registered office, members of the Syndicate or the Registrar to the Issue.

2. **Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through NRO Accounts shall use the Bid cum Application Form meant for resident Indians (White in color).**

   BIDS BY ELIGIBLE NRI'S/ FIIS REGISTERED WITH SEBI / FVCIS REGISTERED WITH SEBI ON A REPATRIATION BASIS

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. By Eligible NRIs – Bids for a Bid Amount of up to Rs.100, 000/- would be considered under the Retail Portion for the purposes of Allocation and for a Bid Amount of more than Rs. 1,00,000/- would be considered under Non-Institutional Portion for the purposes of Allocation.

4. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of **[.]** Equity Shares thereafter that the Bid Amount exceeds Rs. 1,00,000/-. For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 154 of this Draft Red Herring Prospectus.

5. In the names of individuals, or in the names of FIIs or FVCIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

PAYMENT INSTRUCTIONS

We shall open Escrow Accounts with the Escrow Collection Banks 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 ACCOUNTS

1. 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.

2. In case the above Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs.

3. In case the payment of the Bid Amount has been waived by a member of the Syndicate for Retail Individual Bidders and Non-Institutional Bidders during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allotted to the Bidder, shall be paid by the Bidder into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communication list to the members of the Syndicate by the BRLMs.

4. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   (a) In case of Resident QIB Bidders: **"Escrow Account QIB – MBL Public Issue"**

   (b) In case of Non Resident QIB Bidders: **"Escrow Account QIB – MBL Public Issue – NR"**

   (c) In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account – MBL Public Issue"**

   (d) In case of Non Resident Retail and Non-Institutional Bidders: **"Escrow Account – MBL Public Issue – NR"**

   - In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

- In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

- In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

5. 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.

6. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders till the Designated Date.

7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account.

8. No 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 bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

PAYMENT BY STOCKINVEST

In terms of 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 stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. In case of QIB Bidders, subject to the payment of a minimum of 10% Margin Amount as required under the SEBI Guidelines, a member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form, provided, however, that for QIB Bidders the Syndicate Member shall collect the QIB Margin and deposit the same in a specified escrow account.

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 as per the Demographic Details received from the depository.

MULTIPLE BIDS

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve 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 or PAN allotment letter is required to be submitted with the application form. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person 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 license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the 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.**

RIGHT TO REJECT BIDS

In case of QIB Bidders, we 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 and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made as per the modes specified under para "Mode of Making Refunds" on page 180 of this Draft Red Herring Prospectus.

GROUNDS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. Bids by minors;
4. PAN not stated if Bid is for Rs. 50,000/- or more and GIR number given instead of PAN and proof of PAN is not attached to the Bid cum Application Form;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of **[.]**;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stockinvest/money order/postal order/cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details;
17. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Form;
18. 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 depositary participant's identity (DP ID) and the beneficiary account number;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
20. Bids by OCBs;
21. Bids by U.S. residents or U.S. persons excluding "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and
22. Bids by person who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

BASIS OF ALLOTMENT

A. FOR RETAIL INDIVIDUAL BIDDERS

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 21,00,000 Equity Shares, at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 21,00,000 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 1 (one) Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. FOR NON-INSTITUTIONAL BIDDERS

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The 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 aggregate demand in this category is less than or equal to 9,00,000 Equity Shares, at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 9,00,000 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 1 (one) 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 portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion 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 of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate allocation to QIB Bidders shall be up to 50% of the Issue size, i.e., upto 30,00,000 Equity Shares.

METHOD OF PROPORTIONATE BASIS OF ALLOCATION IN THE QIB, RETAIL, AND NON-INSTITUTIONAL PORTIONS

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 portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion 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, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(c) 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. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate Allotment is less than **[.]** Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of **[.]** Equity Shares; and

- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.

(e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be Allotted only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, 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.

Bidders will be allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily 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.

3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à- vis those with his or her Depository Participant.

7. 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.

8. The trading of the Equity Shares would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

9. Non-transferable allotment, advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

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.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Ms. Namrata Sharma, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue related problems. She can be contacted at the following address:

Ms. Namrata Sharma
Company Secretary,
23A, Netaji Subhash Road,
3rd Floor, Kolkata – 700 001
Tel.: 91-33-22302353/9517
Fax: 91-33-22308807
E-mail: info@mblinfra.com

DISPOSAL OF APPLICATIONS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of allotment advice, transfer advice or 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 two working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund above Rs. 1,500/-, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

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 seven working days of finalization 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 dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- Dispatch of refund orders and/ or refunds through electronic transfer of funds within 15 (fifteen) 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.

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. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubneshwar, 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. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

3. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by us.

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 us. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched 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 centres will be payable by the Bidders.

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."

UNDERTAKINGS 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 finalization of the basis of Allotment;
- that the funds required for dispatch of refund orders or Allotment advice as per the modes disclosed shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the Eligible Non Residents or FIIs shall be dispatched within specified time;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

UTILIZATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized 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. While 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.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total post- Issue share capital.

SUBSCRIPTION BY NRIS/ FIIS

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be raised up to the permitted limits; however as of the date of this Draft Red Herring Prospectus no such resolution has been recommended to our shareholders for approval.

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 the 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.

VIII. DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act, 1956 and 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 debenture and/ or on their consolidation/ splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association.

CAPITAL

8. The Company may (subject to the Provisions of Section 78, 80, 100 to 105 both inclusive, of the Act) from time to time by Special Resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if the were omitted. — Increase and Reduction of Capital

LIEN

40. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall Operate as a waiver of the Company's. lien, if any, on such shares. The directors may at any time declare any shares wholly or in part to be exempt from the provision of this clause. — *Company to have lien on shares.*

41. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice. — *As to enforcing lien by sale.*

42. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale. — *Application of proceeds of sale.*

FORFEITURE

43. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, Serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment. — *If call or installment not paid notice may be given.*

44. The notice shall name a day (not being less Than Thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited. — *Form of notice.*

45. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to. that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares — *If notice not complied with shares may be forfeited.*

and not actually paid before the forfeiture.

46. When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and 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. *Notice of forfeiture to a member.*

47. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit *Forfeited share to become property of the company.*

48. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit. *Power to annul forfeiture.*

49. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such share a t the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. *Liability on forfeiture.*

50. The forfeiture of a share involve extinction, at the time of the forfeiture, of all interest and all claims and demands 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. *Effect of forfeiture.*

51. A duly verified declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition. *Evidence of forfeiture*

52. Upon any sale, re-allotment or other disposal under the provisions of the preceding. Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto. *Cancellation of share certificate in respect of forfeited shares.*

TRANSFER AND TRANSMISSION OF SHARES

53. The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share. *Register of transfers.*

54. The instrument of transfer shall be in writing and all provision of section 108 of the companies Act ,1956 and statutory modification there of for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.. *Instruments of transfer.*

55. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favor of a minor (except in cases when they are fully paid up). *To be executed by transferor and transferee.*

56. The Board shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated to close the transfer books, the Register of Members or *Transfer books when closed.*

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 deem expedient.

57. Subject to the provision of section 111 of the act and section 22A of the securities Contracts(Regulation) Act,1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases ,the director shall within 1month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Directors may refuse to register transfer.

58. Every holder of shares in, or Debentures of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.

Nomination

Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company, as the case may be, held by them shall-vest in the event of death of all joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during the minority.

59. Any person who becomes a nominee by virtue of the provision of the above Article, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :

Transmission in the name of nominee.

a) to be registered himself as holder of the shares or debentures, as the case may be; or

b) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee, so becoming entitled, elects himself to be registered as holder of the Shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder and the certificate(s) of Shares or Debentures, as the case may be, held by the deceased in the Company.

Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder. or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a member or Debenture holder in relation to meetings of the Company. .

The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with witI1in ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.

60. No share shall in any circumstances be transferred to any insolvent or persons of unsound mind. *No transfer to insolvent etc.*

61. Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article. *Registration of persons entitled to shares otherwise than by transfer (The transmission article)*

62. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receives and may give discharge for any dividends or other moneys payable in respect of the share. *Person entitled may receive dividend without being registered as a member.*

63. Every instrument of transfer shall be presented to the Company dilly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regu1ations as the Board of Directors shall 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 of Directors. *Transfer to be presented with evidence of title.*

64. For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer. *Conditions of registration of transfer.*

65. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, Power of attorney or similar other document. *Fee on transfer or transmission.*

66. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effort 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 deferred 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 fur refusing or neglecting so to do, though it may have been entered *Company not liable for disregard of a notice in prohibiting registration of transfer.*

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 OF SECURITIES

67.2 *Dematerialization of Securities* The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

67.4 *Securities in depositories to be in fungible form.* All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

67.5 *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 of ownership of securities of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company.

67.6 6125 *Service of Documents.* Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

67.7 *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.

67.8 *Allotment of securities dealt with in a depository.* Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. .

BORROWING POWERS

69. *Power to borrow.* The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

70. *Conditions on which money may be borrowed.* The Board may raise or secure the repayment of such sum or sums in such; manner and upon such terms and conditions in all respects as it thinks fit and I in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being.

STOCKS

76. *Shares may be converted to stock.* The Company in General Meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which the shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time re-convert any stock

into paid-up shares of any denomination.

77. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends and voting at the meetings of the Company, and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. *Rights of stockholders.*

GENERAL MEETINGS

78. 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 Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter 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 elapse between the date of one Annual General Meeting and that of the next Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registar 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 on a time during business hours, on a day that is not a public holiday, and shall be held in the office of the company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of 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 the 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. *Annual General Meeting Summary.*

79. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made. *Extraordinary General Meeting.*

PROCEEDINGS AT GENERAL MEETINGS

87. 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. *Quorum of General Meeting.*

89. The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If' there be no such Chairman of the Board, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, or if he shall be unable or unwilling to take the Chair, then the directors present may choose one of their member to be the Chairman of the meeting. If no director be present or if all the directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman. *Chairman of general meeting.*

91. The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in the city in which it is held but, no business shall be transacted at any adjourned meeting other than the business, left unfinished at the meeting from which the adjournment took place. *Chairman with consent may adjourn meeting.*

94. If a poll is demanded as aforesaid, the same shall, subject to Article 89 be taken *Poll if be taken if*

at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand. *demanded*

DIRECTORS

115. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Debenture and Alternate Directors, (if any) shall not be less than three nor more than twelve. Number of Directors

117. If it is provided by the Trust Deed, securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director maybe appointed in his place. A Debenture Director shall not be allowed to hold any qualification share.

120. Subject to the provisions of Sections 260 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum 12 fixed under the Article 111. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting. *Directors power to add to the Board or the appointment of Additional director.*

123. Subject to the provisions of Section 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him. *Director's power to fill casual vacancies.*

THE SEAL

162. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. *The seal its custody and use.*

(b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

163. Every Deed or other instrument, to which the seal of the Company is required' to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose, provided that in respect of the Share Certificate, the Seal shall be affixed in accordance with the Article 19(a).

DIVIDENDS

164. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively. *Division of profits.*

166. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance, with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that; *Dividend only to be paid out of profits.*

(a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.

(b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.

167. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies. *Interim Dividend.*

IX. OTHER INFORMATION

1. List of Material Contracts and Documents for Inspection

The following contracts not being contracts entered in the ordinary course of business carried on by MBL Infrastructures Limited which are or may be deemed material contracts have been attached to the copy of this Red Herring Prospectus delivered to the Registrar of Companies, Nizam Palace, IInd MSO Building, 2nd Floor, 234/4 AJC Bose Road, Kolkata - 700020 for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of MBL Infrastructures Limited at 23A, Netaji Subhas Road, Kolkata - 700001 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Red Herring Prospectus to until the Bid/ Issue Closing Date.

Material Contracts

i. Memorandum of Understanding dated 25th September 2006 with Microsec Capital Limited and A.K. Capital Services Limited appointing them as Book Running Lead Manager to the Issue.

ii. Memorandum of Understanding dated 19th September 2006 with Intime Spectrum Registry Limited, appointing them as Registrars to the Issue.

iii. Escrow Agreement dated [.] among the Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.

iv. Syndicate Agreement dated [.] among the Company, the BRLM and Syndicate Members.

v. Underwriting Agreement dated [.] among the Company and the BRLM and Syndicate Members.

vi. Tripartite Agreement dated [.] among the Company, CDSL and Intime Spectrum Registry Limited, Registrar to the Issue.

vii. Tripartite Agreement dated [.] among the Company, NSDL and Intime Spectrum Registry Limited, Registrar to the Issue.

Documents for Inspection

a. Memorandum and Articles of Association of MBL Infrastructures Limited, as amended from time to time.

b. Certificate of Incorporation of MBL Infrastructures Limited dated August 25, 1995

c. Certificate of Commencement of Business of MBL Infrastructures Limited dated September 12, 1995

d. Fresh Certificate of Incorporation consequent upon change of name to MBL Infrastructures Limited dated July 5, 2006.

e. Resolution Passed by the Board of Directors at their meeting held on 19th April 2006, for the proposed Public Issue.

f. Resolution passed under Section 81(1A) of the Act, at the EGM of the Company held on 12th May 2006.

g. Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Managers, Syndicate Members, Underwriters, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, Monitoring Agency and Legal Advisor to the Issue to act in their respective capacities.

h. Copies of annual reports of the Company for the years ended March 31st 2002, 2003, 2004, 2005 and 2006.

i. Auditor's report on the financial statement of the company dated 25th September 2006 and their consent for inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus.

j. Tax Benefit Certificate dated 25th September 2006 from Khandelwal Ravindra & Co., Auditors of the Company.

k. Copy of the Auditors Certificate dated 25th September 2006 from Khandelwal Ravindra & Co., Chartered accountants regarding the Sources and Deployment of Funds as on 25th Spetember 2006.

l. Copies of listing applications made to BSE and NSE for permission to list the Equity Shares offered through this Prospectus and for an official quotation of the Equity Shares of the Company.

m. Copies of in-principal approvals from BSE and NSE.

n. Due Diligence Certificate dated 28th September 2006 from Microsec Capital Limited and A.K.Capital Services Limited.

o. Copy of contract with Whole Time Directors.

p. SEBI Observation letter dated [•]

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines Issued by the Government of India or the guidelines Issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this 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 there under or guidelines Issued, as the case may be. All the said 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.

We, the directors of MBL Infrastructures Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares Issued in terms of the Draft Red Herring Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF MBL INFRASTRUCTURES LIMITED

Mr. Ram Gopal Maheshwari, Chairman

Mr. Anjanee Kumar Lakhotia, Whole Time Director & CEO

Mr. Maruti Maheshwari, Executive Director*

Mr. Bhanu Prakash Agarwal, Independent & Non-Executive Director*

Mr. Ashwini Kumar Singh, Independent & Non-Executive Director*

Mr. Shiba Prosad Mukherjee, Independent & Non-Executive Director*

Mr. Kumar Singh Baghel, Independent & Non-Executive Director*

SIGNED BY COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Namrata Sharma

Place: Kolkata
Date: September 29, 2006

- Signed through their constituted Attorney Mr. Anjanee Kumar Lakhotia

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