Draft Red Herring Prospectus
Dated: September 24, 2010
Please read Section 60B of the Companies Act, 1956
100 % Book Built Issue

# Aravali Infrapower Limited

(Our Company was originally incorporated as Aravali Aluminium Private Limited on December 13, 2002 under the Companies Act, 1956 with Registrar of Companies NCT Delhi & Haryana. The name of our Company was changed to Aravali Infrapower Private Limited on January 13, 2007. Subsequently our Company was converted into a public limited company w.e.f. January 29, 2007. The Corporate Identification Number of our Company is U27109DL2002PLC118032. For details of changes in Registered Office of our Company, please see the Section "History and Certain Corporate Matters" on page 77 of the Draft Red Herring Prospectus)

Registered Office: G - 29, 3rd Floor, Vardhaman Tower, Near PVR Sonia, Vikas Puri, New Delhi - 110 018, Tel.: +91 11 2854 1826 - 8, Fax: +91 11 2854 1823
Website: www.aravaliinfrapower.com, Email : ipo@aravaliinfrapower.com
**Promoter of our Company**: Mr. Rakesh Jolly
**Compliance Officer**: Mr. Niraj Kumar, Company Secretary

**PUBLIC ISSUE OF [•] EQUITY SHARES OF RS. 10 EACH OF ARAVALI INFRAPOWER LIMITED ("ARAVALI" OR "THE COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE AGGREGATING TO RS. 15,000 LAKHS (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE OF [•] EQUITY SHARES (THE "NET ISSUE") AND A RESERVATION OF 50,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE WILL CONSTITUTE [•] % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY**

**THE PRICE BAND AND THE MINIMUM BID LOT SIZE FOR THE ISSUE WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED IN ALL EDITIONS OF [•] IN ENGLISH LANGUAGE AND IN ALL EDITIONS OF [•] IN HINDI LANGUAGE, AT LEAST TWO WORKING DAYS PRIOR TO THE BID / ISSUE OPENING DATE**

**In case of revision in the Price Band, the Bidding / Issue Period shall be extended for three additional days after such revision, subject to the Bidding / Issue Period not exceeding ten working days. Any revision in the Price Band, and the revised Bidding / Offer Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Manager and the terminals of the Syndicate.**
The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue will be available for allocation on a proportionate basis to Qualified Institutional Buyers (the **"QIB Portion"**). Further, our Company may allocate upto 30% of the QIB Portion to Anchor Investors, on a discretionary basis (the **"Anchor Investor Portion"**), out of which one-third will be available for allocation to Domestic Mutual Funds. In the event of under subscription in Anchor Investors Portion, the balance equity shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to mutual funds, and the remaining Net 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 not less than 15% of the Issue shall be available for allocation on proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price. Further, 50,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price. Any Bidder may participate in the Issue through the Application Supported by Blocked Amount (**"ASBA"**) process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks (the **"SCSBs"**). For details in this regard, specific attention is invited to "Offering Information" on page 159 of the Draft Red Herring prospectus.

## RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Issuer, there has been no formal market for the Equity Shares of the Issuer. The face value of the Equity Shares is Rs. 10 per Equity Share and the Issue Price is **[•]** times of the face value at the lower end of the Price Band and [•] times of face value at the higher end of Price Band. The Issue Price (has been determined and justified by the Book Running Lead Manager and the Issuer as stated under the paragraph on **"Basis for Issue Price"** given on Page 34 of the Draft Red Herring Prospectus) 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 Issuer or regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISKS

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

## ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in the Offer Document 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 omissions of which makes this offer 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 offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). In-principle approvals for the listing of the equity shares of our Company from BSE and NSE has been received vide their letters dated **[•]** and **[•]** respectively. For the purpose of this Issue, BSE shall be the Designated Stock Exchange.

## IPO GRADING

This Issue has been graded by **[•]** and has been assigned **[•]** indicating **[•]**. The IPO Grading is assigned on a 5 point scale from 1 to 5 with a Grade 5/5 indicating strong fundamentals and 1/5 indicating poor fundamentals. For further details please see the chapter titled "General Information" on Page 10 and "Annexure" on Page **[•]** of Draft Red Herring Prospectus.

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE ISSUE |
|---|---|
| **SPA MERCHANT BANKERS LIMITED**<br>SEBI Regn.: INM 000010825<br>25, C - Block, Community Centre<br>Janak Puri, New Delhi - 110 058<br>Tel.: +91 11 4567 5500, 2551 7371<br>Fax: +91 11 2553 2644<br>Email: aravali.ipo@spagroupindia.com<br>Website: www.spacapital.com<br>Contact Person: Mr. Nitin Somani / Mr. Yogesh Malpani | **BIGSHARE SERVICES PRIVATE LIMITED**<br>SEBI Reg. No.: INR 000001385<br>E-2, Ansa Industrial Estate, Sakivihar Road,<br>Saki Naka, Andheri (East), Mumbai - 400 072<br>Tel.: +91 22 4043 0200<br>Fax: +91 22 2847 5207<br>E-Mail: ipo@bigshareonline.com<br>Website: www.bigshareonline.com<br>Contact Person: Mr. Babu Raphael |

| BID / ISSUE PROGRAMME | |
|---|---|
| Bid / Issue Opens on * | [•] |
| Bid / Issue Closes on (For QIB Bidders) | [•] |
| Bid / Issue Closes on (For Non- Institutional & Retail Individual Bidders) | [•] |

* Anchor Investors, if any, shall submit their Bid on the Anchor Investor Bidding Date, which is one Working Day prior to the Bid Opening Date.

**TABLE OF CONTENTS**


| TITLE | PAGE No. |
|---|---|
| DEFINITIONS AND ABBREVIATIONS …………………………………………………………….…….. | (i) |
| CURRENCY OF FINANCIAL PRESENTATION AND USE OF MARKET DATA..……………………. | (viii) |
| FORWARD LOOKING STATEMENT ...……………………………………………………………... | (ix) |
| RISK FACTORS ……………………………………………………….………………………………. | (x) |
| SUMMARY OF INDUSTRY AND BUSINESS………………… ……..…………………………………... | 1 |
| THE ISSUE ………………………………………………………………………………………………... | 6 |
| SUMMARY OF FINANCIAL STATEMENTS …………………………………………………………….. | 7 |
| GENERAL INFORMATION …………………………………………………………………………….. | 10 |
| CAPITAL STRUCTURE ………………………………………………………………………………. | 17 |
| OBJECTS OF THE ISSUE ……………………………………………...……………………………. | 25 |
| ISSUE STRUCTURE …………………………………………………………………………………... | 31 |
| BASIS FOR ISSUE PRICE ……………………………………………….……………………………. | 34 |
| STATEMENT OF TAX BENEFITS ……………………………………………………………………… | 36 |
| INDUSTRY OVERVIEW ………………………………………………………………………………… | 45 |
| OUR BUSINESS ……………………………………………………………………………………….. | 56 |
| KEY INDUSTRY REGULATIONS……………………………………..………………………....... | 72 |
| HISTORY AND CERTAIN CORPORATE MATTERS…………………………………………………….. | 77 |
| OUR MANAGEMENT ………………………………………………………………………………........ | 83 |
| OUR PROMOTER..…………………………...………………………………………………………... | 92 |
| OUR PROMTER GROUP……………………………………………………………………………………. | 93 |
| DIVIDEND POLICY…………………………………………………………………………………………. | 98 |
| FINANCIAL STATEMENTS…………………....…………………….…………………………………….. | 99 |
| FINANCIAL INDEBTEDNESS ……………………….……………………………………………….. | 126 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ……………………….……………………………………………………………… | 128 |
| OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS ….……………………………... | 135 |
| GOVERNMENT AND OTHER APPROVALS ……………………………………………………….......... | 140 |
| OTHER REGULATORY AND STATUTORY DISCLOSURES …………………………………………... | 146 |
| TERMS OF THE ISSUE ……………………………………….……………………………………...... | 156 |
| OFFERING INFORMATION………………………………….……………………………………...... | 159 |
| MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION ….……............................................... | 188 |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION …………………………………… | 202 |
| DECLARATION..………………………………………………………………………………………….. | 203 |
| ANNEXURE………………………………………………………………………………………………... | |

## DEFINITIONS AND ABBREVIATIONS

### Company Related Terms

| Term | Description |
|---|---|
| "Aravali", "the Company", "our Company" or "Issuer" | Unless the context otherwise requires, refers to, Aravali Infrapower Limited, a public limited company incorporated under the Companies Act, 1956 |
| Subsidiary / Susidiaries | Unless the context otherwise required, refers to the subsidiary companies of Aravali Infrapower Limited, i.e. AIPL International Commodities Private Limited and Aravali Solar Energy Limited |
| "we", "us" and "our" | Unless the context otherwise requires, refers to Aravali Infrapower Limited together with its Subsidiaries |
| Articles / Articles of Association / AOA | The Articles of Association of our Company, as amended from time to time |
| Statutory Auditors / Auditors | The Statutory Auditors of our Company, KRA & Co., H-1/109, Garg Tower, Netaji Subhash Place, Pitampura, New Delhi - 110 034 |
| Board of Directors / the Board / our Board | The Board of Directors of Aravali Infrapower Limited and includes its committee thereof |
| Directors / our Directors | The Director(s) of Aravali Infrapower Limited, unless otherwise specified |
| Memorandum / Memorandum of Association / MOA | The Memorandum of Association of our Company, as amended from time to time |
| Registered Office / Our Registered Office | Registered Office of our Company situated at G - 29, 3rd Floor, Vardhaman Tower, Near PVR Sonia, Vikas Puri, New Delhi - 110 018 |

### Issue Related Terms

| Term | Description |
|---|---|
| Allotment or Allot or Allotted | The allotment of Equity Shares to successful Bidders pursuant to this Issue |
| Allottee | A successful Bidder to whom Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer applying under the Anchor Investor Portion, with a minimum Bid of Rs. 1,000 lakhs |
| Anchor Investor Bid | Bid made by an Anchor Investor |
| Anchor Investor Bidding Date | The date which is one Working Day prior to the Bid Opening Date, prior to or after which the Syndicate will not accept any Bids from Anchor Investors |
| Anchor Investor Issue Price | The final price at which Equity Shares will be issued and Allotted in terms of this Red Herring Prospectus and the Prospectus to the Anchor Investors, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company, in consultation with the BRLM |
| Anchor Investor Portion | Upto 30% of the QIB Portion to be allocated to Anchor Investors by the Company, in consultation with the BRLM, on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Anchor Investor Bids being received from the domestic Mutual Funds, at or above the price at which allocation will be made to Anchor Investors |
| Application Supported by Block Amount (ASBA) | Means an application for subscribing to an issue containing an authorization to block the application money in a bank account |
| ASBA Account | Account maintained by an ASBA Bidder with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder |
| ASBA Bid cum Application Form | The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for purposes of Red Herring Prospectus and the Prospectus |
| ASBA Bidder | Any Bidder who intends to apply through ASBA |

| Term | Description |
|---|---|
| ASBA Revision Form | The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous revision form(s) |
| Banker(s) to the Issue / Escrow Collection Bank(s) | The bank(s) which is/ are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened, in this case being **[●]** |
| Basis of Allotment | The basis on which the Equity Shares will be Allotted, described in "Offering Information - Basis of Allotment" on page 179 of the Draft Red Herring Prospectus |
| Bid | An indication to make an offer during the Bidding Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form or ASBA Bid cum Application Form 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 a Bidder on submission of a Bid in the Issue |
| Bid Closing Date | Except in relation to Anchor Investors, **[●]**, the date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation |
| Bid cum Application Form | The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of this Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable |
| Bid Opening Date | Except in relation to Anchor Investors, **[●]**, the date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor |
| Bidding Period | The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof |
| Bid Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid cum Application Forms or any previous Bid Revision Form(s) |
| Book Building Process | Book building process as provided in Schedule XI of the ICDR Regulations in terms of which this Issue is being made |
| BRLM / Book Running Lead Manager | The merchant banker appointed by our Company to undertake the Book Building Process in respect of the Issue, in this case being SPA Merchant Bankers Limited |
| CAN / Confirmation of Allocation Note | The note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof<br><br>In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof |
| Cap Price | The higher end of the Price Band, above which the Issue Price and Anchor Investor Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof |
| Controlling Branches of the SCSBs | Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges |
| Cut-off Price | Any price within the price band finalized by our Company, in consultation with the BRLM, at which only Retail Individual Bidders and / or Eligible Employees are entitled to bid for a bid amount not exceeding Rs. 100,000. |

| Term | Description |
|---|---|
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html |
| Designated Date | The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account or the Refund Account, as appropriate, and the amounts blocked by the SCSBs are transferred from the bank accounts of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to the Allottees |
| Designated Stock Exchange | BSE |
| DP ID | Depository Participant's Identity |
| Draft Red Herring Prospectus (DRHP) | The Draft Red Herring Prospectus dated September 24, 2010, filed with the SEBI and issued in accordance with Section 60B of the Companies Act, which did not contain complete particulars of the price at which the Equity Shares are offered and the size (in terms of value) of the Issue |
| Eligible Employees | All or any of the following:<br><br>(a) A permanent and full time employee of our Company or our Subsidiary as on the date of filing of this Red Herring Prospectus with the RoC and based, working and present in India as on the date of submission of the Bid cum Application Form; and<br>(b) A director of our Company, whether a whole time director, part time director or otherwise, except any Promoters or an immediate relative of a Promoter, as on the date of filing of this Red Herring Prospectus with the RoC and based and present in India as on the date of submission of the Bid cum Application Form |
| Eligible NRI | A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares |
| Employee Reservation Portion | The portion of the Issue, being 50,000 Equity Shares, available for allocation to Eligible Employees on a proportionate basis, subject to such reservation not exceeding 5% of the Issue size |
| Equity Shares | Equity Shares of our Company of face value of Rs. 10 each |
| Escrow Account (s) | Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount |
| Escrow Agreement | Agreement dated [●] entered into among our Company, the Registrar, the BRLM, the Syndicate Members and the Escrow Collection Banks for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof |
| First Bidder | Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form |
| Floor Price | Lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted including any revisions thereof |
| Issue | This public issue of [●] Equity Shares of Rs. 10 each at the Issue Price, aggregating to Rs. **[●]** lakhs. The Issue comprises a Net Issue of [●] Equity Shares and an Employee Reservation Portion of 50,000 Equity Shares for subscription by Eligible Employees. |
| Issue Price | The final price at which Equity Shares will be Allotted to the Bidders, in terms of this Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date |
| Mutual Fund Portion | 5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds, on a proportionate basis |
| Mutual Fund(s) | Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |

| Term | Description |
|---|---|
| Net Issue | Issue less the Employee Reservation Portion, consisting of [●] Equity Shares to be Allotted pursuant to this Issue |
| Non-Institutional Bidders | All Bidders that are not QIBs (but not including NRIs other than eligible NRIs) or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 1,00,000 |
| Non-Institutional Portion | The portion of the Issue being not less than 15% of the Net Issue i.e. [●] Equity Shares at the Issue Price, available for allocation to Non Institutional Bidders |
| Net QIB Portion | The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors, being a minimum of [●] Equity Shares to be allotted to QIB's on a proportionate basis |
| Pay-in Date | The Bid Closing Date, except with respect to Anchor Investors, which shall be the Anchor Investor Bidding Date or a date not later than two Working Days after the Bid Closing Date, as may be applicable |
| Pay-in Period | Except with respect to ASBA Bidders, the period commencing on the Bid Opening Date and extending until the Bid Closing Date |
| Price Band | Price band of a minimum Floor Price of Rs. [●] and a maximum Cap Price of Rs. [●] respectively, including revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM and advertised in all editions of [●] in English language and in all editions of [●] in Hindi language, at least two Working Days prior to the Bid Opening Date |
| Pricing Date | Date on which our Company in consultation with the BRLM will finalize the Issue Price |
| Prospectus | Prospectus of our Company to be filed with the RoC in terms of Section 60 of the Companies Act, containing, *inter alia,* the Issue price that is determined at the end of the Book Building Process, the size of the Issue, including any addenda or corrigenda thereto |
| Public Issue Account | Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and from the SCSBs from the bank account of the ASBA Bidders, on the Designated Date |
| QIB Portion | The portion of the Net Issue being upto 50% of the Net Issue i.e. upto [●] Equity Shares available for allocation to QIBs, including the Anchor Investor Portion |
| Qualified Institutional Buyer or QIBs | Public financial institutions as defined in Section 4A of the Companies Act, FIIs and sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual, scheduled commercial banks, Mutual Funds registered with the SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 lakhs and pension funds with minimum corpus of Rs. 2,500 lakhs and the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, and insurance funds set up and managed by the army, navy or air force of the Union of India |
| Red Herring Prospectus (RHP) | Red Herring Prospectus dated [●] to be filed with the RoC in terms of Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue, and which will be filed with the RoC at least three days before the Bid Opening Date and will become a Prospectus after filing with the RoC after the Pricing Date |
| Refund Account(s) | Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made |
| Refund Bank(s) | Bank(s) which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●] |
| Registrar / Registrar to the Issue | Bigshare Services Private Limited |

| Term | Description |
|---|---|
| Retail Individual Bidder(s) | Individual Bidders (including HUFs and NRIs) other than Eligible Employees submitting Bid under the Employee Reservation Portion, who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000 in any of the Bidding options in the Issue |
| Retail Portion | The portion of the Issue being not less than 35% of the Net Issue i.e. [●] Equity Shares at the Issue Price available for allocation to Retail Bidder(s) |
| Revision Form | Form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s) including the ASBA Revision Form as may be applicable |
| Self Certified Syndicate Bank(s) / SCSB(s) | Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html |
| SPA | SPA Merchant Bankers Limited |
| Stock Exchanges | The BSE and the NSE |
| Syndicate | Collectively, the BRLM and the Syndicate Members |
| Syndicate Agreement | Agreement dated [●], entered into among the Syndicate, our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue |
| Syndicate Members | Intermediary appointed by the BRLM in respect of the Issue, which is registered with the SEBI or registered as a broker with the BSE or the NSE, and who is permitted to carry on activities as an underwriter, in this case being [●] |
| TRS / Transaction Registration Slip | Slip or document issued only on demand by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid |
| Underwriters | The BRLM and the Syndicate Members |
| Underwriting Agreement | Agreement between the Underwriters and our Company to be entered into on or after the Pricing Date |
| Working Day | All days other than a Sunday or a public holiday (except during the Bidding Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in India are open for business |

**Conventional and General Terms / Abbreviations**

| Term | Description |
|---|---|
| Act or Companies Act | The Companies Act, 1956, as amended from time to time |
| AGM | Annual General Meeting |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| BIFR | Board for Industrial and Financial Reconstruction |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compounded Annual Growth Rate |
| CARO | Companies (Auditors' Report) Order, 2003 |
| CDSL | Central Depository Services (India) Limited |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository / Depositories | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| ECS | Electronic Clearing System |
| EGM | Extraordinary General Meeting |
| EPS | Earnings per Equity Share |
| ESOP / ESOS | Employees Stock Option Plan / Employees Stock Option Scheme |
| ESPP / ESPS | Employees Stock Purchase Plan / Employees Stock Purchase Scheme |
| FCNR Account | Foreign Currency Non Resident Account |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed hereunder |

| Term | Description |
|---|---|
| Foreign Institutional Investor / FII | Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| Financial Year / Fiscal Year / FY | Twelve months ending on March 31 of a particular year |
| FIs | Financial Institutions |
| HUF | Hindu Undivided Family |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial public issue/ offering |
| NAV | Net Asset Value |
| Non Residents | All Bidders who are not NRIs or FIIs and are not persons resident in India |
| NRE Account | Non Resident External Account |
| NRI / Non Resident Indian | A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| PAN | Permanent Account Number |
| RBI | Reserve Bank of India |
| RONW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956 as amended from time to time |
| SCRR | Securities Contracts (Regulations) Rules, 1957 as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI ICDR Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI effective from August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended |
| SSI Undertaking | Small Scale Industrial Undertaking |
| Venture Capital Funds / VCF | Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time |

**Industry and Business related terms / Abbreviations**

| Term | Description |
|---|---|
| AAAC | All Aluminium Alloy Conductors |
| AAC | All Aluminium Conductors |
| AC | Alternating Current |
| ACAR | Aluminium Conductor Aluminium Alloy Reinforced |
| ACSR | Aluminium Conductor Steel Reinforced |
| ADB | Asian Development Bank |
| APDRP | Accelerated Power Development & Reform Programme |
| AT&C | Aggregate Technical and Commercial |
| BOOT | Build Own Operate Transfer |
| BOT | Build, Operate and Transfer |
| BUs | Billion Units |
| CSO | Central Statistical Organization |
| CV | Commercial Vehicle |
| DFC | Dedicated Freight Corridor |
| EHV | Extra High Voltage |
| EPC | Engineering, Procurement and Construction |
| FDI | Foreign Direct Investment |

| Term | Description |
|---|---|
| FICCI | Federation of Indian Chambers of Commerce and Industry |
| GDP | Gross Domestic Product |
| GQ | Golden Quadrilateral |
| GW | Giga Watt (equal to 1 billon watts) |
| HVDC | High Voltage Direct Current |
| IIP | Index of Industrial Production |
| JNPT | Jawaharlal Nehru Port |
| KV | Kilo Volt |
| M&HCV | Medium and Heavy Commercial Vehicle |
| MT | Metric Tons |
| MUs | Million Units |
| MW | Mega Watt (equal to 1 million watts) |
| NBFC | Non Banking Finance Companies |
| NEP | National Electricity Policy |
| NHAI | National Highway Authority of India |
| NHDP | National Highway Development Programme |
| NPR | Nepalese Rupee |
| NTKM | Net Tonne Kilometer |
| OAC | Overhead Aluminium Conductors |
| PGCIL | Power Grid Corporation of India |
| PKM | Passenger Kilometer |
| PLF | Plant Load Factor |
| PPP | Public Private Partnership |
| RES | Renewable Energies |
| SEBs | State Electricity Boards |
| SIAM | Society of Indian Automobile Manufacturers |
| T&D | Transmission and Distribution |
| TPSs | Thermal Power Stations |
| USD | US Dollars |

## CURRENCY OF FINANCIAL PRESENTATION

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Aravali Infrapower Limited”, unless the context otherwise indicates or implies, refers to Aravali Infrapower Limited. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “ten lac / lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. 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 lakhs. Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Unless indicated otherwise, the operational data in this Draft Red Herring Prospectus is presented on a basis and refers to the operations of our Company. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

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

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

## USE OF MARKET DATA

Unless stated otherwise, market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

## FORWARD LOOKING STATEMENT

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled "Risk Factors" "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of the Operations" on pages (x), 56 and 128, of the Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors 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.

# RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding you should read this section in conjunction with the sections titled "Our Business" on page 56 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 128 of the Draft Red Herring Prospectus. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

## I. INTERNAL RISK FACTORS

1. ***We are party to certain legal proceedings that, if decided against us, could have an adverse effect on our financial condition and results of operations.***
   We and our Promoter Director are party to some legal proceedings. No assurances can be given as to whether these proceedings will be settled in our favor or against us. If a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on the results of operations and cash flows of our Company. A brief details relating to the cases are mentioned below:

| Nature of Litigations | No. of Cases |
|---|---|
| Criminal Proceedings - against our Company (under Indian Forest Act, 1927) | 7 |
| Civil Proceedings - against our Company | 5 |
| Industrial Dispute cases - against our Company | 1 |
| Income Tax / Central Excise / VAT and Sales Tax Cases and Notices | 5 |

   In addition, a criminal case has been filed by the State of Uttarakhand against our Managing Director and Manager for accidental death of workers in our plant at Sitarganj, Uttrakhand

   For details on the litigation proceedings mentioned above, please refer to section titled "Outstanding Litigations and Material Developments" on page 135 of Draft Red Herring Prospectus.

2. ***The funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised. Further, the deployment of the Issue proceeds is entirely at our discretion and is not subject to any monitoring by an independent agency.***
   Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Further, such estimates are based on market conditions and management expectations as of the date they were made. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. Significant revisions to our funding requirements or the deployment of Issue proceeds may result in the rescheduling of our resource raising programs and an increase or decrease in our proposed expenditure for a particular object.

   Further we have not appointed any independent monitoring agency to monitor the utilization of the proceeds raised from this Issue. The Issue proceeds will be utilized at the sole discretion of the Board of Directors of our Company. For further details please refer to section titled "Objects of the Issue" on page 25 of the Draft Red Herring Prospectus.

3. ***Our Company has not placed orders for the machinery and equipments given under the section "Objects of the Issue". Any delay in finalization and placement of order for machinery and equipments may have an adverse impact on our Company's operations.***
Our Company has not placed orders for the machinery and equipments, which it proposes to fund from the proceeds of the Issue. Delay in placement of orders for plant and machinery may adversely affect the operations of the Company. Also out of the total cost of the plant and machinery, the management's estimates to the extent of Rs. 633.33 Lakhs (including contingencies and taxes) (comprising 20.75% of the total plant and machinery cost) are not based on quotations from vendors.

4. ***Changes in the market prices of aluminium, steel, zinc and copper could adversely affect our results of operations.***
The basic raw materials required in our manufacturing process are products of aluminium, steel, zinc and copper. Prices of these commodities have been volatile and cyclical in the past. Any significant change in the prices of these commodities may adversely affect our operating revenues and results of operations.

   We attempt to hedge against such risks, but are still exposed to timing and quantity mismatches. Further majority of our contracts have a price variation clause to cover the fluctuations in the prices of these commodities.

5. ***We have high working capital requirements. In case there is insufficient cash flow to meet our requirement of working capital or pay our debts, there may be adverse effect on the results of our operations.***
Our business requires a substantial amount of working capital. We require working capital to finance the purchase of materials and execution of projects before payment is received from clients. Most of our project orders provide for progressive payments from clients with reference to the value of work completed upon reaching certain milestones. Generally, in our projects, the payments are effected based on the progress certificates, certifying the work progress in the preceding contract stage. As a result, we are often required to commit resources to projects prior to receiving payment from clients in amounts sufficient to cover expenditures on the projects as they are incurred. Our working capital requirements may increase if, in certain agreements / work orders, payment terms include reduced or no advance payments or payment schedules that specify payment towards the end of a project or are less favorable to us. In addition, a portion of the project value, generally 5-10%, is usually withheld by the client as retention money and is generally released upon the testing of the site and completion of the Defect Liability Period which is usually 12 months after completion of the project. There can be no assurance that the progressive payments and the retention money will be remitted by our clients to us on a timely basis. In addition, it is customary in the industry in which we operate to provide, bank guarantees or performance bonds in favour of clients to secure obligations under contracts. If we are unable to provide bank guarantees our ability to get new business could be limited. Providing margins to obtain bank guarantees or performance bonds increases our working capital needs and limits our ability to provide bonds and guarantees.

   Continued increases in working capital requirements and insufficient cash flows from our operations to meet any of the above requirements may have an adverse effect on our financial condition and results of operations. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

6. ***We have incurred a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business. We may also be subject to restrictive covenants, including restriction on raising of further capital or to pay dividend, under term loans and working capital facilities provided to us by our lender(s).***
As of August 31, 2010, we had Rs. 19,203.44 Lakhs of financial indebtedness outstanding (fund based). Our substantial indebtedness has important consequences to us such as:
   - increasing our vulnerability to general adverse economic and industry conditions and adverse competitive and industry conditions and placing us at a competitive disadvantage to competitors that have less debt;

- requiring us to dedicate a substantial portion of our cash flow from operations and proceeds from any capital raising to payments on indebtedness, thereby reducing our cash flows for working capital expenditures, research and product development efforts, strategic acquisitions, investments and other general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry and could limit our ability to pursue other business opportunities, borrow more money for operations or capital expenditures in the future and implement our business strategies; and
- increasing our interest expenditure, since a substantial portion of our debt bears interest at floating rates.

The agreements and instruments governing our existing indebtedness and the agreements we expect to enter into governing future indebtedness, contain and are likely to contain restrictions and limitations, such as restrictions on issuance of new shares or other securities, incurring further indebtedness, creating further encumbrances on assets, disposing of assets, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits. In addition, some of these financing agreements contain and are likely to contain financial covenants, which may require us or the specific borrower entity to maintain, amongst other things, a specified net worth to assets ratio, debt service coverage ratio, other leverage ratios and maintenance of collateral. Most of our financing arrangements are secured by specific immovable and movable assets. Many of our financing agreements also include various conditions and covenants that require us or the borrower entity, as applicable, to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could lead to defaults or cross defaults, and as such, repayments of outstanding indebtedness and termination of such financing agreements. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business. There can be no assurance that we will generate sufficient cash to enable us to service our existing or proposed borrowings, comply with covenants or fund other liquidity needs. Furthermore, adverse developments in the Indian credit markets or a reduced perception of our creditworthiness in the credit markets could increase our debt service costs and the overall cost of our funds. If we fail to meet our debt service obligations or financial covenants required under the financing documents, our lenders could accelerate the maturity of our obligations, enforce the security interest, take possession of the project assets or substitute themselves or their nominees under any document in relation to the project. There can be no assurance that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations. Our Company has 11 Banks amongst its lenders. We have obtained consent for the issue from State Bank of India, State Bank of Hyderabad, Axis Bank, ICICI Bank Limited, Barclays Bank PLC, Standard Chartered Bank, HDFC Bank Limited, IDBI Bank Limited, State Bank of Patiala and State Bank of Mysore for the proposed IPO. The consent from Dena Bank is awaited.

For further details of outstanding loand as on August 31m 2010, refer section titled ***"Financial Indebtedness"*** on page 126 of the Draft Red Herring Prospectus.

7. ***We may depend on outside parties for adequate and timely supply of materials and bought-out items at commercially acceptable prices. Any disruptions, delay or increase in prices of such material and bought-out items could have a material adverse effect on our business.***

Our business is significantly affected by the availability, cost and quality of materials and bought-out items which are required to construct, develop and complete our projects. The price and supply of materials, equipment and bought-out items depend on factors not under our control, including domestic and international economic conditions, competition, availability of quality suppliers, production levels, transportation costs and import, value added and government duties and taxes. Although, we have manufacturing facilities at Sitarganj for towers & conductors, at Derrabassi for towers and Nadiad for conductors and we source the towers and conductors from in house manufacturing facilities for our EPC contracts, however in cases where the construction of the transmission line is at a location where the supply from our manufacturing units may not be commercially viable, we have to rely on the outsider parties for supply of tower, conductor and other materials. If for any reason, our primary suppliers of materials, equipment and bought-out items curtail or discontinue their delivery of materials to us in the quantities we need or provide us with materials that do not meet our specifications, or at prices that are not competitive or not anticipated by us, our construction schedules could be disrupted, our ability to meet our material requirements for our projects could be impaired and we may be in breach of certain EPC contracts. Any of such events could have a material adverse effect on our business and results of operations.

8. ***Timely and successful completion of our projects is dependent upon the performance of third parties such as our sub-contractors and suppliers. Any failure or delay in the performance of such parties could adversely affect the timely execution of our projects and reputation.***
   We often rely on third parties for the implementation of projects in the EPC contracts. Accordingly, the timing and quality of execution of our projects depend on the availability and skill of such parties. Some of our contracts are subject to specific completion schedule requirements with liquidated damages chargeable in the event that a project falls behind schedule. Our inability to commence work within specified period of time is an event of default which may result in a rescission or termination of the contract. Delay or failure on the part of such third parties to complete its project work on time, for any reason, including due to visa issues, could result in additional costs to us, including the payment of contractually agreed liquidated damages. The amount of such additional costs could adversely affect our profit margins on project. While we may seek to recover these amounts as claims from the sub-contractor responsible for the delay or for providing non-conforming products or services, we cannot assure you that we will recover all or any part of these costs in all circumstances or that there will not be considerable delay in such recovery proceedings. Performance problems for existing and future projects could cause our actual results of operations to differ materially from those anticipated by us and could damage our reputation within the industry and our customer base.

9. ***We are exposed to claims resulting from delays and defects that may affect our projects and which may have an adverse effect on our business.***
   We may be subject to claims resulting from delays and defects arising from procurement and / or construction work done by us within the defect liability periods, which may range from 12 months to 24 months after the testing of the product or the supply date or the commissioning of the project. We may face delays in our EPC projects in the power T&D sector, including due to the internal government processes involving periodical approval of project milestones, resulting in delay in project execution, which adversely impacts us, especially if the contract is on a fixed-rate basis. Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Although in certain cases manufacturers are required to compensate us for certain equipment failures and defects, such arrangements may not fully compensate us for the damage that we suffer as a result of equipment failures and defects or the penalties under our agreements with our clients, and do not generally cover indirect losses such as loss of profits or business interruption. Any significant operational problems or the loss of our machines and equipment for an extended period of time could result in delays or incomplete projects or services and adversely affect our results of operations.

10. ***We rely on government entities for a substantial portion of our revenues. Policy changes may result in projects being restructured, political or financial pressures could cause government entities to force us to renegotiate our agreements or delay their payment to us on time.***
    Our business is dependent on Power Transmission & Distribution, Civil Infrastructure and its related projects undertaken by government entities and funded by governments or international or multi-lateral development finance institutions. Contracts awarded by the Central and State government entities have historically accounted, and we expect in the short- to medium-term will continue to account, for a substantial part of the Company's revenues. There can be no assurance that the Central or State Governments will continue to place emphasis on the Power Transmission & Distribution and Civil Infrastructure Sectors. If there is any change in the government, budgetary allocations by governments for this sector, or downturn in available work in a particular sector as a result of shifts in government policies or priorities, our financial results and business prospects may be adversely affected.

There may be delays associated with collection of receivables from government entities. Our Power (T&D) and Civil Infrastructure business involves significant working capital requirements and delayed collection of receivables could adversely affect the Company's liquidity and financial results.

11. ***Our business is substantially dependent on certain key clients from whom we derive a significant portion of our revenues. The loss of any significant clients may have a material and adverse effect on our business and results of operations.***
We derive a high proportion of our revenues from a small number of customers, although our significant customers have varied on a year to year basis. The top ten clients in fiscal 2008, 2009 and 2010 contributed 46.29%, 55.59% and 62.25% of our total income respectively. Our EPC contracts relate to power transmission and distribution and primarily involve electrification projects and distribution improvement schemes. These projects and schemes are undertaken by public sector undertakings such as the Power Grid Corporation of India Limited ("PGCIL") and State Level Utilities. Government projects are typically awarded through a bidding process where the tender documents specify certain pre-qualification criteria which may vary from client to client and from project to project. Our business therefore requires that we satisfy the pre-qualified status with key clients. Our major clients vary from period to period depending on the demand and completion schedule of projects. The loss of a significant client or a number of significant clients or projects from such clients for any reason, including as a result of disqualification or dispute, may have a material and adverse effect on our business and results of operations.

12. ***We have undertaken and may continue to undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.***
We have undertaken various acquisitions in the past and may continue to do so in the future. We acquired the businesses of M/s Aravali Zinc & Alloys in fiscal 2003, M/s Pioneer Construction Company in fiscal 2007, M/s Techno Engineering Company and Parekh Electrawire Industries Limited in fiscal 2008 and M/s Progressive Enterprise and M/s Sachin Construction Company in fiscal 2010. For details about our acquisitions, please refer to the section titled "History and Certain Corporate Matters" on page 77 of the Draft Red Herring Prospectus.

There is a risk that the information relied upon or assumed by us while acquiring a business may be inaccurate or incomplete and we may be subject to unforeseen liabilities and obligations relating to our past acquisitions. In addition, there are inherent risks in the integration of such business and we may not realize the intended benefit of any acquisition. In the future, we may consider making strategic acquisitions of other companies/ firms whose resources, capabilities and strategies are likely to enhance our business operations in the different geographical regions that we operate in. It is possible that we may not be able to identify suitable acquisition or investment opportunities, or that if we do identify suitable opportunities, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our competitiveness and our growth prospects. In addition, the key personnel of the acquired company may decide not to work for us. If we acquire another company or business we could face difficulty in integrating the acquired operations. There can be no assurance that we will be able to achieve the strategic purpose of such acquisitions or operational integration or a return on our investment.

13. ***We are exposed to significant cost variations on fixed-price and fixed-rate contracts.***
Under the terms and conditions of our fixed-rate contracts, we may agree to a fixed rate for providing EPC services for the part of the project contracted to us or, in the case of turnkey contracts, completed facilities which are delivered in a ready to operate condition. The actual expense incurred by us while executing a fixed-price contract may vary substantially from our bid for various reasons, including:
- unanticipated changes in the engineering design of the project;
- unanticipated increases in the cost of equipment, materials or manpower;
- changes in taxes and duties;
- delays due to non-receipt of client approvals or payments at specific project milestones;
- delays associated with the delivery of equipment and materials to the project site;

- unforeseen construction conditions, including inability to obtain requisite environmental and other approvals, resulting in delays and increased costs;
- delays caused due to an inability to obtain land or rights of way to commence construction;
- delays caused by local weather conditions;
- suppliers' or subcontractors' failure to perform; and
- delays caused by us.

Unanticipated costs or delays in performing part of a contract can also have compounding effects by increasing costs of performing other parts of the contract. In addition, we may be required to pay liquidated damages to the client for any delay. These variations and the risks are generally inherent to the businesses in which we operate and may result in our revenues or profits being different from those originally estimated resulting in our experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant adverse effect on our results of operations.

14. ***We may not always possess and maintain our bid capacity and pre qualification capability***
Our business and growth are dependent on our ability to bid for and secure projects. Bidding for power infrastructure projects is dependent on various criteria, including, bid capacity and pre-qualification capability. Bid capacity relates to the highest possible value of a single project that can be awarded to us. In addition to meeting bid capacity requirements, we may also be required to pre-qualify for the projects. This includes various factors such as the technical capability and experience of having executed similar projects. It is imperative to enhance our bid capacity and pre-qualification capability. However, we cannot assure that we shall always maintain our bid capacity and our pre-qualification capabilities, or at all, and that we shall be able to continually secure projects so as to enhance our financial performance and results of operations.

15. ***We have recently entered civil infrastructure businesses in FY 2009 -2010. We do not have track record or prior experience in civil construction projects.***
We have recently been awarded road construction projects in Bihar with contract value Rs. 10,089 Lakhs. We do not have prior experience in developing, constructing and commissioning civil construction projects like roads construction and maintenance, bridge and underpass construction etc. We may face managerial, technical and logistical challenges while implementing such projects, and in the absence of prior experience, we may not be able to handle such challenges. Any failure on our part to meet the challenges could cause disruptions to our business, be detrimental to our long-term business outlook and may have a material adverse effect on our business, prospects, results of operations and financial condition.

16. ***Our revenues depend upon the award of new contracts. Consequently, our failure to win new contracts will adversely affect our results of operations and our cash flows may fluctuate materially from period to period.***
Our revenues are derived primarily from contracts awarded to us on a project-by-project basis. Generally, it is very difficult to predict whether and when we will be awarded a new contract since many potential contracts involve a lengthy and complex bidding and selection process that may be affected by a number of factors, including changes in existing or assumed market conditions, financing arrangements, technical and financial qualifications, governmental approvals and environmental matters. Because our revenues are derived primarily from these contracts, our results of operations and cash flows may be adversely affected or fluctuate materially from period to period depending on our ability to win new contracts.

The uncertainty associated with the award of new contracts may increase our cost of doing business. For example, we may decide to maintain and bear the cost of a workforce in excess of our current contract needs in anticipation of future contract awards. If an expected contract award is delayed or not received, we could incur costs in maintaining an idle workforce that may have a material adverse effect on our results of operations. Alternatively, we may decide that our long term interests are best served by reducing our workforce and we may incur increased costs associated with severance and termination benefits which also could have a material adverse effect on our results of operations for the period when such cost is incurred. Reducing our workforce could also impact our results of operations if we are unable to adequately staff projects that are awarded subsequent to a workforce reduction.

17. ***We may be unable to sustain growth at historical levels. Our inability to manage growth may have an adverse effect on our business and results of operations.***

We have experienced high growth in recent years. Our total income, as per our Restated Financial Statements, has grown from Rs. 5591.38 Lakhs in fiscal 2007 to Rs. 55,799.39 Lakhs in fiscal 2010, at a CAGR of 115.30% and our net profit after tax, as per our Restated Standalone Summary Statements, has increased from Rs. 528.06 Lakhs in fiscal 2007 to Rs. 3,093.53 Lakhs in fiscal 2010, at a CAGR of 80.27%. While no assurance can be given that the past increases in our revenue and profits will continue, if this growth continues, it will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

(i) maintaining high levels of client satisfaction;
(ii) recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
(iii) adhering to health, safety and environment and quality and process execution standards that meet client expectations;
(iv) preserving a uniform culture, values and work environment in our operations; and
(v) developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage our growth may have an adverse effect on our business and results of operations.

18. ***We operate in highly competitive businesses and increased competitive pressure may adversely affect our results of operations.***

We operate in highly competitive businesses. Most of our contracts are entered into primarily through a competitive bidding process. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. We compete against various multinational and national companies as well as regional organized and unorganized entities. In selecting contractors for projects, clients generally limit the tender to contractors they have pre-qualified based on technical and financial criteria, such as experience, technical ability, past performance, reputation for quality, safety record, financial strength and the size of previous contracts executed in similar projects with them or otherwise. Our ability to meet the qualification criteria in our various business areas is critical to being considered for any project. Additionally, while these are important considerations, price is a major factor in most tender awards and in negotiated contracts and our business is subject to intense price competition. Our competitors may be larger and may have better access to financial resources. Some of our competitors may be better known in regional markets in which we compete. Our inability to compete successfully in the businesses in which we operate could materially and adversely affect our business prospects and results of operations.

19. ***We have not provided for certain contingent liabilities as on March 31, 2010, which, if materialize, could adversely affect our financial position.***

As on March 31, 2010, we have not provided for the following contingent liabilities:

| Particulars | Amount (in Lakhs) |
|---|---|
| Bank guarantees given by the Company (for its ongoing projects) | 10,575.55 |
| Bonds/ Undertaking given by the Company for concessional duty/ custom duty exemption | 45.60 |
| Demand raised by Excise Department (Net Amount) | 15.25 |
| Demand raised by Income Tax Department, Patna* | 34.42 |
| Demand raised by VAT Department, Delhi* | 15.32 |
| Demand raised by VAT Department, Haryana* | 18.49 |
| Suit filed by SSV Fincorp, Delhi | 24.77 |
| Demand raised by Income Tax Department, Patna* | 5.07 |
| **Total** | **10,734.47** |

* Of the said amount, our Company has already deposited an aggregated sum of Rs. 67.69 lakhs as tax / duty under protest.

If any contingent liability materializes, our results of operations and financial condition may be adversely affected. For more details of our contingent liabilities for the fiscals ended March 31, 2009, 2008, 2007 and 2006, refer to the section titled "Financial Statements - Details of Contingent Liabilities" on page 118 of the Draft Red Herring Prospectus.

20. ***The Company may require a number of approvals, licenses, registrations and permits for its business(s) and the failure to obtain or renew them in a timely manner may adversely affect its operations.***
The Company requires a number of approvals, licenses, registrations and permits for its business(s). Additionally, it may need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course. For more information, please refer section titled "Government and Other Approvals" on page 140 of the Draft Red Herring Prospectus.

Furthermore, the government approvals and licenses are subject to various conditions. If it fails to comply, or a regulator claims that the Company has not complied with these conditions, its business, financial position and operations would be materially adversely affected.

21. ***We have issued Equity shares to our Promoter Group in the past 1 year below the proposed issue price.***
Our Promoter Group has been allotted Equity shares in the past one year at a premium while we intend to issue the shares in the present issue at a premium. The details of allotment are as follows:

| Name of entity | Date of Allotment | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Consider-ation |
|---|---|---|---|---|---|
| Aravali Smelters Limited | March 31, 2010 | 2,52,752 | 10/- | 325/- | Cash |
| Shivalik Organics Limited | March 31, 2010 | 13,841 | 10/- | 325/- | Cash |
| Sreedeb Commercial Private Limited | March 31, 2010 | 24,307 | 10/- | 325/- | Cash |

22. ***We are dependant on our directors and senior management and our inability to retain them and attract new key personnel may have an adverse impact on the functioning of our business.***
Our success is substantially dependent on the expertise and services of our Chairman and Managing Director, Mr. Rakesh Jolly, and other members of our senior management. We cannot assure you that we will be able to retain any or all of the key members of our management. In the event we lose the services of any of the key members of our management, our business may be materially and adversely affected. For further details of our directors and management, please refer to the section "Our Management" on page 83 of the Draft Red Herring Prospectus.

23. ***Our Registered & corporate office is not owned by us. If the owner of premises does not renew the lease agreement, our business operation may suffer disruption***
We do not own the premises on which we have our registered office & corporate office and operate from leased premises. The lease agreements for facilities are renewable on mutual consent upon payment of such rates as stated in these agreements. If the owner of the premises does not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in our operations which could have an adverse effect on our business, financial conditions and results of operations. For details of our properties, please refer to section "Our Business - Properties" on page 68 of the Draft Red Herring Prospectus

24. ***Our Company does not own any trade mark or any other IPRs, and we may be unable to protect our logo or trademark and hence lesser recourse to any legal action.***
We do not own any trademark for our name, logo or slogans and has not applied for them till date. Further, we cannot assure you that we will be able to obtain such registrations in a timely manner or at all in the future. As a result, we may be unable to prevent the use of these names or variations thereof by any other party or ensure that we will continue to have a right to use it.

25. ***Our Promoter and the members of our Promoter Group will continue to retain significant control in the Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.***
As of date, our Promoter and the members of our Promoter Group held approximately 92.40% of the issued equity share capital of the Company. After completion of the Issue, our Promoter and the members of our Promoter Group will hold [●]% of the equity shares capital of the Company and continue to retain a significant control of the Company. As a result, our Promoter and our 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. In addition, our Promoter and the members of our Promoter Group continue to exercise significant control over the Company they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

26. ***Our Company has had negative cash flows in the past three years, as stated in the table below:***

(in Rs. Lakhs)

| Particulars | March 31, 2008 | March 31, 2009 | March 31, 2010 |
|---|---|---|---|
| Net cash from operating activities | (3,584.30) | (4,723.85) | (4,132.62) |
| Net cash used in investing activities | (5,464.48) | (688.59) | (867.62) |

Our operating cash flows have been negative mainly because of increase in our operations which have resulted in substantial increase in working capital required by us. We expect our operating expenses to continue to increase as we continue to grow. If we do not achieve positive cash flow, we cannot assure you that we will be able to sustain our growth or achieve profitability in future periods.

27. ***Certain Promoter Group entities have incurred losses during recent fiscal years.***
The following are the Group Companies which has incurred net loss in the recent fiscal years details of which are given below:

(Rs. In Lakhs)

| Name of the Group Companies | 2009-10 | 2008-09 | 2007-08 |
|---|---|---|---|
| Aravali Energy Private Limited | - | (0.29) | - |

28. ***The ability of our Company to pay dividends in the future will depend upon its future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***
Our Company has not declared or paid any dividend in the preceding 5 financial years. The amount of the future dividend payments, if any, will depend upon the future earnings, financial condition, cash flows, working capital requirements and capital expenditures of our Company. There can be no assurance that the Company will be able to pay dividends.

29. ***The insurance coverage taken by the Company may not be adequate to protect against certain business risks and this may have an adverse affect on the business operations.***
The Company's insurance coverage is likely to cover all normal risks associated with the operation of the business but there can be no assurance that any claim under the insurance policies maintained by it will be honored fully, in part or on time. To the extent that the Company suffers loss or damage that is

not covered by insurance or exceeds its insurance coverage, the Company's financial performance and cash flow may be adversely affected.

30. ***The Company is promoted by first generation entrepreneur.***
The Promoter of the Company is a first generation entrepreneur and in spite of having a key executive team to support, our business may suffer if he is not able to manage the operations of the Company and the challenges which he may face on account of the growth and competition in different segments of business. Our Company is spearheaded by Mr. Rakesh Jolly, Chairman and Managing Director. He is involved in all the strategic decisions for the growth of our Company.

31. ***We are exposed to foreign currency fluctuations. Any fluctuation in foreign currency or our inability to hedge our exposure to foreign currency completely may have an adverse effect on our result of operations and financial conditions.***
We are currently engaged in foreign currency borrowing which exposes us to fluctuations in foreign exchange rates and other potential costs. While major portion of our revenue is in Indian Rupees, but we have borrowed funds from outside India in foreign currency (US Dollar). This exposes us to possible losses due to fluctuations in foreign currency exchange rates which could materially impact our result of operations. An appreciation of the U.S. dollar against the Rupee could have a negative impact on our results of operations and financial condition. Further, the price of our basic raw materials sold in the domestic market is referenced with their landed-cost, and consequently to the exchange rate of the Rupee and the U.S. dollar.

32. ***The loss, shutdown or slowdown of operations at any of our facilities could have an adverse effect on our results of operations and financial condition.***
Our facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect our operations by causing production at one or more facilities to shutdown or slowdown. Although we take reasonable precautions to minimise the risk of any significant operational problems at our facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have an adverse effect on our results of operations and financial condition.

**II. RISKS RELATED TO INVESTMENT IN THE EQUITY SHARES**

33. ***Investors may not receive the Equity shares purchased in this issue within the stipulated period, after they have applied for them, which may subject them to market risk.***
The Equity Shares purchased in this issue will not be credited to investor's demat account with depository participants until approximately 10 working days from the Bid/Issue closing date. Investors can start trading only after receipt of listing and trading approvals in respect of these Equity Shares which will require additional time after the credit of Equity shares into Investors demat account. Further, there can be no assurance that the equity Shares allocated will be credited to investor's demat account, or that the trading in the equity shares will commence, within the time periods specified above.

34. ***An active market for the Equity shares may not develop which may cause the price of the equity shares to fall and may limit investor's ability to sell the Equity Shares.***
The Equity Shares are new issues of securities for which there is currently no trading market. Applications have been made to the BSE and NSE for the Equity Shares to be admitted to trading on the BSE and NSE. No assurance can be given that an active trading market for the equity shares will develop or as to the liquidity or sustainability of any such market, the ability of the holders of the Equity Shares to sell their Equity Shares or the price at which share holders will be able to sell their Equity Shares if an active market for the Equity Shares fail to develop or be sustain, the Trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at price that could be lower than the original Equity price of the issue.

35. ***Any future issuance of Equity Shares may dilute prospective investors' shareholding and sales of Equity Shares by Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***
Any future equity issuances by the Company may lead to the dilution of Investors' shareholdings in the Company. Any future equity issuances by the Company or sales of Equity Shares by the Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares of the Company.

36. ***There is no guarantee that the Equity Shares of the Company will be listed on the Stock Exchanges in a timely manner or at all.***
In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Such approval will require all other relevant documents authorizing the issue of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares of the Company on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict the ability of investors to dispose of the Equity Shares.

37. ***There are restrictions on daily movements in the price of the Equity Shares of the Company, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***
Following the Issue, the Company will be subject to a daily 'circuit breaker' imposed by the Stock Exchanges, which does not allow transactions beyond specified increases or decreases in the price of its Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by stock exchanges. The percentage limit on the circuit breakers will be set by the Stock Exchanges based on the historical volatility in the price and trading volume of its Equity Shares.

The Stock Exchanges do not inform the Company about the percentage limit of the circuit breaker from time to time and change it without its knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding the investors' ability to buy or sell the Equity Shares or the price at which the investor may be able to buy or sell the Equity Shares at any particular time.

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

## III. EXTERNAL RISK FACTORS

39. ***Our operations are subject to extensive governmental regulation which have in the past and could in the future cause us to incur significant costs or liabilities or interrupt or close our operations.***
Our operations are subject to extensive regulations including regulations relating to pollution and protection of the environment and worker's health and safety. National, State and Local Authorities in the countries in which we have operations, including India, Ethiopia, Yemen and Nepal amongst others, regulate the industries in which we operate with respect to matters such as labour conditions, royalties, permit and licensing requirements, planning and development, tax registrations, mining leases, supply of water, environmental compliance (including, for example, compliance with waste and

waste water treatment and disposal, air emissions, discharges and forest and soil conservation requirements), plant and wildlife protection, reclamation and restoration of properties after operations are complete, surface subsidence from underground mining and the effects that mining, smelting and refining operations have on groundwater quality and availability.

New legislation or regulations may be adopted in the future that may adversely affect our operations, our cost structure or our customers' ability to use our products. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws and regulations, may also require us or our customers to change operations significantly or incur increased costs which could have an adverse effect on our results of operations or financial condition.

We incur and expect to continue to incur significant capital and operating costs to comply with environmental regulations. We could also incur significant costs, including clean up costs, fines and civil and criminal sanctions, if we fail to comply with environmental laws and regulations or the terms of consents and approvals. Our business, financial condition, results of operations and prospects may be adversely affected by any of a number of significant legal and regulatory matters to which we are subject.

40. ***Risk of force majeure***
Certain events that are beyond control such as, earthquakes, fire, floods and drought and similar natural calamities may cause interruption in the business of the Company that could adversely affect its results of operation.

41. ***Instability in Indian financial markets could adversely affect the results of operations and financial condition of the Company.***
The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Financial turmoil in Asia, the United States of America, Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other markets may increase volatility in Indian financial markets and indirectly, in the Indian economy in general.

42. ***Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.***
Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, service tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability. Currently we enjoy certain tax benefits, which result in a decrease in the effective tax rate compared to the tax rates that we estimate would have been applicable if these incentives had not been available. There can be no assurance that these tax benefits will continue in the future after the tax holiday period. The non-availability of these tax benefits could adversely affect our financial condition and results of operations.

43. ***Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect financial markets and the business operations of the Company.***
Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which the Equity Shares of the Company trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, making travel and other services more difficult and ultimately adversely affecting the business.

India has also witnessed civil disturbances in certain parts of the country in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the business operations of the Company. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the business and the price of its Equity Shares.

***44. A slowdown in economic growth in India or in the states in India in which we operate, could cause our business to suffer.***

We currently derive majority of our revenue from our operations in India and consequently, our performance and the quality and growth of our businesses are dependent on the health of the overall Indian economy and the economy of the States in India in which we operate. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agricultural produce, commodity and energy prices or various other factors. Any slowdown in the Indian economy or in the States in India in which we could adversely affect the policy of the various governments towards power and civil infrastructure, which may in turn adversely affect our financial performance.

***45. Increases in interest rates may adversely impact our results of operations.***

We are exposed to interest rate risk and do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. We may enter into interest hedging contracts or other financial arrangements in the future to minimize our exposure to interest rate fluctuations. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or any of such agreements we enter into will protect us fully against our interest rate risk. Any increase in interest expense due to factors beyond our control, such as governmental, monetary and tax policies and domestic and international economic and political conditions, may have a adverse effect on our business prospects, financial condition and results of operations.

**PROMINENT NOTES**

1. The net worth of the Company as at March 31, 2010 is Rs. 11,794.82 Lakhs, as per the restated financial statements of the Company in the Draft Red Herring Prospectus. The book value per Share of the Company as per the restated financial statements for March 31, 2010 is Rs. 75.89.

2. Public Issue of **[•]** Equity Shares of Rs. 10/- each for cash at a price of Rs. **[•]** per Equity Share including share premium of Rs. **[•]** per equity share aggregating to Rs. 15,000 Lakhs. The Issue shall constitute **[•]** % of the post-Issue share capital of the Company.

3. The average cost of acquisition per Equity Share by the Promoter of our Company is as under:-

| Name of the Promoter | Number of Equity Shares Held | Average cost of acquisition per Equity Shares (Rs.) |
|---|---|---|
| Rakesh Jolly | 85,53,200 | 3.90 |

4. For details of the Group Companies having business interests or other interests in the Company see "**Our Promoter Group**" and "**Financial Statements - Related Party Disclosures**" on page 93 and 122, respectively of the Draft Red Herring Prospectus.

5. The Company has entered into certain related party transactions as disclosed in "**Financial Statements - Related Party Disclosures**" on page 122 of the Draft Red Herring Prospectus. The Company has entered into related party transactions for an aggregate amount of Rs. 850.50 lakhs in fiscal 2010. The details of these transactions are summarized as below:

(Rs. In Lakhs)

| S. No. | Particulars | Year ended March 31, 2010 |
|---|---|---|
| 1 | Share Application Money | 821.45 |
| 2 | Salaries | 29.05 |
| | **Total** | **850.50** |

6. There are no financing arrangements whereby the Promoter Group, the Directors or their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus.

7. The Promoter and certain Directors of the Company are interested in the Company by virtue of their shareholding in the Company. For further details, please refer **"Interest of Promoter"** and **"Interest of Key Managerial Personnel"** on page 92 and page 91, respectively of the Draft Red Herring Prospectus.

8. Trading in Equity Shares of the Company for all investors shall be in dematerialized form only.

9. The name of our Company has not changed in the last 3 years immediately preceeding the date of filing of the Draft Red Herring Prospectus with SEBI.

10. The Company and the BRLM will update the Draft Red Herring Prospectus in accordance with the Companies Act and the SEBI ICDR Regulations and the Company and the BRLM will keep the public informed of any material changes relating to the Company till the listing of its Equity Shares on the Stock Exchanges. No selective or additional information would be made available to a section of investors in any manner whatsoever.

11. Any clarification or information relating to the Issue shall be made available by the BRLM and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.

## SUMMARY OF INDUSTRY AND BUSINESS

*This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the following summary with the risk factors on page (x) of the Draft Red Herring Prospectus and the more detailed information about Aravali Infrapower Limited and the financial statements included in the Draft Red Herring Prospectus.*

### OVERVIEW OF THE INDIAN ECONOMY

Indian economy has been witnessing a phenomenal growth since the last decade. The overall growth of GDP at factor cost at constant prices, as per Revised Estimates of the CSO, was 7.4 per cent in 2009-10 representing an increase from a level of growth of 6.7 per cent during 2008-09. The government with its inclusive growth agenda and continued thrust on infrastructure development and renewed interest in economic reforms can certainly sustain the growth momentum.

As per the July 2010 survey conducted by FICCI on Economic outlook, forecasters have revised industry sector growth number upwards to 10 % during 2010-11from 9.2 % in the last year.
As per the latest estimates available on the Index of Industrial Production (IIP), The General Index stood at 312.4, which is 7.1% higher as compared to the level in the month of June 2009. The cumulative growth during April-June’2010-11 over the corresponding period of 2009-10 in mining, manufacturing and electricity sectors have been 10.4%, 12.2% and 5.6% respectively, In terms of industries, as many as thirteen (13) out of the seventeen (17) industry groups (as per 2-digit NIC-1987) have shown positive growth during the month of June 2010 as compared to the corresponding month of the previous year.

### POWER INDUSTRY

Availability of Power is one of the important ingredients for industrial and socio-economic development of the country. It is an important infrastructure facility without which no industrial activity can be thought of in the current time. Indian Power Industry has come a long way since independence during which the total power generated in the country stood at 1362 megawatt (MW). The government of India announced liberalization policy in 1991 and subsequent amendments in Electricity (Supply) Act opened up the sectors for private participants and investments in the Power industry. The installed capacity of 1362 MW in 1947 increased to 162366.80 MW as on June 30, 2010 and with this India became the fifth largest producer and consumer of electricity in the world, equaling the capacities of UK and France, combined. The number of consumers connected to the Indian Power Grid is over 144 million

#### Segments of Power Industry

The Power Sector comprises three segments, Generation, Transmission and Distribution. Majority of Generation, Transmission and Distribution capacities are with either public sector companies or with State Electricity Boards (SEBs). The power sector in India is dominated by the government. The State and Central Government sectors account for 52.50% and 34% of the generation capacity respectively while the private sector accounts for about 13.5%. The bulk of the transmission and distribution functions are with State utilities. Transmission and Distribution (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. In India, SEBs are vertically integrated as intra-state distribution network and the grids are owned and operated by SEBs or state governments through SEBs. The transmission and sub-transmission systems supply power to the distribution system, which in turn supplies power to end-consumers. Distribution of power to end consumers is largely controlled by SEBs and licensees in the private sector.

### TRANSMISSION

Transmission of electricity is defined as bulk transfer of power over a long distance at a high voltage, generally of 132 kV and above. Indian power system is demarcated into five independent regional grids viz. Northern, Eastern, Western, Southern, and North-eastern Regions. All the regional grids, except Eastern and North-eastern Regions, operate independently with only a limited exchange of power across the regions. In India bulk transmission has increased from 3708 ckm in 1950 to more than 2, 65,000 ckm today. While the predominant technology for electricity transmission and distribution has been Alternating

Current (AC) technology, High Voltage Direct Current (HVDC) technology has also been used for inter-connection of all regional grids across the country and for bulk transmission of power over long distances.
The Government of India has an ambitious mission of **'POWER FOR ALL BY 2012'**. This mission would require that our installed generation capacity should be at least 2, 00,000 MW by 2012 from the present level of 1, 62,000 MW. To be able to reach this power to the entire country an expansion of the regional transmission network and inter regional capacity to transmit power would be essential. The latter is required because resources are unevenly distributed in the country and power needs to be carried great distances to areas where load centres exist.

**DISTRIBUTION**
The electricity distribution section is the most daunting sector due to its interface with the public at large with different needs and expectations and varying degrees of capacity to pay. The need to improve this sector was realized, in the 10th plan with emphasis on steps to reduce the huge aggregate technical and commercial losses, control the theft & pilferage and rationalise the tariff structures. Major schemes like Accelerated Power Development & Reform Program for urban areas and the Rajiv Gandhi Grameen Vidyutikaran Yojana was initiated in the 10th plan which aimed at bringing in investment in urban areas and creating an electricity infrastructure in rural areas. There is however a pressing need to continue these efforts in the 11th plan so as to reduce the AT&C losses and to continue with the reforms in the distribution sector to provide an affordable, good quality and reliable power supply to the citizen of India, be it in urban or rural areas.

**The Indian Infrastructure Sector**
The infrastructure sector covers the services of transportation (railways, roads and road transportation, ports, and civil aviation), communications (telecommunications and postal services), electricity and other services such as water supply and sanitation, solid waste management, and urban transport.

The FDI Equity Inflow in the Construction Activities sector including roads & highways in the year 2009-10,2010-11 are US$2,862 million and US$ 221million which gives the cumulative inflows (April'00-June'10) of US$8,274million. The percentage to total inflows is 7%. (Source: www.dipp.nic.in )The aggregate capital formation in infrastructure to achieve India's targeted annual average growth in GDP of 9% over the Eleventh Plan period, would have to rise from Rs. 259839 Crore in 2007-08 to Rs. 574096 Crore in 2011-12 at constant 2006-07 price. Over the Eleventh Plan period, as a whole, this aggregates to US$ 502.88 billion. GCF in Infrastructure is US$117.04 and US$143.52 in 2010-11 and 2011-12 at 2006-07 price (Source: www.planningcommission.nic.in )

**Roads & Highways**
India has an extensive road network of 3.3 million kms - the second largest in the world. Roads carry about 61% of the freight and 85% of the passenger traffic. Highways/Expressways constitute about 66,590 kms (2% of all roads) and carry 40% of the road traffic. Annual growth is projected at 12-15% for passenger traffic, and 15-18% for cargo traffic. Investment in road sector during the Eleventh Plan is projected at $ 78.50 billion.

An efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways (NH) has a total length of 66,590 Km. The ongoing programme of four-laning the 5846 km long Golden Quadrilateral (GQ) connecting Delhi, Mumbai, Chennai and Kolkata is nearing completion. The four-laning of the 7,142 km North-South East-West (NSEW) corridor is to be completed by December 2009. An ambitious National Highway Development Programme (NHDP), involving a total investment of Rs.2,20,000 crore upto 2012, has been established in the third meeting held on 13th January 2005. (Source: www.infrastructure.gov.in)

**Non Ferrous Alloys**
A non ferrous alloy is a combination of two or more metals that do not include iron. Non ferrous alloys are the products formed from the metals like copper, nickel, cobalt, aluminum, zinc, tungsten, refractory metals and precious metals. Non ferrous alloys are perfect for use in applications that require high-strength,

lightweight, nonmagnetic compounds. They have high melting points and are often used to manufacture electronic and electrical components.

There are different types of nonferrous metals which are commercially used;
- Aluminium and its alloys
- Magnesium and its alloys
- Titanium and its alloys
- Copper and its alloys
- Zinc and its alloys
- Nickel and its alloys

Aluminium, titanium and magnesium alloys are increasingly used in recent years due to its attractive properties. Aluminium alloys are now being accepted by the automobile manufacturers as a standard material for exterior and interior trim, and are used for all normal bright trim applications such as radiator grilles, headlamp bezels, wheel trim, instrument panels, body mouldings and window and wind- screen surrounds. The world's total production of alumina (aluminium oxide) continued its upward trend in 2008, increasing by a further 6% compared with 2007 and 32% compared with 2004. Despite recession starting to take hold in the latter part of 2008, the world's production of primary aluminium actually increased during the year as a whole by 3% compared to 2007, continuing a trend which has seen a 31% increase in five years. China is the world's largest producer and the production in China has increased by 97% between 2004 and 2008.
*(Source: British Geological Survey 2010, www.bgs.ac.uk )*

**OUR BUSINESS**

We are a diversified company engaged in providing Engineering, Procurement and Construction services (EPC) for Power (Transmission & Distribution) Sector and Civil Infrastructure (Roads & Bridges) and is having manufacturing facilities of Transmission Tower Parts, Aluminium Overhead Conductors and Aluminum Alloys for Automobile Industry.

We have over the years emerged as an integrated organization for construction of Power Transmission Lines (upto 765 KV), Distribution Projects and Sub-stations under Turnkey Projects. We have also manufacturing capacity of 70,000 MT per annum for Transmission Towers & 45,000 MT per annum for Aluminum Overhead Conductors. Our manufacturing units are located at Sitarganj (Uttrakhand), Dera Bassi (Punjab) & Nadiad (Gujarat).

We are executing the projects in power transmission and distribution sector in India for public sector utilities such as Power Grid Corporation of India Limited (PGCIL) and state power utilities like UP Power Transmission Corporation Limited, Dakshin Haryana Bijli Vitran Nigam, Delhi Transco Limited, Madhya Pradesh Power Transmission Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, Himachal Pradesh State Electricity Board, West Bengal State Electricity Transmission Company Limited, etc. We have diversified our presence in international market and have been awarded contracts in Nepal, Ethiopia and Yemen for Power Transmission, Distribution & Sub-station.

We have established an integrated EPC (Engineering, Procurement & Construction) division by acquisition as a going concern of M/s Pioneer Construction Company, Lucknow (engaged in construction of transmission lines), M/s Techno Engineering Company, Chandigarh (engaged in manufacturing of transmission towers and parts) and M/s Parekh Electrawire Industries Limited, Nadiad, Gujarat (engaged in production of aluminium overhead conductors) in financial year 2007-08 to undertake the Power T&D Projects right from the surveys to the charging of the line. We have positioned ourselves as an integrated Company in India in Power Transmission Sector covering EPC expertise in transmission lines, sub station and rural electrification backed by manufacturing facilities for galvanized EHV Tower and overhead Aluminium Conductors. Recently in 2010 we have also entered into the railway electrification segment & sub-station by acquiring M/s Progressive Enterprises, Kolkata and in railway signalling and telecommunication by acquiring M/s Sachin Construction Company, Kolkata. Most of the work in our

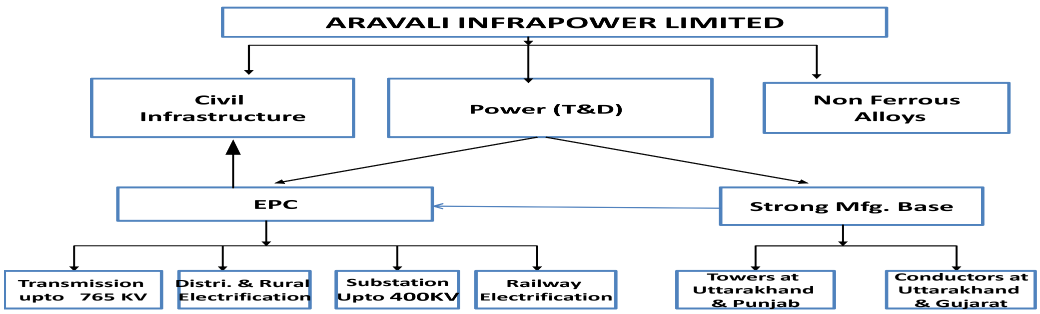
Turnkey Projects in power transmission and sub-stations is won on a competitive bidding basis and, in most cases, the client is a public sector entity or a government entity. In fiscal 2009-10, the income from EPC business as per restated financial statement was Rs. 27,692.51 lakhs comprising of 49.40% of our total revenue for the year.

The civil construction business was started by us in 2009-10 and revenue from civil construction business at Rs. 22,078.07 Lakhs in FY 2009-10 was 39.39% of our total revenue as per restated financial statements. Major client in civil construction is RWD (Rural Works Department) Bihar Government. In addition, we have production facility of Aluminum Alloys based at Kathua (J&K) which is supplied to various automobile component manufacturers.

As on August 31, 2010, we are executing 37 major works for our clients with contract value of Rs. 100,583.73 Lakhs which includes 29 EPC projects and 4 Civil Construction Projects. The details of the projects with contract value of more than 40 Lakhs are under.

| Sr. No | Segment | No of Orders | Value of contract (Amount Rs. in Lakhs) |
|---|---|---|---|
| **1.** | Domestic EPC & Supply Contracts in Power (T&D) | 29 | 53,280.14 |
| **2.** | International EPC & Supply Orders in Power (T&D) | 04 | 16,626.59 |
| **3.** | Domestic Contracts in Civil Construction Business | 04 | 30,677.00 |
| | **Total** | **37** | **100,583.73** |

The details of our Business verticals are as under:




Our revenues has grown at a CAGR of 115.30% for the period fiscal year 2006-07 to 2009-10 and our net profit after tax has grown at a CAGR of 80.27% over the same period. In FY 2009-10, as per restated financials, our total revenue was Rs. 55,799.39 Lakhs and we earned a net profit after tax of Rs. 3,093.53 Lakhs.

**Certain significant on going contracts**

**(a) Power Grid Corporation of India Limited**

With our strengths in execution and production capabilities, we have been successful in procuring repeated orders from Power Grid Corporation India Limited and presently working on their three projects (i) Turnkey Contract for Tower Package for transmission line for 400KV D/C Bhiwani - Jind Transmission line with value of Rs 3613.82 Lakhs (ii) Turnkey Contract for Tower package for transmission lines of both of circuits 400Kv D/C Nathpa Jhakhri-Abdulpur Transmission line at Panchkula under Northern Region Transmission System associated with Sasan & Mundra Ultra Mega Power projects with a value of Rs 6625.09 Lakhs and (iii) Turnkey Contract for Tower Package A1 for 400kv D/C Balia-Lucknow, Lucknow-Bareilly, Dehradun-Bagpat and Agra-Jaipur Transmission Line with a value of Rs 9400.00 Lakhs.

**(b) International Orders**

We have been awarded three contracts by Nepal Electricity Authority for an aggregate amount of NPR 695.29 million & USD 1.59 millions (Rs. 4,971.66 lakhs) for design, supply and construction of 132/133 KV transmission lines. In Ethiopia we are executing a contract worth Euro 14.82 Millions (Rs. 8,740.85 lakhs) for Ethiopian Electric Power Corporation for supply of aluminium overhead conductors. In Yemen we have been awarded turnkey contract for value USD6.33 millions (Rs. 2,914.08 lakhs) for supply, erection and installation of 132/33 KV sub stations. (Conversion rate has been taken as 1Euro = Rs. 59.00, 1 USD = 46 & 1 Nepalese Rupee (NPR) = Rs. 0.61).

**Our Strengths:** We believe our principal competitive strengths are as follows:

- Diversified portfolio of projects across various infrastructure sectors and geographic locations
- Experience and track record for Construction of transmission lines
- Track record of manufacturing & supplying of Materials to Power Sector
- Ability to meet pre-qualification credentials
- Professionally managed company with an experienced management and a qualified employee base
- Integrated Company

For further details, please see section titled “Our Business” on page 56 of the Draft Red Herring Prospectus.

## THE ISSUE

| Particulars | Number of Equity Shares |
|---|---|
| Issue | [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash aggregating to Rs. 15,000 lakhs |
| Of which | |
| Employee Reservation Portion | 50,000 equity shares |
| Net Issue | [●] equity shares |
| Of which | |
| Qualified Institutional Buyers Portion[1] | Not more than [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash (allocation on proportionate basis), out of which upto 5% i.e. [●] equity shares shall be available for allocation on proportionate basis to Mutual Funds and the balance [●] equity shares shall be available for allocation to all QIBs including Mutual Funds. |
| Non Institutional Portion | Not less than [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash |
| Retail Portion | Not less than [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash |
| Equity Shares outstanding prior to the Issue | 1,55,42,000 equity shares of face value Rs. 10 each |
| Equity Shares outstanding after the Issue | [●] equity shares of face value Rs. 10 each |
| Use of net proceeds | Please see the chapter titled "Objects of the Issue" on page 25 of the Draft Red Herring Prospectus. |

[1] our Company may allocate upto 30% of the QIB Portion to Anchor Investors, out of which one-third will be available for allocation to Domestic Mutual Funds. In the event of under subscription in Anchor Investors Portion, the balance equity shares shall be added to the Net QIB Portion.

## SUMMARY OF FINANCIAL STATEMENTS

The following is the summary of restated financial statements of the Company as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010 as described in the Auditors Report of KRA and Company, Chartered Accountants in the section titled "Financial Statements" on page 99 of the Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations.

**Summary Statement of Profit & Loss (Restated)**

**(Rs. in lakhs)**

| | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| **Particulars** | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Income** | | | | | |
| **Direct Income:** | | | | | |
| Sale of Products manufactured. | 3,481.15 | 5,718.50 | 7,517.84 | 13,934.09 | 13,098.04 |
| Sale of Products traded in. | 40.44 | 607.54 | 1,746.79 | 3,520.44 | 5,397.66 |
| Works Contract | - | - | 999.43 | 12,205.03 | 37,559.56 |
| Gross Turnover | 3,521.59 | 6,326.04 | 10,264.06 | 29,659.56 | 56,055.26 |
| Less Excise Duty | 488.76 | 804.88 | 972.45 | 529.18 | 340.70 |
| **Net Turnover** | **3,032.83** | **5,521.16** | **9,291.61** | **29,130.38** | **55,714.56** |
| Other Income | 8.36 | 70.22 | 23.48 | 194.86 | 84.83 |
| **Sub Total** | **3,041.19** | **5,591.38** | **9,315.09** | **29,325.24** | **55,799.39** |
| Increase/ (Decrease) in Inventory | 12.79 | 36.81 | 184.19 | 1,530.71 | 6,613.02 |
| **Total Income** | **3,053.98** | **5,628.19** | **9,499.28** | **30,855.95** | **62,412.41** |
| **Expenditure** | | | | | |
| Raw Material & Consumables Consumed | 2,184.69 | 4,594.24 | 7,373.98 | 25,005.77 | 53,174.54 |
| Established Exp & Other Manufacturing Exp | 112.69 | 129.55 | 458.69 | 2,012.20 | 1,789.31 |
| Freight & Cartage | 71.73 | 87.61 | 79.86 | 190.82 | 269.41 |
| Repair & Maintenance | 1.20 | 5.95 | 6.83 | 26.94 | 38.35 |
| Administration Expenses | 26.38 | 33.56 | 108.87 | 263.76 | 441.00 |
| Selling Expenses | 22.69 | 25.64 | 11.91 | 13.66 | 1.37 |
| Financial Expenses | 90.07 | 135.38 | 339.78 | 1,400.96 | 2,348.63 |
| Preliminary & Deferred Revenue Exp Written Off | 0.60 | 0.60 | 0.60 | 19.29 | - |
| Dep. On Fixed Assets | 13.64 | 15.01 | 25.39 | 141.06 | 281.65 |
| **Total Expenditure** | **2,523.69** | **5,027.54** | **8,405.91** | **29,074.46** | **58,344.26** |
| **Profit Before Tax** | **530.29** | **600.65** | **1,093.37** | **1,781.49** | **4,068.15** |
| **Extra Ordinary Items** | **-** | **-** | **-** | **-** | **-** |
| Provision For Taxation | 45.00 | 65.00 | 125.00 | 178.96 | 640.00 |
| FBT For the Year | 0.56 | 0.98 | 1.65 | 8.08 | - |
| Short Provision for Tax in Earlier Year | - | - | - | 33.80 | |
| Deferred Tax | 10.46 | 6.61 | 12.96 | 167.48 | 334.62 |
| **Profit After Tax** | **474.27** | **528.06** | **953.76** | **1,393.17** | **3,093.53** |
| Add:- Surplus b/f from Previous Year | 78.60 | 2.87 | 466.93 | 1,394.40 | 2,650.51 |
| Less: Transfer to General Reserve | 550.00 | 50.00 | 50.00 | 150.00 | 150.00 |
| Less:- Capitalisation of Reserve (Bonus Issue) | - | 14.00 | - | - | |
| **Balance Carried to Balance Sheet** | **2.87** | **466.93** | **1,370.69** | **2,637.57** | **5,594.03** |

**Summary Statement of Assets & Liabilities (Restated)**

(Rs. in lakhs)

| | Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| A | **Fixed Assets** | | | | | |
| | Gross Block | 230.87 | 1,718.17 | 2,416.29 | 8,880.92 | 9,485.07 |
| | Less: Depreciation | 17.81 | 32.82 | 59.78 | 312.09 | 593.32 |
| | Net Block | 213.06 | 1,685.35 | 2,356.51 | 8,568.84 | 8,891.75 |
| | Less: Revaluation Reserve | - | 1,104.16 | 1,091.75 | 1,100.04 | 1,087.99 |
| | Net Block after adjustment for Revaluation Reserve | 213.06 | 581.19 | 1,264.76 | 7,468.80 | 7,803.76 |
| | Capital Work in Progress | 143.00 | 216.50 | 3,250.42 | 1.79 | 21.23 |
| | Goodwill | - | - | - | 38.15 | 40.61 |
| | Unused ECB Funds * | - | - | 1,600.80 | - | - |
| | **Total Fixed Assets** | **356.06** | **797.69** | **6,115.98** | **7,508.73** | **7,865.60** |
| B | **Investments** | 15.00 | 10.00 | 165.12 | 2.00 | 2.00 |
| C | **Current Assets, Loan & Advances** | | | | | |
| | Inventories | 370.95 | 695.09 | 2,387.88 | 4,384.56 | 9,985.44 |
| | Sundry Debtors | 629.12 | 1,912.37 | 4,681.43 | 11,536.78 | 16,470.12 |
| | Cash and Bank Balance | 4.84 | 52.42 | 254.84 | 746.08 | 1,421.04 |
| | Loans and Advances | 203.19 | 119.49 | 2,101.45 | 1,268.69 | 2,156.47 |
| | **Total Current Assets** | **1,208.10** | **2,779.37** | **9,425.60** | **17,936.11** | **30,033.07** |
| D | **Total Assets (A+B+C)** | **1,579.16** | **3,587.06** | **15,706.70** | **25,446.84** | **37,900.67** |
| E | **Liabilities and Provisions** | | | | | |
| | **Loan Fund** | | | | | |
| | Secured Loan | 596.92 | 1,619.45 | 8,402.80 | 14,162.62 | 21,130.23 |
| | Unsecured Loan | 35.55 | 128.78 | 240.73 | 180.66 | 177.79 |
| | **Total Loan** | **632.47** | **1,748.23** | **8,643.53** | **14,343.28** | **21,308.02** |
| | Deferred Tax Liabilities | 11.88 | 18.49 | 31.45 | 198.93 | 532.03 |
| | **Current Liabilities & Provisions** | | | | | |
| | Liabilities | 53.84 | 102.16 | 1,502.62 | 2,235.36 | 3,617.90 |
| | Provisions | 45.00 | 65.00 | 126.65 | 187.04 | 647.90 |
| | **Total Current Liabilities & Provision** | **98.84** | **167.16** | **1,629.27** | **2,422.41** | **4,265.80** |
| | **Total Liabilities & Provisions** | **743.19** | **1,933.88** | **10,304.25** | **16,964.61** | **26,105.85** |
| F | Share Application Money (Pending Allotment) | | 275.00 | 452.38 | 780.50 | |
| G | **Net Worth (D - E - F)** | **835.97** | **1,378.18** | **4,950.07** | **7,701.73** | **11,794.82** |
| H | **Represented by Shareholders** | | | | | |
| | Share Capital | 181.17 | 362.34 | 859.88 | 1,507.11 | 1,554.20 |
| | Reserve and Surplus | 657.33 | 2,121.93 | 5,183.27 | 7,294.66 | 11,328.61 |
| | Less: Revaluation Reserve | - | 1,104.16 | 1,091.75 | 1,100.04 | 1,087.99 |
| | Reserve Net of Revaluation Reserve | 657.33 | 1,017.77 | 4,091.52 | 6,194.62 | 10,240.62 |
| | Less: Miscellaneous Expenditure to the extend not written off | 2.53 | 1.93 | 1.33 | - | - |
| H | **Net Worth** | **835.97** | **1,378.18** | **4,950.07** | **7,701.73** | **11,794.82** |

* ECB was taken for capital expenditure at Sitarganj Unit and it was disbursed and utilized through a separate bank account. The Unutilize amount of ECB refers to that amount which get disbursed from the bank but could not be capitalzed for capital expenditure on the date of balance sheet. Since it was for incurring capital expenditure and hence shown in the balance sheet under the head capital expenditure.

**Statement of Cash Flow (Restated)**

**(Rs. in lakhs)**

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Cash Flow From Operating Activities** | | | | | |
| Net Profit before tax and prior period Adjustment | 530.29 | 600.65 | 1,093.37 | 1,781.49 | 4,068.15 |
| **Adjustments for:-** | | | | | |
| Depreciation and Amortisation | 13.64 | 15.01 | 25.39 | 141.06 | 303.72 |
| Profit/ Loss on Sale of Investments | (0.22) | - | - | - | - |
| Preliminary EXP/Deferred revenue expenditure written off | 0.60 | 0.60 | 0.60 | 19.29 | |
| Interest Paid | 4.04 | 75.90 | 258.00 | 1,001.84 | 1,816.01 |
| Interest received | (7.48) | (3.54) | (23.48) | (33.18) | (50.50) |
| Dividend received | (0.17) | - | - | - | - |
| **Operating Profit before working capital changes** | **540.70** | **688.62** | **1,353.88** | **2,910.51** | **6,137.37** |
| **Adjustments for:-** | | | | | |
| Trade and other receivables | (268.29) | (1,282.93) | (2,550.28) | (7,055.31) | (4,950.02) |
| Inventories | (49.08) | (324.14) | (1,692.79) | (1,599.09) | (5,822.62) |
| Other Current Assets | (189.98) | 83.71 | (2,086.92) | 766.58 | (958.86) |
| Trade Payable | (28.59) | 49.00 | 1,460.51 | 261.06 | 2,096.77 |
| **Cash Generated from Operation** | **4.76** | **(785.74)** | **(3,515.60)** | **(4,716.25)** | **(3,497.36)** |
| Direct Taxes Paid | (5.48) | (43.10) | (68.70) | (7.60) | (635.26) |
| **Cash Flow before Prior Period Item** | (0.72) | (828.84) | (3,584.30) | (4,723.85) | (4,132.62) |
| **Net Cash Used in Operating Activities** | **(0.72)** | **(828.84)** | **(3,584.30)** | **(4,723.85)** | **(4,132.62)** |
| **Cash Flow From Investing Activities** | | | | | |
| Purchase of Fixed Assets, including Capital WIP | (194.34) | (446.95) | (5,332.84) | (721.71) | (918.12) |
| Deferred Revenue Expenditure | (2.76) | - | - | - | 0.00 |
| Sale of Fixed Assets | 3.21 | - | - | - | - |
| Addition in Investments | (15.00) | (10.00) | (165.12) | (0.06) | - |
| Sale of Investments | - | 15.00 | 10.00 | - | - |
| Profit/ Loss on sale of Investments | 0.22 | - | - | - | - |
| Dividend on Investments | 0.17 | - | - | - | - |
| Interest Received | 7.48 | 3.54 | 23.48 | 33.18 | 50.50 |
| **Net Cash Used In Investing Activities** | **(201.02)** | **(438.41)** | **(5,464.48)** | **(688.59)** | **(867.62)** |
| **Cash Flow From Financing Activities** | | | | | |
| Proceeds from issue of equity capital | 4.00 | 275.00 | 497.54 | 1,065.60 | 568.65 |
| IPO/ ROC Exp for increase in capital | - | - | - | 15.96 | - |
| Interest Paid | (4.04) | (75.90) | (258.00) | (1,001.84) | (1,816.01) |
| Premium on Share Issued | 16.00 | - | 2,001.46 | - | - |
| Share Application Money | - | - | 177.38 | - | - |
| Proceeds of Long Term Borrowing | 152.62 | 85.59 | 6,716.30 | 705.32 | 6,922.55 |
| Net Proceeds of Short Term Borrowing | 21.59 | 1,030.14 | 116.52 | 5,105.26 | - |
| **Net Cash From Financial Activities** | **190.17** | **1,314.83** | **9,251.20** | **5,890.30** | **5,675.19** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalent** | **(11.57)** | **47.58** | **202.42** | **477.86** | **674.96** |
| **Opening Cash Balance** | **16.41** | **4.84** | **52.42** | **268.22** | **746.08** |
| **Closing Cash Balance** | **4.84** | **52.42** | **254.84** | **746.08** | **1,421.04** |

## GENERAL INFORMATION

Our Company was originally incorporated as Aravali Aluminium Private Limited on December 13, 2002 under the Companies Act, 1956 with Registrar of Companies NCT Delhi & Haryana. The name of our Company was changed to Aravali Infrapower Private Limited on January 13, 2007. Subsequently our Company was converted into a public limited company w.e.f. January 29, 2007.

| Registered Office | Factory | |
|---|---|---|
| | Sr. No. | Location |
| G - 29, 3rd Floor<br>Vardhaman Tower, Near PVR Sonia<br>Vikas Puri, New Delhi - 110 018<br>Tel.: +91 11 2854 1826 - 8<br>Fax: +91 11 2854 1823<br>Website : www.aravaliinfrapower.com<br>Email : ipo@aravaliinfrapower.com | 1 | Plot No. 93,112,113, SICOP Complex, Kathua, Jammu & Kashmir<br>Tel.: +91 1922 202 188 |
| | 2 | D-7, ELDECO SIDCUL, Phase - II, Industrial Park, Sitarganj, Uttarakhand<br>Tel.: +91 5948 256 072 - 73 |
| | 3 | Village Bhagwanpur, Barwala Road, Tehsil - Dera Bassi, Distt SAS Nagar, Mohali, Punjab<br>Tel.: +91 1762 281 935<br>Fax: +91 1762 281 934 |
| | 4 | C-3/3 & 3/4, G.I.D.C Estate, Mill Road, Nadiad, Gujarat - 387 001<br>Tel.: +91 268 258 5567<br>Fax: +91 268 258 5567 |

Corporate Identification Number: U27109DL2002PLC118032

**Registrar of Companies**
Registrar of Companies, NCT of Delhi & Haryana,
IFCI Tower, 61 Nehru Place, New Delhi - 110 019

**Board of Directors of the Company**

| Sr. No. | Name | DIN | Status |
|---|---|---|---|
| 1. | Mr. Rakesh Jolly<br>S/o Sh. Ramesh Jolly | 00533817 | Chairman & Managing Director |
| 2. | Mr. Ramaiah Narayanan<br>S/o Sh. Palamudai Muthuswamy Ramaiah | 01976754 | Non - Executive & Non Independent Director |
| 3. | Mr. Sanjay Chaudhary<br>S/o Sh. Hira Nand Chaudhary | 01673217 | Non-executive Independent Director |
| 4. | Mr. Nitya Nand Singh<br>S/o Sh. Vijay Narain Singh | 01995093 | Non-executive Independent Director |

**Company Secretary and Compliance Officer**
Mr. Niraj Kumar
Company Secretary & Compliance Officer
Aravali Infrapower Limited
G - 29, 3rd Floor
Vardhaman Tower, Near PVR Sonia
Vikas Puri, New Delhi - 110 018
Tel.: +91 11 2854 1826 - 8
Fax: +91 11 2854 1823
Website: www.aravaliinfrapower.com
Email: ipo@aravaliinfrapower.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 non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.**

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the concerned SCSB, giving full details such as name, address of the applicant, number of Equity Shares Bid for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidder.**

**BOOK RUNNING LEAD MANAGER**

**SPA Merchant Bankers Limited**
SEBI Regn. No.: INM 000010825
25, C - Block, Community Centre
Janak Puri, New Delhi - 110 058
Tel.: +91 11 4567 5500, 2551 7371
Fax : +91 11 2551 7371
E-mail : aravali.ipo@spagroupindia.com
Website: www.spacapital.com
Contact Person: Mr. Nitin Somani / Mr. Yogesh Malpani

**LEGAL ADVISORS TO THE ISSUE**

**Zenith India Lawyers**
Advocates & Solicitors
M-7/17, 2nd Floor
DLF Phase II
Gurgaon - 122 002
Telfax.: +91 124 429 6671
Email: rajranibhalla@gmail.com
Contact Person: Mrs. Raj Rani Bhalla

**REGISTRAR TO THE ISSUE**

**Bigshare Services Private Limited**
SEBI Reg. No.: INR 000001385
Unit: Aravali Infrapower Limited
E-2, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai 400 072
Tel.: +91 22 4043 0200
Fax: +91 22 2847 5207
E-Mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Babu Raphael

**SYNDICATE MEMBERS**
[●]

**ESCROW COLLECTION BANKS**
[●]

## BANKERS TO THE COMPANY

**State Bank of India**
Industrial Finance Branch,
14th & 15th Floor, Jawahar Vypaar Bhawan,
1 – Tolstoy Marg, New Delhi – 110 001
Tel.: +91 011 2337 4622
Email : dinesh.s@sbi.co.in
Website: www.sbi.co.in
Contact Person: Mr. Dinesh Sharma

**Barclays Bank PLC**
Ground & First Floor,
EROS Corporate Tower, Nehru Place,
New Delhi – 110 019
Tel.: +91 011 4657 9126
Fax: +91 011 4657 9098
Email: vibhore.kapoor@barclays.com
Website: www.barclays.com
Contact Person: Mr. Vibhor Kapoor

**State Bank of Patiala**
Commercial Branch, Chandralok Building,
2nd Floor, 36 Janpath,
New Delhi – 110 001
Tel.: +91 11 2373 8096
Email: sbpcbnd@yahoo.co.in
Website: www.sbp.co.in
Contact Person: Mr. R.C.Gupta

**State Bank of Mysore**
Block – I, Sector – 4 Market,
NWA, Club Road, Punjabi Bagh (West),
New Delhi – 110 026
Tel.: +91 11 2522 2351
Email: punjabibagh@sbm.co.in
Website: www.sbm.co.in
Contact Person: Mr. M. P. Naik

**ICICI Bank Limited**
10th floor, Videocon Tower, Jhandewalan Extension, New Delhi – 110 001
Tel.: +91 11 4249 9472
Email: anurag.mathur@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Anurag Mathur

**State Bank of Hyderabad**
74, Janpath,
New Delhi – 110 026
Tel.: +91 11 2335 8618
Email: sbhkgmarg@yahoo.co.in
Website: www.sbh.co.in
Contact Person: Mr. Bhanu Singh

**IDBI Bank Limited**
Indian Red Cross Society Building
1, Red Cross Road,Post Box No. 231
New Delhi – 110 001
Ph.: +91 11 2346 1821
Email: kumar.rajeev@idbi.co.in
Website: www.idbi.co.in
Contact Person: Mr. Rajeev Kumar

**HDFC Bank Limited**
HDFC Bank House, Vatika Atrium,
A Block , Sector – 53, Golf Course Road,
Gurgaon – 122 002.
Ph.: +91 93 1343 8244
Email: mukesh.todi@hdfcbank.com
Website: www.hdfcbank.com
Contact Person:- Mr. Mukesh Todi

**Axis Bank Limited**
Statesman house, 2nd Floor, Barakhambha Road,
New Delhi – 110 001
Tel.: +91 11 4368 2446
Fax: +91 11 4368 2447
Email id: sudeep.saxena@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Sudeep Saxena,

**Standard Chartered Bank**
7A, DLF Cyber city, Sector 24/25/25A
Gurgaon
Tel.: +91 124 487 6749
Fax: +91 124 487 6204
Email id: amit-k.jain@sc.com
website: www.standardchartered.com
Contact Person: Mr. Amit K Jain

**Dena Bank**
E – 13/29, Ground Floor, Harsha Bhawan,
Connaught Circus, New Delhi – 110001
Tel.: +91 11 2341 4552
Fax: +91 11 2341 4553
Email id: cbbdel@denabank.co.in
Website: www.denabank.com
Contact Person: Mr. Raman Bajaj

**SELF CERTIFIED SYNDICATE BANKS**
The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process are provided at http://www.sebi.gov.in/pmd/scsb.pdf

**AUDITORS TO THE COMPANY**
M/s. KRA & Co., Chartered Accountants
H-1/109, Garg Tower, Netaji Subhash Place,
Pitampura, New Delhi – 110 034
Tel.: +91 11 4708 2855 / 6596 6080
Fax: +91 11 4708 2855
Email : - rajat.kraindia@gmail.com
Website: www.kra.co.in
Contact Person: Mr. Rajat Goyal
Firm Registration No.: 020266N

**IPO GRADING AGENCY**
[●]

**IPO Grading**
This issue being has been graded by [●] and has been assigned [●] indicating the fundamentals of the issue are [●]. The IPO Grading is assigned on a 5 point scale from 1 to 5 with [●] indicating strong fundamentals and [●] indicating poor fundamentals. For details in relation to report of grading agency please refer to "Grading Rationale" on page [●] of the Draft Red Herring Prospectus.

**MONITORING AGENCY**
There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. The Audit Committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to section titled '**Objects of the Issue- Monitoring of Utilization of Funds**' on page 30 of the Draft Red Herring Prospectus.

**Apprising Agency**
The issue has not been appraised.

**Credit Rating**
This being an issue of equity shares, there is no requirement of credit rating of the issue.

**Trustees**
As the issue is of Equity Shares, the appointment of Trustees is not required.

**BOOK BUILDING PROCESS IN BRIEF**
Book Building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:
- Our Company
- Book Running Lead Manager
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE / NSE and eligible to act as underwriters
- Registrar to the Issue and
- Escrow collection Banks

The primary responsibility of building the book shall be that of the lead book runner.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI ICDR Regulations wherein not more than 50% of the Net Issue i.e., [●] Equity Shares shall be allotted on a proportionate basis to QIBs. Further, our Company may allocate upto 30% of the QIB

Portion to Anchor Investors, out of which atleast one-third will be available for allocation to Domestic Mutual Funds. In the event of under subscription in Anchor Investors Portion, the balance equity shares shall be added to the Net QIB Portion. 5% of Net QIB Portion i.e. [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds. The remaining Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue, i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue, i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 50,000 Equity shares shall be available for allocation on a proportionate basis to Eligible employees, subject to valid Bids being received at or above the Issue Price.

Undersubscription, if any, in any category would be met with spillover from other categories in accordance with applicable laws, regulations and guidelines. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Investors may note that in case of over subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Employees Reservation Portion shall be made on a proportionate basis.

QIBs (excluding Anchor Investors) are not allowed to withdraw their Bid(s) after the Bid Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see "***Issue Structure***" on page 31 of the Draft Red Herring Prospectus.

Our Company shall comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed SPA Merchant Bankers Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

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

The Bidders (excluding the ASBA Bidders who can only Bid at Cut-off Price) can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60 to Rs. 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 1,500 | 72 | 1,500 | 27.78% |
| 3,000 | 69 | 4,500 | 83.33% |
| 4,500 | 66 | 9,000 | 166.67% |
| 6,000 | 63 | 15,000 | 277.78% |
| 7,500 | 60 | 22,500 | 416.67% |

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. 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 bidding (see the section titled "Offering Information - Who Can Bid" on page 160 of the Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your Permanent Account Number ("**PAN**") allotted under the I.T. Act in the Bid cum Application Form and the ASBA Bid cum Application Form (see "***Offering Information – 'PAN' or 'GIR' Number***" on page 173);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section "Offering Information – Bidder's Depository Account and Bank Account Details" on page 169 i.e. those given in the Bid cum Application Form vis-à-vis with his or her Depository Participant).
6. Bids by ASBA Bidders will only have to be submitted to the SCSB. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected.

**WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two Working Days of the Bid Closing Date, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

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

**BID / ISSUE PROGRAMME**

| | |
|---|---|
| Bid / Issue Opens on * | [●] |
| Bid / Issue Closes on (For QIB Bidders) | [●] |
| Bid / Issue Closes on (For Non- Institutional & Retail Individual Bidders) | [●] |

* Anchor Investors, if any, shall submit their Bid on the Anchor Investor Bidding Date, which is one Working Day prior to the Bid Opening Date.

Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor and Anchor Investor Issue Price shall be made available in the public domain by the BRLM, before the Bid Opening Date.

Bids and any revision in Bids were accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centers mentioned in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA Bids will be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by Non-Institutional Bidders; and (ii) 5.00 p.m. for QIB Bidders, Retail Individual Bidders and Eligible Employees, which for Retail Individual Bidders and Eligible Employees may be extended upto such time as permitted by the Stock Exchanges. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company and the Syndicate Members shall not be responsible. Bids were accepted only between Monday and Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum Application Forms and ASBA Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure. We will decide the Price Band in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price band can move up or down to the extent of 20% of the floor of the price band.

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

**UNDERWRITERS TO THE ISSUE**

After the determination of the Issue Price and allocation of the Equity Shares but prior to filing of the Prospectus with the ROC, the 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 their respective Syndicate Members do not fulfill their underwriting obligations save and except for underwriting obligations resulting from ASBA Bids.

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

| Details of Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. In lakh) |
|---|---|---|
| [•] | [•] | [•] |
| [•] | [•] | [•] |
| **Total ➔** | **[•]** | **[•]** |

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

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI or registered as brokers with the Stock Exchange(s).

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 Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

## CAPITAL STRUCTURE

The Share Capital of our Company as on the date of the Draft Red Herring Prospectus is set forth below

In Rupees lakhs (except share data)

| | Particulars | Aggregate Value at Nominal Price | Aggregate Value at Issue Price |
|---|---|---|---|
| (A) | Authorised Share Capital<br>2,40,00,000 equity shares of face value Rs. 10 each | 2,400.00 | |
| (B) | Issued, Subscribed and Paid up share capital before the Issue<br>1,55,42,000 equity shares of face value Rs. 10 each | 1,554.20 | |
| (C) | Present Issue in terms of the Draft Red Herring Prospectus<br>[●] equity shares of face value Rs. 10 each<br>Of which<br>Employee Reservation Portion of 50,000 equity shares<br>Net Issue | [●]<br><br>5.00<br>[●] | [●]<br><br>[●]<br>[●] |
| (D) | Paid up share capital after the Issue<br>[●] equity shares of face value Rs. 10 each | [●] | |
| (E) | Securities Premium Account<br>Before the Issue<br>After the Issue | 3,945.98<br>[●] | |

The fresh Issue of [●] Equity Shares in terms of the Draft Red Herring Prospectus has been authorized pursuant to a resolution of our Board of Directors dated July 02, 2010 and by Special resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of the members held on August 02, 2010.

**Notes to the Capital Structure:**

**1. Changes in Authorised Share Capital**

The details of changes in authorised share capital of our company since Incorporation are as follows:

| Date of Meeting | Cumulative No. of Equity Shares | Face Value (Rs.) | Authorised Share Capital (in Rs. lakhs) | Particulars (Authorised Share Capital comprises of equity shares of face value Rs. 10/- each only) |
|---|---|---|---|---|
| Since Incorporation | 1,50,000 | 10 | 15.00 | - |
| June 23, 2003 | 2,00,000 | 10 | 20.00 | Capital increased from Rs. 15 lakhs to Rs. 20 lakhs |
| March 29, 2004 | 5,00,000 | 10 | 50.00 | Capital increased from Rs. 20 lakhs to Rs. 50 lakhs |
| March 01, 2005 | 20,00,000 | 10 | 200.00 | Capital increased from Rs. 50 lakhs to Rs. 200 lakhs |
| February 13, 2007 | 50,00,000 | 10 | 500.00 | Capital increased from Rs. 200 lakhs to Rs. 500 lakhs |
| May 09, 2007 | 1,30,00,000 | 10 | 1,300.00 | Capital increased from Rs. 500 lakhs to Rs. 1,300 lakhs |
| August 25, 2008 | 2,20,00,000 | 10 | 2,200.00 | Capital increased from Rs. 1,300 lakhs to Rs. 2,200 lakhs |
| August 31, 2009 | 2,40,00,000 | 10 | 2,400.00 | Capital increased from Rs. 2,200 lakhs to Rs. 2,400 lakhs* |

* Parekh Electrawire Industries Limited merged with our Company vide order of the Hon'ble High Court of Delhi & Gujarat dated March 23, 2009 and August 31, 2009 respectively. The abovementioned increase in the Authorised Share capital of our Company was pursuant to the addition of the authorized share capital of Parekh Electrawire Industries Limited.

2. **Equity Share Capital History**

| Date of Allotment of Equity Shares | No. of Equity Shares | Cumulative No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Cumulative Securities Premium (Rs.) | Nature of considera-tion | Category of Allottees |
|---|---|---|---|---|---|---|---|
| December 15, 2002 | 10,000 | 10,000 | 10 | 10 | - | Cash | Subscribers to MOA[1] |
| March 14, 2003 | 1,40,000 | 1,50,000 | 10 | 10 | - | Other than Cash | Promoter & Promoter Group[2] |
| June 25, 2003 | 50,000 | 2,00,000 | 10 | 10 | - | Cash | Promoter |
| March 31, 2004 | 2,80,000 | 4,80,000 | 10 | 10 | - | Cash | Promoter, Promoter Group & Others |
| March 31, 2004 | 20,000 | 5,00,000 | 10 | 50 | 8,00,000 | Cash | Others |
| March 31, 2005 | 4,75,400 | 9,75,400 | 10 | 10 | 8,00,000 | Cash | Promoter, Promoter Group & Others |
| March 31, 2005 | 7,96,300 | 17,71,700 | 10 | 20 | 87,63,000 | Cash | Others |
| March 28, 2006 | 40,000 | 18,11,700 | 10 | 50 | 1,03,63,000 | Cash | Promoter Group |
| March 31, 2007 | 18,11,700 | 36,23,400 | 10 | - | - | Bonus | Existing Shareholders[3] |
| June 07, 2007 | 86,000 | 37,09,400 | 10 | 150 | 1,20,40,000 | Other than Cash | Others[4] |
| December 19, 2007 | 37,09,400 | 74,18,800 | 10 | - | 1,20,40,000 | Bonus | Existing Shareholders[5] |
| February 29, 2008 | 10,000 | 74,28,800 | 10 | 300 | 1,49,40,000 | Other than Cash | Others[6] |
| March 31, 2008 | 11,70,000 | 85,98,800 | 10 | 200 | 23,72,40,000 | Cash | Promoter Group & Others |
| July 11, 2008 | 47,500 | 86,46,300 | 10 | 200 | 24,62,65,000 | Cash | Others |
| September 05, 2008 | 64,24,800 | 1,50,71,100 | 10 | 10 | 24,62,65,000 | Cash | Promoter & Promoter Group |
| March 31, 2010 | 4,70,900 | 1,55,42,000 | 10 | 325 | 39,45,98,500 | Cash | Promoter Group & Others |

[1] The Subscribers to the Memorandum of Association of our Company are Mr. Rakesh Jolly and Ms. Ritu Jolly

[2] Pursuant to Acquisition of Partnership Firm i.e. Aravali Zinc & Alloy, 1,40,000 shares were allotted to Mr. Rakesh Jolly (1,00,500 shares) and Ms. Ritu Jolly (39,500 shares) as consideration for the said acquisition.

[3] Our Company had issued bonus shares to the members in the ratio of 1:1 by utilizing the amount lying to the credit of Securities Premium (Rs. 1,03,63,000), General Reserve (Rs. 63,54,000) and Profit & Loss Account (Rs. 14,00,000).

[4] Pursuant to Acquisition of Partnership Firm i.e. Pioneer Construction Company, 86,000 shares were allotted to Mr. Madhu Ramaiah (16,000 shares), R Narayanan (8,000 shares), R Jairam (48,000 shares) and Vijay Ramaiah (HUF) (14,000 shares) as consideration for the said acquisition.

[5] Our Company had issued bonus shares to the members in the ratio of 1:1 by utilizing the amount lying to the credit of General Reserve (Rs. 3,70,94,000).

[6] Pursuant to Acquisition of Proprietorship Firm i.e. Techno Engineering Company 10,000 shares were allotted to Mr. R B Gupta as consideration for the said acquisition.

### 3. Capital build up of existing shareholding of Promoter

| Name of Promoter | Date of Acquisition / when fully paid up | No. of Equity Shares | Face Value (Rs.) | Issue / Acquisition Price (Rs.) | Particulars | % of Pre issue paid up capital | % of post issue paid up capital |
|---|---|---|---|---|---|---|---|
| Mr. Rakesh Jolly | December 15, 2002 | 5,000 | 10.00 | 10.00 | Subscribers to Memorandum | 0.03 | [●] |
| | March 14, 2003 | 1,00,500 | 10.00 | 10.00 | Pursuant to takeover of firm Aravali Zinc & Alloy | 0.65 | [●] |
| | June 25, 2003 | 50,000 | 10.00 | 10.00 | Allotment for cash | 0.32 | [●] |
| | March 31, 2004 | 1,12,000 | 10.00 | 10.00 | Allotment for cash | 0.72 | [●] |
| | March 31, 2005 | 1,13,800 | 10.00 | 10.00 | Allotment for cash | 0.73 | [●] |
| | March 31, 2006 | 3,22,000 | 10.00 | Nil | Gift | 2.07 | [●] |
| | February 27, 2007 | 2,82,500 | 10.00 | 1.41 | Purchased for cash | 1.82 | [●] |
| | February 28, 2007 | 3,52,500 | 10.00 | 1.29 | Purchased for cash | 2.27 | [●] |
| | March 06, 2007 | 27,500 | 10.00 | 1.00 | Purchased for cash | 0.18 | [●] |
| | March 06, 2007 | 40,000 | 10.00 | Nil | Gift | 0.26 | [●] |
| | March 20, 2007 | 15,000 | 10.00 | Nil | Gift | 0.10 | [●] |
| | March 31, 2007 | 14,20,800 | 10.00 | Nil | Bonus Issue | 9.14 | [●] |
| | December 19, 2007 | 28,41,600 | 10.00 | Nil | Bonus Issue | 18.28 | [●] |
| | September 05, 2008 | 28,70,000 | 10.00 | 10.00 | Allotment for cash | 18.47 | [●] |
| | **Total** | **85,53,200** | | | | **55.03** | **[●]** |

### 4. Promoter Contribution and Lock-in

The following shares held by Promoter are locked-in as Promoter Contribution:

| Name of Promoter | Date of acquisition / when fully paid up | No. of equity shares | Acquisition Price | % of pre-issue paid up capital | % of post issue paid up capital | Lock-in period |
|---|---|---|---|---|---|---|
| Mr. Rakesh Jolly | [●] | [●] | [●] | [●] | [●] | 3 years |
| **Total ➔** | [●] | [●] | [●] | [●] | [●] | |

All Equity Shares, which are being locked in are eligible for computation of Promoter contribution as per Regulation 33 of the SEBI ICDR Regulations and are being locked for 3 years in under Regulation 36(a) of the SEBI ICDR Regulations. No equity shares proposed to be locked-in as Promoters Contribution have been issued out of revaluation reserve or for non-cash consideration.

Our Promoter, Mr. Rakesh Jolly have, by a written undertaking, consented to have [●] equity shares held by them to be locked in as Promoter contribution for a period of three years from the date of allotment in this Issue and will not be disposed / sold / transferred by the promoter during the period starting from the date of filing the Draft Red Herring Prospectus with SEBI till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus. The equity shares under the Promoter contribution will constitute [●] % of our post-issue paid up share capital. Our Promoter have also consented that the Promoter contribution under Regulation 33 of the SEBI ICDR Regulations will not be less than 20% of the post issue paid up capital of our Company.

The entire pre-issue shareholding of the Promoter, other than the Promoter contribution which is locked in for three years, shall be locked in for a period of one year from the date of allotment in this Issue.

**Details of share capital locked in for one year**
In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Promoter contribution which is locked in for three years, as specified above, the entire pre-issue equity share capital constituting [●] equity shares shall be locked in for a period of one year from the date of allotment of Equity shares in this Issue. 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. The shares which are in dematerialized form shall be locked-in by the respective depositories.

**Other requirements in respect of lock-in:**

a) In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoter, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan.
Provided that securities locked in as minimum promoter contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
b) In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
c) Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer 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.

5. **Our Shareholding Pattern**
The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

| Category code | Category of shareholder | No. of Shareholders | Total Number of shares | Total shareholding as a percentage of total number of shares | | Total post issue shareholding | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | As a %age of (A+B) | As a %age of (A+B+C) | Total Number of shares | As a %age of (A+B+C) | Total no. | As a %age of (A+B+C) |
| **(A)** | **Promoter & Promoter Group** | | | | | | | | |
| **(1)** | **Indian** | | | | | | | | |
| | Individuals/HUF | 3 | 85,83,600 | 55.23 | 55.23 | 85,83,600 | [●] | - | - |
| | Trusts | - | - | - | - | - | - | - | - |
| | Bodies Corporate | 3 | 57,77,351 | 37.17 | 37.17 | 57,77,351 | [●] | - | - |
| | **Sub-Total (A)(1)** | **6** | **1,43,60,951** | **92.40** | **92.40** | **1,43,60,951** | [●] | - | - |
| **(2)** | **Foreign** | | | | | | | | |
| | Individuals/HUF | - | - | - | - | - | - | - | - |
| | **Sub-Total (A)(2)** | - | - | - | - | - | - | - | - |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | **6** | **1,43,60,951** | **92.40** | **92.40** | **1,43,60,951** | [●] | | |
| **(B)** | **Public Shareholding** | | | | | | | | |
| | Individuals | - | - | - | - | - | - | - | - |
| | Bodies Corporate | 3 | 11,81,049 | 7.60 | 7.60 | [●] | [●] | - | - |
| | **Total Public Shareholding** | **3** | **11,81,049** | **7.60** | **7.60** | [●] | [●] | - | - |
| | **Total (A)+(B)** | **9** | **1,55,42,000** | **100.00** | **100.00** | [●] | [●] | - | - |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | - | - | - | - | - | - | - | - |
| | **Grand Total (A)+(B)+(C)** | **9** | **1,55,42,000** | **100.00** | **100.00** | [●] | [●] | - | - |

6. **The following is the detail of the present shareholding of the Promoter Group of the Company:**

| Name | No. of Equity Shares | % of shareholding |
|---|---|---|
| Rakesh Jolly | 85,53,200 | 55.03 |
| Sreedeb Commercial Private Limited | 28,83,107 | 18.55 |
| Aravali Smelters Limited | 17,65,203 | 11.36 |
| Shivalik Organics Limited | 11,29,041 | 7.26 |
| Arushi Jolly | 17,600 | 0.11 |
| Parinika Jolly | 12,800 | 0.08 |
| **Total** | **1,43,60,951** | **92.40** |

7. **Equity Shares held by Top Ten Shareholders**

(a) Our shareholders and the number of Equity Shares of Rs. 10 each held by them as on the date of this Offer document is as follows:

| S. No. | Name of the Shareholders | No. of Equity Shares | % of shareholding |
|---|---|---|---|
| 1 | Mr. Rakesh Jolly | 85,53,200 | 55.03 |
| 2 | Sreedeb Commercial Private Limited | 28,83,107 | 18.55 |
| 3 | Aravali Smelters Limited | 17,65,203 | 11.36 |
| 4 | Shivalik Organics Limited | 11,29,041 | 7.26 |
| 5 | Shreeraj Shyamaji Footwears Private Limited | 6,24,999 | 4.02 |
| 6 | Sigma Realtech Private Limited | 4,21,050 | 2.71 |
| 7 | Spark Computech Private Limited | 1,35,000 | 0.87 |
| 8 | Ms. Arushi Jolly | 17,600 | 0.11 |
| 9 | Ms. Parinika Jolly | 12,800 | 0.08 |
| | **Total** | **1,55,42,000** | **100.00** |

(b) Our shareholders and the number of Equity Shares of Rs. 10 each held by them 10 days prior to the date of this Offer document is as follows:

| S. No. | Name of the Shareholders | No. of Equity Shares | % of shareholding |
|---|---|---|---|
| 1 | Mr. Rakesh Jolly | 85,53,200 | 55.03 |
| 2 | Sreedeb Commercial Private Limited | 28,83,107 | 18.55 |
| 3 | Aravali Smelters Limited | 17,65,203 | 11.36 |
| 4 | Shivalik Organics Limited | 11,29,041 | 7.26 |
| 5 | Shreeraj Shyamaji Footwears Private Limited | 6,24,999 | 4.02 |
| 6 | Sigma Realtech Private Limited | 4,21,050 | 2.71 |
| 7 | Spark Computech Private Limited | 1,35,000 | 0.87 |
| 8 | Ms. Arushi Jolly | 17,600 | 0.11 |
| 9 | Ms. Parinika Jolly | 12,800 | 0.08 |
| | **Total** | **1,55,42,000** | **100.00** |

(c) Our shareholders and the number of Equity shares of Rs. 10 each held by them two years prior to the date of this Offer document is as follows:

| S. No. | Name of the Shareholders | No. of Equity Shares | % of paid up capital as on 24/09/2008 |
|---|---|---|---|
| 1 | Mr. Rakesh Jolly | 85,53,200 | 56.75 |
| 2 | Sreedeb Commercial Private Limited | 28,58,800 | 18.97 |
| 3 | Aravali Smelters Limited | 15,12,450 | 10.04 |
| 4 | Shivalik Organics Limited | 11,15,200 | 7.40 |
| 5 | Shreeraj Shyamaji Footwears Private Limited | 4,45,000 | 2.95 |
| 6 | Sigma Realtech Private Limited | 3,15,050 | 2.09 |
| 7 | R. Jairam | 96,000 | 0.64 |
| 8 | Spark Computech Private Limited | 75,000 | 0.50 |

| S. No. | Name of the Shareholders | No. of Equity Shares | % of paid up capital as on 24/09/2008 |
|---|---|---|---|
| 9 | Madhu Ramaiah | 32,000 | 0.21 |
| 10 | Vijay Ramaiah | 28,000 | 0.19 |
| | **Total** | **1,50,30,700** | **99.73** |

8. Our Promoter, Directors, Promoter Group and their immediate relatives has not sold or purchased any equity shares of our Company during the period of six months preceding the date of the Draft Red Herring Prospectus.

9. Our Promoter Group, Directors and their relatives have not financed the purchase by any other person of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Red Herring Prospectus with SEBI.

10. As on the date of filing of the Draft Red herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoter or shareholders or any other person any option to acquire our Equity Shares after the Initial Public Offer.

11. We have not made any issue of equity shares at a price lower than the Issue price during the preceding one year except as under:

| Name of entity | Date of Allotment | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Consider-ation |
|---|---|---|---|---|---|
| Aravali Smelters Limited | March 31, 2010 | 2,52,753 | 10/- | 325/- | Cash |
| Shivalik Organics Limited | March 31, 2010 | 13,841 | 10/- | 325/- | Cash |
| Sreedeb Commercial Private Limited | March 31, 2010 | 24,307 | 10/- | 325/- | Cash |
| Moderate Credit Corp Limited | March 31, 2010 | 12,307 | 10/- | 325/- | Cash |
| Bhola Motor Finance Private Limited | March 31, 2010 | 167,692 | 10/- | 325/- | Cash |

12. As on the date of the Draft Red Herring Prospectus, the issued capital of our Company is fully paid up.

13. The Equity Shares held by the Promoter are not subject to any pledge.

14. Neither we nor our Directors, Promoter, Promoter Group Entities and the BRLM to the Issue have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.

15. The BRLM and their associates are not holding any equity shares in our Company as on the date of filing of Draft Red Herring Prospectus with the SEBI.

16. This issue is being made through 100% Book Building process wherein not more than 50% of the Net Issue i.e., [●] Equity Shares shall be allotted on a proportionate basis to QIBs. Further, our Company may allocate upto 30% of the QIB Portion to Anchor Investors, out of which one-third will be available for allocation to Domestic Mutual Funds. In the event of under subscription in Anchor Investors Portion, the balance equity shares shall be added to the Net QIB Portion. 5% of Net QIB Portion i.e. [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds. The remaining Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue, i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue,

i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 50,000 Equity shares shall be available for allocation on a proportionate basis to Eligible employees, subject to valid Bids being received at or above the Issue Price.

Undersubscription, if any, in any category would be met with spillover from other categories in accordance with applicable laws, regulations and guidelines. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Investors may note that in case of over subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Employees Reservation Portion shall be made on a proportionate basis.

17. Only Eligible Employees who are Indian nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Employees other than those mentioned hereinabove are not eligible to participate under the Employee Reservation Portion. Bid / Application by Eligible Employees can also be made in the "Net Issue" and such Bids shall not be treated as multiple Bids.

18. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and not exceeding the maximum limit of investment prescribed under relevant laws applicable to each category of bidder.

19. Our Company has not raised any bridge loan against the proceeds of the Issue.

20. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares offered through the Red Herring Prospectus have been listed.

21. Our Company does not presently intend or propose to alter its capital structure for a period of six months from the Bid / Issue opening date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. This is except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.

22. Except the following, we have not issued any shares for consideration other than cash:

| Date of allotment | No. of shares allotted | Nature of allotment | Particulars |
|---|---|---|---|
| March 14, 2003 | 1,40,000 | Other than cash | As consideration for the acquisition of Partnership Firm Aravali Zinc & Alloys |
| March 31, 2007 | 18,11,700 | Bonus | Issued by utilizing the amount lying to the credit of Securities Premium, General Reserve and Profit & Loss Account |
| June 07, 2007 | 86,000 | Other than cash | As consideration for the acquisition of Partnership Firm Pioneer Construction Company |
| December 19, 2007 | 37,09,400 | Bonus | Issued by utilizing the amount lying to the credit of General Reserve |
| February 29, 2008 | 10,000 | Other than cash | As consideration for the acquisition of Proprietorship Firm Techno Engineering Company |

No equity share has been issued by our Company out of revaluation reseve.

23. An over-subscription to the extent of 10% of the Net Offer to Public shall be retained for purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of allotment.

24. Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.

25. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

26. We do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

27. We have 9 shareholders on the date of filing of the Draft Red Herring Prospectus.

**OBJECTS OF THE ISSUE**

The Objects of the Issue are to raise funds:

a. Procurement of Equipments / Machineries for our Power (T&D) and Civil Construction projects,
b. To augment working capital resources,
c. For General corporate purposes, and
d. For Expenses of the Issue

Additionally, the Object of the Issue is to achieve the benefits of listing on the Stock Exchanges and create a public market for the Equity Shares of our Company.

The main object clause and objects incidental or ancillary to the main object clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue. We, further confirm that the activities of the company carried out until now are in accordance with the object of the Memorandum of Association of the company.

**Requirements of Funds**

| Sr. No. | Particulars | Amount (in Rs. Lakhs) |
|---|---|---|
| 1 | Procurement of Equipments / Machineries for our Power (T&D) and Civil Construction projects | 3,052.25 |
| 2 | Augmenting working capital resources | 10,000.00 |
| 3 | General Corporate purpose | **[●]** |
| 4 | Expenses of the Issue | **[●]** |
| **Total** | | **[●]** |

The fund requirements and deployment of funds are based on our management estimates and has not been appraised by any Bank / Financial Institution. The fund requirement is based on our current business plan.

Our fund requirement and utilization of proceeds are subject to changes as a result of changes in business plan, strategy or due to external factors beyond our control. Any such change in our plans may require rescheduling of our expenditure programs at the discretion of our management, subject to the necessary approvals.

**Means of Finance**

| Sr. No. | Particulars | Amount (in Rs. Lakhs) |
|---|---|---|
| 1 | Proceeds of IPO | 15,000.00 |
| 2 | Internal accrual# | [●] |
| **Total** | | **[●]** |

# will be incorporated at the time of filing of Prospectus

In the event of a shortfall in raising the requisite funds from the proceeds of the Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals. For the financial year ended March 31, 2010, the cash profit of our Company (i.e. Profit after tax but before deprecation) was Rs. 3,375.18 Lakhs and the reserves and surplus (excluding revaluation reserve) as on that date was Rs. 10,240.62 Lakhs. Incase of any surplus of monies received in relation to the issue, we may use such surplus towards general corporate purposes. In case of variations in the actual utilization of funds earmarked for the purposes mentioned above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this issue.

**Details of use of Issue Proceeds:**

**A. Procurement of Equipments / Machineries for our Power (T&D) and Civil Construction projects**

We are in the business of executing turnkey projects in Power transmission & distribution sector and civil construction besides manufacturing transmission towers and aluminum alloys. In order to meet our growth plans, in power transmission and civil construction we propose to make investments in EPC and Civil Construction Equipments. We believe that owning the said equipments and not having to hire the same will enable us to mobilize our resources and render services to our clients in a faster, more efficient and cost competitive manner. We have envisaged a capital expenditure of Rs. 2906.90 Lakhs for the purchase of the aforesaid equipments. Further a provision for contingencies at 5% of the entire capital cost aggregating to Rs. 145.35 lakhs has been provided.

The brief details of equipments intended to be purchased from the IPO proceeds are as following:

| Sr. No. | Description and Model No. | Name of supplier | Date of Quotation | Quantity | Total (Rs. In Lakhs) |
|---|---|---|---|---|---|
| 1* | CNC Angle Punching, Marking and Sharing machine including infeed conveyorextension, rotating loading system, marking unit, Marking Characters, Special punch holders, idle rolls outfeet tabel and Conditioner. Model No. HP 16T6 | FINCEP, Italy (at a price of Euro 452,100) | June 28, 2010 | 1 | 266.74 |
| 2* | Bull Wheel Puller with integrated reel winder for pulling 1 rope upto a amximum of 16 ton Catelog No-B2-385/072009 | Zeck, GMBH (at a price of Euro 134,966 per machine) | May 04 2010 | 4 | 318.52 |
| 3* | Tensioner with engine B-1500/15 | Zeck, GMBH (at a price of Euro 130,780 per machine) | May 04 2010 | 4 | 308.64 |
| 4 | Caterpillar CB534 D Vibratory Asphalt Compactor | Tractors India Private Limited# | April 30, 2010 | 3 | 84.00 |
| 5 | Front End loader 1.1 cum bucket capacity | JCB India Limited | September 01, 2010 | 3 | 76.50 |
| 6 | JCB 3DX Excavator Loader | JCB India Limited# | May 01, 2010 | 9 | 149.63 |
| 7 | Escorts Crane Hydra -12 SB | Escorts Construction Equipment Limited# | April 15, 2010 | 3 | 31.50 |
| 8 | Tractor with leveler Model no 475DI BP 42 HP | Metaltech Motors Pvt. Ltd. | May 14, 2010 | 3 | 12.20 |
| 9 | Tractor with rotavator Model no 475DI BP 42 HP | Metaltech Motors Pvt. Ltd. | May 14, 2010 | 3 | 14.94 |
| 10 | Mini Hot Mix Plant 60-80 Tonns | Shiv Shakti Road Equipments Pvt. Ltd.# | June 18, 2010 | 3 | 64.05 |
| 11 | Concrete Vibrator 50mm nozal | Management Estimates | | 12 | 1.08 |

| Sr. No. | Description and Model No. | Name of supplier | Date of Quotation | Quantity | Total (Rs. In Lakhs) |
|---|---|---|---|---|---|
| 12 | Concrete Mixer Machine with Hooper alongwith Electric Motor Disel Engine and Electric virator | Akona Engg Pvt Ltd.# | June 18, 2010 | 12 | 15.66 |
| 13 | Ashok Leyland Tipper chassis Taurus 2516 | Pearey Lall & Sons (E.P.) Ltd. | September 01, 2010 | 24 | 447.04 |
| 14 | Tar boiler | Management Estimates | | 3 | 2.42 |
| 15 | Ashok Leyland truck alongwith Apollo Hot Bitumen presure distributor model no ATM 6000 | Gujrat Apollo Industries Ltd.# & Pearey Lall & sons Ltd. | April 30 2010 and June 22, 2010 | 3 | 50.24 |
| 16 | Ashok Leyland Truck alongwith Water tanker with sprinkler mounted | Pearey Lall & sons Ltd, Metaltech Motors Pvt. Ltd. | June 22, 2010 and May 14, 2010 | 3 | 30.60 |
| 17 | Tractor with Water tanker ( Four Tyres) with sprinkler attached 475Di BP42 HP with | Metaltech Motors Pvt. Ltd. | May 14, 2010 | 6 | 30.95 |
| 18 | DG Set 125 KVA Model 6BTAA5.9G3 | Jaksons Limited# | June 17, 2010 | 3 | 18.72 |
| 19 | DG Set 62.5 KVA Model S3.8G7 | Jaksons Limited# | June 17, 2010 | 3 | 12.84 |
| 20 | Apollo Batching Plant Model ATP-20 MPN | Apollo Infratech Private Limited# | June 18, 2010 | 3 | 60.75 |
| 21 | APOLLO Hydrostatic paver finisher Model – AP 550. | Gujrat Apollo Industries Limited# | April 30, 2010 | 3 | 110.40 |
| 22 | Caterpillar Model 120K Motor Grader | Tractors India Private Limited# | April 30, 2010 | 3 | 189.00 |
| 23 | L&T – Komatsu PC 200 – 6 hydrauclic excavator | Larsen & Toubro Limited# | April 29, 2010 | 3 | 126.00 |
| **Total** | | | | | **2422.42** |
| Add: Provision for duties, taxes, freights, insurance etc. (@ 20 %) | | | | | 484.48 |
| **Total** | | | | | **2906.90** |
| **Add: Contingencies @ 5%** | | | | | **145.35** |
| **Total** | | | | | **3052.25** |

* These above machines are proposed to be imported. All imports are under Open General License. The conversion rate has been taken at 1 Euro = Rs. 59.
# the said quotations were valid for a period of 30 days.

**Implementation Schedule for Purchase of equipments**

| Activity | Commencement date | Expected date of Completion |
|---|---|---|
| Placement of order for equipments and machineries | March 2011 | April 2011 |
| Arrival of machinery at site | April 2011 | June 2011 |

**B. Augmenting Working Capital Resources**

We are in the execution of business of EPC contracts and civil construction and as such we require substantial working capital requirement. As on August 31, 2010, we have sanctioned limits (including Term loan in the form of External Commercial Borrowing) of Rs 66,998.54 Lakhs by our Bankers consisting of working capital limits of Rs. 28,200 Lakhs, non fund based limits of Rs. 34,010 Lakhs, Corporate loan of Rs. 1,500 Lakhs and External Commercial Borrowing of Rs. 3288.54 Lakhs. For details of limits sanctioned by banks, refer the section titled "Financial Indebtness" on page 126 of the Draft Red Herring Prospectus.

We need additional working capital in consonance with the growth plans and expansion of our business. The total working capital requirements for financial year 2011-12, has been assessed by us at Rs. 45,184.58 Lakhs (approx). We propose to utilize Rs. 10,000 Lakhs out of the Issue proceeds towards augmenting working capital for the financial year 2011-12

**The working capital requirement is estimated as under:**

| Particulars | 2009-2010 | 2011-2012 |
|---|---|---|
| **Current Assets** | | |
| Cash and Bank Balance | 1,421.03 | 2,207.22 |
| Sundry Debtors | 15,870.00 | 27,895.70 |
| Inventory | 9,985.40 | 21,318.61 |
| Advance to suppliers & other Current Assets | 2,072.44 | 2,000.00 |
| Advance payment of taxes | - | 2,671.19 |
| **Total Current Assets** | **29,348.87** | **56,092.71** |
| | | |
| **Current Liabilities and Provisions** | | |
| Sundry Creditors | 1,483.00 | 3,679.24 |
| Provisions and other current liabilities | 2,745.00 | 6,171.19 |
| Installment of term loans (due within next one Year) | 1,021.34 | 957.71 |
| **Total Current Liability** | **5,249.34** | **10,808.14** |
| | | |
| Total Working Capital Gap | 24,099.53 | 45,184.58 |
| Working Capital facilities from Banks | 17,238.00 | 28,200.00 |
| Requirement of Additional Working Capital | 6,861.53 | 16,984.58 |
| Internal Accruals | 6,861.53 | 6,984.58 |
| Proceeds from the Issue | - | 10,000.00 |

The Working capital assessment is made on the basis of following assumptions:

| Particulars | Existing Period (in months) | Existing | Estimated |
|---|---|---|---|
| Raw Material - Indigenous | Month's consumption | 1.00 | 1.00 |
| Raw Material - Imported | Month's consumption | 2.00 | 2.00 |
| Other Consumables- Indigenous | Month's consumption | 1.00 | 1 .00 |
| Work in Process | Month's cost of production | 1.77 | 0.67 |
| Finished Goods | Month's cost of production | 0.03 | 0.50 |
| Sundry Debtors | Month's sales | 3.13 | 2.50 |
| Sundry Creditors | Month's consumption | 0.33 | 0.50 |

**C. General Corporate Purposes**

The Proceeds of the Issue will be first utilized towards the Objects. The balance of Rs. **[●]** is proposed to be utilized for general corporate purposes, including strategic initiatives, acquisitions, brand building exercises and strengthening of our marketing capabilities, subject to compliance with the necessary provisions of the Companies Act. Our management, in accordance with the policies of the Board, will have flexibility in utilizing any surplus amounts. We do not intend to utilize more than 25% of the proceeds of the Issue towards General Corporate Purposes.

### D. Expenses for the Issue

The expenses of the Issue include, among others, underwriting fees, selling commission, fees payable to the BRLM to the issue, Legal counsel, Escrow collection Banks and Registrar to the Issue stationery printing and distribution expenses, legal fees, statutory advertisement expenses, NSDL / CDSL connectivity charges, charges for book building platform for bidding, fees payable to SEBI and listing fees etc. The total expenses of the Issue are estimated to be approximately Rs. [●] Lakhs.

| Particulars | Amount Rs. Lakhs* | As a % of Total Issue Expenses | As a % of Total Issue Size |
|---|---|---|---|
| BRLM / Syndicate member fee | [●] | [●] | [●] |
| Underwriting & Selling Commission | [●] | [●] | [●] |
| Advertising & Marketing expenses | [●] | [●] | [●] |
| Registrar fee | [●] | [●] | [●] |
| Printing, Stationary, Dispatch | [●] | [●] | [●] |
| Other expenses (including listing fee, SEBI filing fee, IPO Grading expenses, Legal Counsel fee, Depository charges, Auditor's fee, etc.) | [●] | [●] | [●] |
| **Total** | **[●]** | **[●]** | **[●]** |

* will be incorporated at the time of filing of the prospectus.

### Estimated Schedule of Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized a under:

(Rs. in lakhs)

| Particulars | Funds already deployed (till August 31, 2010) | 2010 - 11 | 2011 - 12 | Total |
|---|---|---|---|---|
| Procurement of Equipments / Machineries for our EPC and Civil Construction work. | - | 500.00 | 2,552.25 | 3052.25 |
| Augmenting working capital resources | - | - | 10,000.00 | 10,000.00 |
| General Corporate purpose | - | [●] | [●] | [●] |
| Expenses of the Issue | 12.53 | [●] | [●] | [●] |
| **Total** | **12.53** | **[●]** | **[●]** | **[●]** |

### Deployment of Funds in the Project

We have incurred Rs. 12.53 Lakhs upto August 31, 2010 towards objects of the issue which has been certified by Mr. Rajat Goyal (Mem. No. 503150), Partner, KRA & Co., Statutory Auditors, vide their certificate dated September 15, 2010. The same has been incurred towards payment of issue expenses and have been financed through internal accruals.

### Appraisal

The funds requirement and funding plans are our own estimates and have not been appraised by any Bank / Financial Institution.

**Interim Use of Proceeds**

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market Mutual Funds, deposits with banks for the necessary duration or for reducing overdrafts. Such investments would be in accordance with investment policies approved by our Board from time to time. Our Company confirms that, pending utilization of the Net Proceeds, it shall not use the funds for any investments in the equity markets.

**Monitoring of Utilization of Funds**

There is no requirement for appointment of an independent monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. Pursuant to Clause 49 of the listing agreement, the Audit Committee of our Board will monitor the utilization of the proceeds of the Issue.

We shall, on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet till such time the proceeds of the Issue have been utilised, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Issue have been utilised, 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.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, our Directors, Key Management Personnel or Promoter Group Entities.

## ISSUE STRUCTURE

The present Issue of [●] Equity Shares, at a price of Rs. [●] for cash aggregating Rs. 15,000 lakhs, is being made through the 100% Book Building Process.

| Particulars | QIBs # | Non-Institutional Bidders | Retail Individual Bidders | Eligible Employees |
|---|---|---|---|---|
| Number of Equity Shares* | Not more than [●] equity shares or Net Issue less allocation to Non-Institutional Bidders and Retail Bidders | Not less than [●] equity shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than [●] equity shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders | 50,000 equity shares |
| Percentage of Issue Size available for allocation | Not more than 50% of the Net Issue (of which 5% shall be available for allocation for Mutual Funds) or Net Issue less allocation to Non-Institutional Bidders and Retail Bidders. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund portion will be available to remaining QIBs. | Not less than 15% of the Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than 35% of the Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders | [●] % of the Issue## |
| Basis of Allocation if respective category is oversubscribed | Proportionate as follows:<br>(a) Upto [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion;<br>(b) Balance [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate | Proportionate |
| Minimum Bid / Bid lot | Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of [●] Equity Shares thereafter. | Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |
| Maximum Bid / Bid lot | Such number of equity shares not exceeding the Issue, subject to regulations as applicable to the Bidder. | Such number of equity shares not exceeding the Issue subject to regulations as applicable to the Bidder. | Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 100,000 | Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 100,000 |

| Particulars | QIBs # | Non-Institutional Bidders | Retail Individual Bidders | Eligible Employees |
|---|---|---|---|---|
| Mode of Allotment | Compulsorily in dematerialised form | Compulsorily in dematerialised form | Compulsorily in dematerialised form | Compulsorily in dematerialised form |
| Allotment lot | [●] equity shares and in multiple of 1 equity share thereafter | [●] equity shares and in multiple of 1 equity share thereafter | [●] equity shares and in multiple of 1 equity share thereafter | [●] equity shares and in multiple of 1 equity share thereafter |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply** | Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral & bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with 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 and National Investment Fund set up by Resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India, eligible for bidding in this Issue. | Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies , trusts and eligible/permitted Sub- Accounts which are foreign corporates or foreign individuals | Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value. | Eligible Employees who continues to be in employment of the Company and Subsidiaries until the submission of the bid cum application form. |
| Terms of Payment *** | 100% of the Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate. | 100% of the Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate. | 100% of the Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate. | 100% of the Bid Amount shall be payable at the time of submission of Bid-cum-Application Form to the Members of the syndicate. |
| Margin Amount | 100% of the bid amount on bidding | 100% of the bid amount on bidding | 100% of the bid amount on bidding | 100% of the bid amount on bidding |

# Our Company may allocate upto 30% of the QIB Portion to Anchor Investors, out of which atleast one-third will be available for allocation to Domestic Mutual Funds. In the event of under subscription in Anchor Investors Portion, the balance equity shares shall be added to the Net QIB Portion.

## Reservation under Employees Category will not exceed 5% of the post issued paid up share capital.

* Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in any category would be met with spillover from other categories in accordance with applicable laws, regulations and guidelines. Under subscription, if any in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. In case of under subscription in the Net Issue, spill-over to the extent of under subscription shall be permitted from the Employees Reservation Portion. Investors may note that in case of over subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Employees Reservation Portion shall be made on a proportionate basis.

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

*** In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

## BASIS FOR ISSUE PRICE

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

Investors should read the following summary along with the section titled "Risk Factors" on page (x) and section titled "Financial Statements" on page 99 of the Draft Red Herring Prospectus. The trading price of the equity shares of the Company could decline due to these factors and you may lose all or part of your investments.

**Qualitative Factors**

- Diversified portfolio of projects across various infrastructure sectors and geographic locations
- Experience and track record for Construction of transmission lines
- Track record of manufacturing & supplying of Materials to Power Sector
- Ability to meet pre-qualification credentials
- Professionally managed company with an experienced management and a qualified employee base
- Integrated Company

For the details on the qualitative factors which form the basis for computing the price, please see the section titled "Our Business" on page 56 of the Draft Red Herring Prospectus.

**Quantitative Factors**:
Information in this section is derived from the Company's restated financial statements prepared in accordance with Indian GAAP. The quantitative factors, which form the basis for computing the price are as follows:

1. **Weighted Earning Per Share (EPS):**

| Year | Basic EPS (Rs.) | Weightage |
|---|---|---|
| 12 Months Ended March 31, 2008 | 12.88 | 1 |
| 12 Months Ended March 31, 2009 | 11.36 | 2 |
| 12 Months Ended March 31, 2010 | 20.52 | 3 |
| **Weighted average EPS** | **16.19** | |

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

| | Particulars | At the lower Band of Rs. [●] | At the upper Band of Rs. [●] |
|---|---|---|---|
| (a) | Based on weighted average (Basic EPS) as on March 31, 2010 | [●] | [●] |
| (b) | PE Multiple - Transmission Line Towers / Equipments Industry | | |
| | Highest (Kalpataru Power / KEC International) | | 17.90 |
| | Lowest (Jyoti Structures) | | 11.70 |
| | Average P/E ratio | | 16.20 |

***Source: Capital Market Vol. XXV/ 15 dated September 20 - October 03, 2010***

3. **Return on Net worth (RONW)**

| Year | RONW (%) | Weightage |
|---|---|---|
| 12 Months Ended March 31, 2008 | 19.27 | 1 |
| 12 Months Ended March 31, 2009 | 18.09 | 2 |
| 12 Months Ended March 31, 2010 | 26.23 | 3 |
| **Weighted average RONW** | **22.36** | |

**Minimum return on total Net worth after issue needed to maintain pre-issue EPS is [●]**

**4. Net Asset Value (NAV) per share**

| Year | NAV (Rs.) |
|---|---|
| As on March 31, 2010 | 75.89 |
| After the Issue | [●] |
| Issue Price | [●] |

**5. The accounting ratios of selected companies in the Industry Group**

We are a part of the Transmission line towers / Equipments industry.

| Name of Company | Face Value | EPS (Rs.) | P/E ratio | RONW (%) | NAV (Rs.) |
|---|---|---|---|---|---|
| Aravali Infrapower Limited (as on March 31, 2010) | 10 | 20.52 | [●] | 26.23 | 75.89 |
| Jyoti Structures | 2 | 10.90 | 11.70 | 19.80 | 61.30 |
| KEC Intl. | 10 | 32.30 | 17.90 | 25.80 | 149.30 |
| Kalpataru Power | 10 | 10.80 | 17.90 | 18.70 | 93.70 |

***Source: Capital Market Vol. XXV/ 15 dated September 20 - October 03, 2010***

For the peer group companies, all the figures except P/E ratio, are for the financial year ended March 31, 2010.

The Face Value of our Equity Shares is Rs.10/- per share and the Issue Price is [●] times of the Face Value at the lower end of the Price Band and [●] times of the Face Value at the higher end of the Price Band. The Issue Price of Rs. [●] has been determined by us in consultation with BRLM and on the basis of assessment of market demand for the Equity Shares from the investors by way of book building and is justified on the basis of the above factors.

## STATEMENT OF TAX BENEFITS

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

The Board of Directors,
Aravali Infrapower Ltd.
G-29, 3rd floor, Vardhman Tower,
New Delhi-110018

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Direct and Indirect Tax Laws, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their 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 enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:
i. whether the company is currently availing any of these benefits or will avail these benefits in future or,
ii. The Company or its share holders will avail these benefits in future; or
iii. The conditions prescribed for availing the benefits have been / would be met with.

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

For & on Behalf of
KRA & Co.
Chartered Accountants

RAJAT GOYAL
M.No.503150
Firm Registration No: 020266N

Place: Delhi
Date: September 15, 2010

## TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

- This statement sets out below the possible tax benefits available to the Company and to the shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.
- This Statement sets out below 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 equity shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to specific tax implications arising out of their participation in the issue;
- 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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint shareholders.

## STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 AND OTHER DIRECT TAX LAWS PRESENTLY IN FORCE IN INDIA

**TAX BENEFIT ARISING OUT OF THE PRESENT ISSUE - NIL**

**SPECIAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

**A. List of Special Tax Benefits available to the company.**

(a) Tax benefits are available to the following units set up in notified tax exempted area.
- (i) Plot No- 92, 93, 112 & 113 SICOP Industrial Estate, Kathua Jammu & Kashmir.
- (ii) Plot NO- D-7, Eldeco Sidcul Industrial Park, Sitarganj, Dist Uddam Singh Nagar, Uttrakhand.
- (iii) Plot No- 180A, 181A, 183 & 175 MIN at village Lalpur, Kiccha Raod, Rudarpur, Dist Uddam Singh Nagar, Uttarakhand.

The benefits available to these units are as under:-

**1. Under Central Excise Act 1944:**
- a. **For Unit in Jammu & Kashmir:** Excise Duty refund equivalent to duty paid through PLA on Copper subject to 15% of duty payable and on aluminum and zinc alloys subject to 36% of duty payable under notification no - 56/2002 of Central Excise dated 14.11.2002 as amended by notification no. 19/2008 dated 27.03.08 & 34/2008 dated 10.06.2008.
- b. **For Unit in Uttarakhand:** 100% Central Excise Duty Exemption upto financial year 2017-18 vide Notification No - 50/2003 C E dated 10.06.2003

**2. Under Income Tax Act 1961**
- a. **For unit in Jammu and Kashmir**: 30% Income Tax Exemption upto assessment year 2014-15u/s 80 IB.
- b. **For Unit in Uttarakhand:** 100% Income tax exemption upto assessment year 2018-19 under Section 80 IC.

**3. Under Central Sales Tax Act:**
- a. **For Unit Jammu and Kashmir**: Central Sales Tax exemption upto financial year 2013-14vide Notification No.SRO24 Dated 31.01.2004.

b. **For Unit in Uttarakhand:** Central Sales Tax on concessional rates @ 1% upto financial year 2012-13 vide Notification No.- Uttaranchal Shasan No. 335/XXVII(5)/Trade Tax/2004 dated 16.03.2005 further amended vide Notification No.- 211/XXVII (8) Vanijya Kar (VAT) /2007 dated 09.04.2007.

4. **Under Local Sales Tax Act in Jammu and Kashmir**: Local Sales Tax exemption upto financial year 2013-14 vide Notification No.SRO91 dated 16.03.06.

5. **Under Customs Tariff**
   - In terms of notification No. 84/1997 dt. 11.11.1997 the goods imported under World Bank / ADB funded projects are eligible for nil customs duty.

6. **Under EXIM Policy**
   - Supply of goods to projects funded by World Bank / ADB are entitled to deemed export benefits as available under Chapter 8 of Export & Import Policy

**B. List of Special Tax Benefits available to shareholders**

**Special Tax Benefits available to shareholders -N**IL

**General Tax Benefits available:**

**A. Benefits to the company under Act**

1. **Dividends exempt under section 10(34) and 10(35) of the IT Act.**
Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.
2. **Computation of capital gains.**
Capital assets are to be categorized into short-term capital assets and long- term capital assets based on the period of holding. All capital assets except shares held in a company or any other security listed in a recognized stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months. As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT'). As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess).However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess). However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

   As per provisions of section 111A of the IT Ac t, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. **Exemption of capital gains arising from income tax:**
   As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds upto Rs 5 million per assesses during any financial year.
4. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
5. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(iia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.
6. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
7. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.
8. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.

***Carry forward and Set off of Business Loss***

9. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.
10. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
11. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be setoff against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
12. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year’s long-term capital gains for subsequent 8 years.

**B. Benefits to the Resident shareholders of the company under the IT Act**

**General Tax Benefits:**

1. Dividends exempt under section 10(34) of the IT Act: Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the Income Tax Act 1961.
3. Computation of capital gains: Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

   As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

   As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

   As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess).

   However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

   As per provisions of section 111A of the IT Ac t, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.
4. Exemption of capital gains arising from income tax: As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

   However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds.

   a. issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds upto Rs.5 million per assessee during any financial year.
      Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, longterm capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempted from capital gains tax, if the net

consideration from such shares are used for either purchase of residential house property within a period of one year before or 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. However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

**C. Benefits to the Non-resident shareholders of the company other than Foreign Institutional**

**Investors and Foreign Venture Capital Investors**

1. **Dividends exempt under section 10(34) of the IT Act**: Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.
2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of Rs.1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.
3. **Computation of capital gains**: Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

   As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non resident shareholders.

   As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

   As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

   As per provisions of section 111A of the IT Ac t, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. **Exemption of capital gain from income-tax**: As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

   However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds upto Rs 5 million per assessee during any financial year.

   Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, longterm capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or 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.

5. **Non resident taxation**: Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. “Special Provisions Relating to Certain Incomes of Non- Residents” which are as follows:
   a. Under section 115E of the IT 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, will [in cases not covered under section 10(38) of the IT Act], be concession ally taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation)
   b. Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange will 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 will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

6. In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.

7. In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

8. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.

9. Tax Treaty Benefits: As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non- Resident.

**D. Benefits to Foreign Institutional Investors ('FII')**

1. Dividends exempt under section 10(34) of the Act: Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.
2. Long term capital gains exempt under section 10(38) of the Act: As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.
3. Capital gains: As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

| **Nature Of Income** | ***Rate of tax*** (%)* |
|---|---|
| Long-term Capital Gains | 10 |
| Short-term Capital Gains | 30 |

* Plus applicable surcharge and cess

4. The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII. As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October1, 2004, and the transaction is chargeable to STT.

   As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October1, 2004 and is chargeable to STT.
5. **Tax Treaty Benefits**: As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

**E. Benefits to the Mutual Funds**

1. Dividends exempt under section 10(34) of the Act: Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.
2. As per the provisions of section 10(23D) of the Act: Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

**F. Benefits to the Venture Capital Companies / Funds**

1. Dividends exempt under section 10(34) of the Act: Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.
2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered

with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

**G. Benefits under the Wealth Tax Act, 1957**

Asset 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 under the Gift Tax Act**

No Gift tax is leviable in respect of gifts made on or after October 1, 1998, but before April 1, 2006. As per amended section 56 (2) (vi) of Income Tax Act, 1961, any gift received in money, the aggregate value of which exceeds Rs. 50,000/- is received without consideration, the whole of the aggregate value of such sum will be chargeable to tax. As per newly inserted section 56 (2) (vii) of Income Tax Act, 1956, value of sum of money / immovable property / movable property received without consideration or for inadequate consideration is in exceed of Rs. 50,000/- than the whole of the aggregate value of such sum will be chargeable to tax with effect from dated 01.10.2009.

**Notes**

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2009 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.
5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

For & on Behalf of
KRA & Co.
Chartered Accountants

RAJAT GOYAL
M.No.503150
Firm Registration No: 020266N

Place: Delhi
Date: September 15, 2010

## INDUSTRY OVERVIEW

Data in this section has been sourced from the following:

Website of Ministry of Finance - www.finmin.nic.in
Website of Central Statistical Organization - www.mospi.gov.in
Website of FICCI - www.ficci.com
Website of Department of Industrial Policy & Promotion - www.dipp.nic.in
Website of IBEF - www.ibef.org

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government bodies and industry websites/publications. We may have reclassified such data for the purpose of this section. Industry sources/websites/publications generally state that the information contained in therein has been obtained from sources believed to be reliable but the accuracy and completeness of the information are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agency.*

**OVERVIEW OF THE INDIAN ECONOMY**

Indian economy has been witnessing a phenomenal growth since the last decade. The overall growth of GDP at factor cost at constant prices, as per Revised Estimates of the CSO, was 7.4 per cent in 2009-10 representing an increase from a level of growth of 6.7 per cent during 2008-09. The government with its inclusive growth agenda and continued thrust on infrastructure development and renewed interest in economic reforms can certainly sustain the growth momentum.

As per the July 2010 survey conducted by FICCI on Economic outlook, forecasters have revised industry sector growth number upwards to 10 % during 2010-11from 9.2 % in the last year.

As per the latest estimates available on the Index of Industrial Production (IIP), The General Index stood at 312.4, which is 7.1% higher as compared to the level in the month of June 2009. The cumulative growth during April-June'2010-11 over the corresponding period of 2009-10 in mining, manufacturing and electricity sectors have been 10.4%, 12.2% and 5.6% respectively, In terms of industries, as many as thirteen (13) out of the seventeen (17) industry groups (as per 2-digit NIC-1987) have shown positive growth during the month of June 2010 as compared to the corresponding month of the previous year.

The Foreign Direct Investment (FDI) investment has gone up from USD 34.84 Billion in 2007-08 to USD 37.18 Billion in 2009-10 as per provisional figures by RBI. India FDI Equity inflows for three month ending June 2010 stood at USD 5.81 Billion, taking the cumulative amount of FDI Equity inflows during August 1991 - June 2010 to US$ 138.235 Billion.

**POWER INDUSTRY**

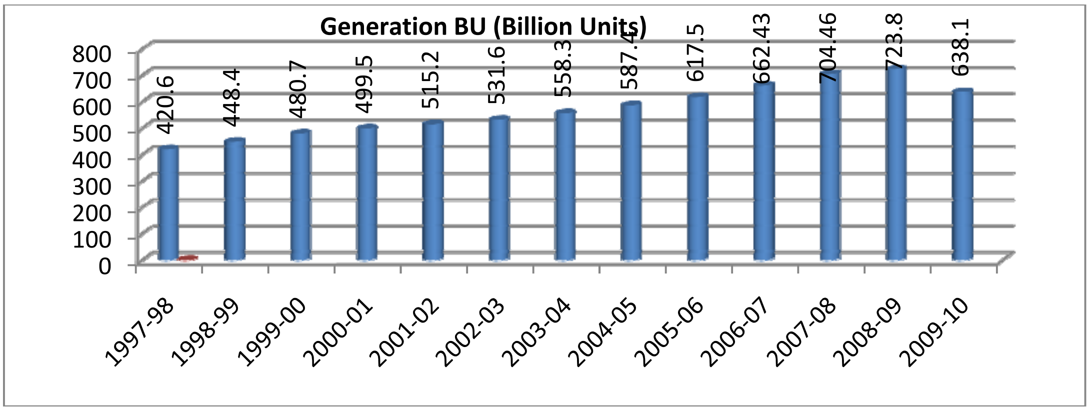
Availability of Power is one of the important ingredients for industrial and socio-economic development of the country. It is an important infrastructure facility without which no industrial activity can be thought of in the current time. Indian Power Industry has come a long way since independence during which the total power generated in the country stood at 1362 megawatt (MW). The government of India announced liberalization policy in 1991 and subsequent amendments in Electricity (Supply) Act opened up the sectors for private participants and investments in the Power industry. The installed capacity of 1362 MW in 1947 increased to 162366.80 MW as on June 30, 2010 and with this India became the fifth largest producer and consumer of electricity in the world, equaling the capacities of UK and France, combined. The number of consumers connected to the Indian Power Grid is over 144 million

A recent study by consultancy major McKinsey estimates India's power demand to increase from the present capacity to 315 GW–335 GW by 2017, if India continues to grow at an average of 8 per cent over the next 10 years. This would require a five- to ten-fold rise in power production, entailing investments worth US$ 600 billion over the next ten years. To feed its rapidly growing economy, India is planning to get an additional 60,000 MW of electricity from various hydro-power projects by the end of 2025. The Nuclear Agreement signed on October 10, 2008, has opened the door to India to meet its tremendous energy needs. This will result in growth for nuclear power in the country with the potential foreign entrants in the sector.

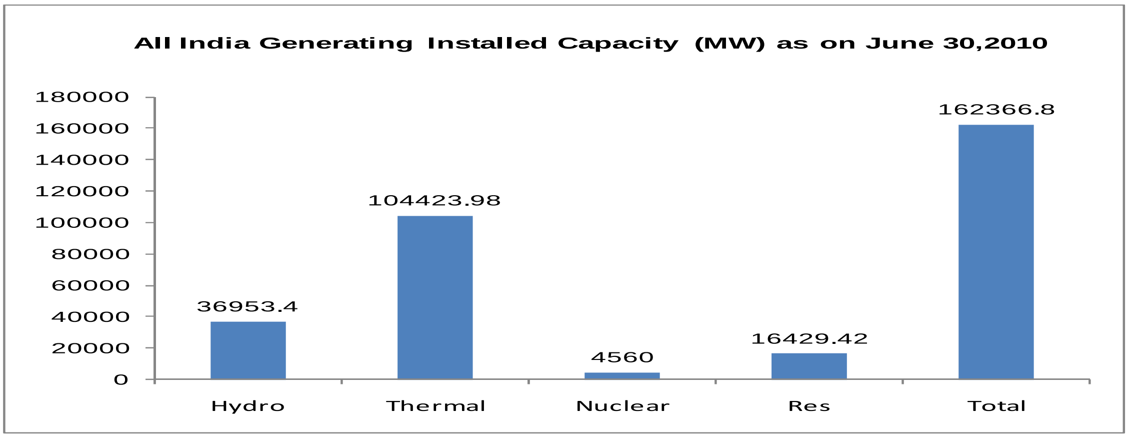
**Segments of Power Industry**
The Power Sector comprises three segments, Generation, Transmission and Distribution. Majority of Generation, Transmission and Distribution capacities are with either public sector companies or with State Electricity Boards (SEBs). The power sector in India is dominated by the government. The State and Central Government sectors account for 52.50% and 34% of the generation capacity respectively while the private sector accounts for about 13.5%. The bulk of the transmission and distribution functions are with State utilities. Transmission and Distribution (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. In India, SEBs are vertically integrated as intra-state distribution network and the grids are owned and operated by SEBs or state governments through SEBs. The transmission and sub-transmission systems supply power to the distribution system, which in turn supplies power to end-consumers. Distribution of power to end consumers is largely controlled by SEBs and licensees in the private sector.

| Key Players | Generation | Transmission | Distribution |
|---|---|---|---|
| Companies | NTPC, NHPC, SEBs, Private Sector Developers | Power Grid Corporation, Transcos, SEBs | SEBs, Reliance Energy Limited, NDPL, CSES, AEC, SEC, and users in industry and building sector |
| Equipment Suppliers | BHEL, ABB, Crompton Greaves, Siemens, Bharat Bijlee, Areva T&D India, Emco | BHEL, ABB, Crompton Greaves, Siemens, Areva T&D India, KEC Bharat Bijlee, Aravali Infrapower Limited | Vijai Electricals, Crompton Greaves, Bharat Bijlee, Areva T&D India, KEC, Emco |

**GENERATION**
There are three main sources for generating electricity, which are, thermal, hydroelectric and nuclear. In India power generation is largely dependent on Coal, gas, nuclear and hydroelectric resources. Non Conventional sources such as Wind and Solar energy account for small proportion of the total installed capacity. Fuel Oil and Diesel are largely used in captive power plant. The overall generation in the country has increased from 420.6 Billion units (BUs) during 1997- 98 to 638.1 BUs during 2009-10, depicting a tremendous growth. There has been significant improvement in the growth in actual generation over the last few years.




*Source: Ministry of Power, Annual Report 2009-10*




*Source: Ministry of Power*

The National Electricity Policy (NEP) stipulates power for all and annual per capita consumption of electricity is expected to rise to 1000 units by 2012. The all India installed power generation capacity as on June 30, 2010 was 162366.808 MW comprising of 104423.98 MW thermal, 36953.40 MW hydro, 4560 MW nuclear and 16429.42 MW R.E.S.

**Plant Load Factor (PLF)**
The Plant Load Factor (PLF) of Thermal Power Stations (TPSs) in the country has been steadily increasing over the years, representing higher utilization of the installed capacity. The average PLF of TPSs of Power Utilities during (April-January, 2009-10) was 76.65.

**The Demand Supply Situation**
India's energy requirement during 2009-10 stood at 830,300 MU and energy availability during the same period was 746,493 MU, resulting in an energy shortage of 83,807 MU (10.10 percent). Peak demand for energy in 2009-10 was recorded at 118472 MW, whereas, peak demand met during the same period was 102725 MW and hence, the peak shortage stood at 15748 MW (13.30 percent). The power supply position of the country over the years is as follows:

**Power Supply Position in India**

| Period | Energy Requirement (MU) | Energy Availability (MU) | Energy Shortage (MU) | Energy Shortage (%) |
|---|---|---|---|---|
| 9TH PLAN END | 522537 | 483350 | 39187 | 7.5 |
| 2002-03 | 545983 | 497890 | 48093 | 8.8 |
| 2003-04 | 559264 | 519398 | 39866 | 7.1 |
| 2004-05 | 591373 | 548115 | 43258 | 7.3 |
| 2005-06 | 631757 | 578819 | 52938 | 8.4 |
| 2006-07 | 690587 | 624495 | 66092 | 9.6 |
| 2007-08 | 739345 | 666007 | 73338 | 9.9 |
| 2008-09 | 774324 | 689021 | 85303 | 11 |
| 2009-10 | 830300 | 746493 | 83807 | 10.10 |

*Source: Ministry of Power, www.powermin.nic.in*

Significant capacity addition of 78,700 MW has been proposed for the 11th Plan. This capacity addition is expected to provide a growth of 9.5% to the power sector. They will meet the power needs of a number of states through transmission of power on regional and national grids.

**Planned Capacity Additions (MW) during the 11th Plan (2007-12)**

| | Central | State | Private | Total |
|---|---|---|---|---|
| Hydro | 8654 | 3482 | 3491 | 15627 |
| Thermal | 24840 | 23301 | 11552 | 59693 |
| Nuclear | 3380 | - | - | 3380 |
| Total | 36874 | 26783 | 15043 | 78700 |

Source: Annual Report 2009-10, Ministry of Power

**TRANSMISSION**

Transmission of electricity is defined as bulk transfer of power over a long distance at a high voltage, generally of 132 kV and above. Indian power system is demarcated into five independent regional grids viz. Northern, Eastern, Western, Southern, and North-eastern Regions. All the regional grids, except Eastern and North-eastern Regions, operate independently with only a limited exchange of power across the regions. In India bulk transmission has increased from 3708 ckm in 1950 to more than 2, 65,000 ckm today. While the predominant technology for electricity transmission and distribution has been Alternating Current (AC) technology, High Voltage Direct Current (HVDC) technology has also been used for inter-connection of all regional grids across the country and for bulk transmission of power over long distances.

The Government of India has an ambitious mission of 'POWER FOR ALL BY 2012'. This mission would require that our installed generation capacity should be at least 2, 00,000 MW by 2012 from the present level of 1, 62,000 MW. To be able to reach this power to the entire country an expansion of the regional transmission network and inter regional capacity to transmit power would be essential. The latter is required because resources are unevenly distributed in the country and power needs to be carried great distances to areas where load centres exist.

**Creation of National Grid**

The exploitable energy resources in our country are concentrated in certain pockets. As a result, some regions do not have adequate natural resources for setting power plants to meet future requirements whereas others have abundant natural resources. This has necessitated formation of National Power Grid to transmit power from resource rich areas to deficit areas as well as to facilitate scheduled/ unscheduled exchange of power. Ministry of Power has envisaged the establishment of an integrated National Power Grid in the country by the year 2012 with an inter-regional power transfer capacity to about 37,700 MW by the end of XI Plan, depending upon planned growth of generation capacity.

Presently, four major power regions of the country namely, North-Eastern, Eastern, Western and Northern are operating as one synchronous grid. This is facilitating flow of power from surplus to deficit regions bringing much needed economy.

**Evolving the Perspective Transmission System for XI Plan**

Identification of 11th Plan transmission expansion plan was done based on Power System Studies corresponding to the scenario at the end of 11th Plan. This transmission expansion plan is based on the generation addition programme of 78,577 MW during the 11th plan period. The implementation programme was subsequently worked out keeping in view identification of projects, schemes and transmission elements that should be implemented matching with programme of generation capacity addition and load growth on yearly basis upto 2011-12.

**Cumulative Growth in Transmission Sector and Programme for Eleventh Plan**

| | Unit | At the end of X Plan i.e. March 2007 | Target at the end of XI Plan i.e. March 2012 |
|---|---|---|---|
| | | X Plan | XI Plan |
| **TRANSMISSION LINES** | | | |
| 765 kV | ckm | 1704 | 7132 |
| HVDC +/- 500kV | ckm | 5872 | 11078 |
| HVDC 200 kV Monopole | ckm | 162 | 162 |

| | Unit | At the end of X Plan i.e. March 2007 | Target at the end of XI Plan i.e. March 2012 |
|---|---|---|---|
| | | X Plan | XI Plan |
| 400 kV | ckm | 75722 | 125000 |
| 230/220 kV | ckm | 114629 | 150000 |
| **Total Transmission Line** | **ckm** | **198089** | **293372** |
| SUBSTATIONS | | | |
| HVDC BTB | MW | 3000 | 3000 |
| HVDC Bipole + Monopole | MW | 5200 | 11200 |
| **Total – HVDC Terminal Capacity** | **MW** | **8200** | **14200** |
| 765 kV | MVA | 2000 | 53000 |
| 400 kV | MVA | 92942 | 145000 |
| 230/200 kV | MVA | 156497 | 230000 |
| **Total – AC Substation Capacity** | **MVA** | **251439** | **428000** |

*Source: Ministry of Power*

**DISTRIBUTION**

The electricity distribution section is the most daunting sector due to its interface with the public at large with different needs and expectations and varying degrees of capacity to pay. The need to improve this sector was realized, in the 10th plan with emphasis on steps to reduce the huge aggregate technical and commercial losses, control the theft & pilferage and rationalise the tariff structures. Major schemes like Accelerated Power Development & Reform Program for urban areas and the Rajiv Gandhi Grameen Vidyutikaran Yojana was initiated in the 10th plan which aimed at bringing in investment in urban areas and creating an electricity infrastructure in rural areas. There is however a pressing need to continue these efforts in the 11th plan so as to reduce the AT&C losses and to continue with the reforms in the distribution sector to provide an affordable, good quality and reliable power supply to the citizen of India, be it in urban or rural areas.

The Government of India identified Distribution Reforms as the key area to bring about the efficiency and commercial viability into the power sector. Apart from an extensive transmission system network at 500kV HVDC, 400kV, 220 kV, 132kV and 66kV which has developed to transmit the Power from the generating station to the grid substations, a vast network of sub transmission in distribution system has also come up for the utilization of the power by the ultimate consumers. The Ministry of Power took various initiatives towards reforms and other policy measures for helping the state power Utilities to bring improvement in their efficiency towards bringing about commercial viability in the power sector. Some of the major initiatives were: establishment of regulatory mechanism at central and state level, restructuring of the state power Utilities, metering of feeders & consumers, energy accounting & auditing, securitization of outstanding dues of CPSUs etc. At the national level 98% feeders and 89% of consumers have been metered so far. 100% feeder metering has been achieved in 23 States.

**Distribution reforms & Accelerated Power Development and Reforms Programme (APDRP)**

The Accelerated Power Development Reforms Programme (APDRP) was launched in 2002-03 for implementation in 10th Plan as additional central assistance to the states for strengthening and up gradation of sub-transmission and distribution systems of high-density load centres like towns and industrial areas. The main objectives of the programme were to reduce AT&C loss, reduction of commercial loss and improve quality and reliability of supply.

The APDRP programme has been restructured by the Government of India, in order that reliable and verifiable baseline data of revenue and enegry in APDRP Project areas is attained over an IT plateform and that AT& C loss reduction is achieved on a sustained basis. The Restructured APDRP (R-APDRP) was launched by MoP, GoI in July 2008 as a central sector scheme for XI plan.

Steering Committee has approved 1344 projects under Part-A at the cost of Rs. 4859.61 Crores for 22 states. Budget allocation for the current year (FY 2009-10) is Rs. 1730 Crore (Rs 1650 Crore as loan and Rs 80 Crore as grant).

Six states namely West Bengal, Madhya Pradesh, Rajasthan, Karnataka, Uttarakhand and Gujarat have awrded the work for implementation of projects approved under Part-A of R-APDRP to IT Implementing Agency (ITIA).

**The Indian Infrastructure Sector**

The infrastructure sector covers the services of transportation (railways, roads and road transportation, ports, and civil aviation), communications (telecommunications and postal services), electricity and other services such as water supply and sanitation, solid waste management, and urban transport.

The FDI Equity Inflow in the Construction Activities sector including roads & highways in the year 2009-10,2010-11 are US$2,862 million and US$ 221million which gives the cumulative inflows (April'00-June'10) of US$8,274million. The percentage to total inflows is 7%. (Source: www.dipp.nic.in )

The aggregate capital formation in infrastructure to achieve India's targeted annual average growth in GDP of 9% over the Eleventh Plan period, would have to rise from Rs. 259839 Crore in 2007-08 to Rs. 574096 Crore in 2011-12 at constant 2006-07 price. Over the Eleventh Plan period, as a whole, this aggregates to US$ 502.88 billion. GCF in Infrastructure is US$117.04 and US$143.52 in 2010-11 and 2011-12 at 2006-07 price.
(Source: www.planningcommission.nic.in )

The Eleventh Plan emphasised the importance of investment in infrastructure for achieving a sustainable and inclusive growth of 9 to 10 per cent in GDP over the next decade. In this context, it envisaged an increase in investment in physical infrastructure from the level of about 5 per cent of GDP witnessed during the Tenth Plan to about 9 per cent of GDP by 2011-12 (terminal year of the Eleventh Plan). This was estimated to require an investment of Rs. 20,56,150 crore (US $ 514 billion) during the Eleventh Plan period as compared to an estimated investment of Rs. 8,71,445 crore (US$ 218 billion)1 during the Tenth Plan. Further, it was estimated that the contribution of the private sector in this investment would rise from about 20 per cent in the Tenth Plan to about 30 per cent in the Eleventh Plan. The total investment in infrastructure in the Eleventh Plan would be Rs. 20,54,205 crore, which is comparable to the earlier estimates.

**Sector-Wise Investment: Tenth and Eleventh Plan**

(Rs. Crore at 2006-07 prices)

| Sector | Tenth Plan Actual Investments | Eleventh Plan Revised Projections |
|---|---|---|
| Electricity (incl. NCE) | 340237<br>(37.55) | 658630<br>(32.06) |
| Roads & Bridges | 127107<br>(14.03) | 278658<br>(13.57) |
| Telecommunications | 101889<br>(11.25) | 345134<br>(16.80) |
| Railways (incl. MTRS) | 102091<br>(11.27) | 200802<br>(9.78) |
| Irrigation (incl. Watershed) | 106743<br>(11.78) | 246234<br>(11.99) |
| Water Supply & Sanitation | 60108<br>(6.63) | 111689<br>(5.44) |
| Ports (incl. Inland Waterways) | 22997<br>(2.54) | 40647<br>(1.98) |
| Airports | 6893<br>(0.76) | 36138<br>(1.76) |

| Sector | Tenth Plan Actual Investments | Eleventh Plan Revised Projections |
|---|---|---|
| Storage | 5643<br>(0.62) | 8966<br>(0.44) |
| Oil & gas Pipelines | 32367<br>(3.57) | 127306<br>(6.20) |
| Total | 906074<br>(100) | 2054205<br>(100) |

Note: Figures in brackets indicate sectoral shares compared to total investments in infrastructure
Source: Planning Commission

The table below shows that starting from a higher base of 5.71 per cent of GDP in the terminal year of the Tenth Plan (2006-07), the investment in infrastructure during the Eleventh Plan has reached 7.18 per cent of GDP in 2008-09. This is expected to increase to 8.37 per cent of GDP in the terminal year of the Eleventh Plan period, which would yield an average of 7.55 per cent of GDP for the Eleventh Plan as a whole. The Eleventh Plan, is therefore, likely to see an increase of about 2.47 percentage points of GDP in the total investment in infrastructure as compared to the Tenth Plan. From the terminal year of the Tenth Plan to the terminal year of the Eleventh Plan, this increase would be 2.66 percentage points of GDP. Further, about two-thirds of this increased investment would be on account of the private sector.

**Revised Projected Investments as Percentage of GDP**

(Rs. Crore at 2006-07 prices)

| Years | Tenth Plan (Actual) | Base Tear of XI Plan (2006-07) (Actual) | 2007-08 (Actual) | 2008-09 (Actual / Est.) | 2009-10 (RE/BE/ Proj.) | 2010-11 (BE/Proj.) | 2011-12 (Proj.) | Total Eleventh Plan |
|---|---|---|---|---|---|---|---|---|
| GDP at market prices | 17840877 | 4283979 | 4717187 | 5003545 | 5363800 | 5792904 | 6314265 | 27191700 |
| Public Investment | 680855 | 173676 | 199539 | 238054 | 262963 | 290832 | 319904 | 1311293 |
| Private Investment | 225220 | 70819 | 104268 | 121138 | 139866 | 169227 | 208413 | 742912 |
| Total Investment | 906074 | 244495 | 303807 | 359192 | 402829 | 460059 | 528316 | 2054205 |
| **Investment as percentage of GDP** | | | | | | | | |
| Public Investment | 3.82 | 4.05 | 4.23 | 4.76 | 4.90 | 5.02 | 5.07 | 4.82 |
| Private Investment | 1.26 | 1.65 | 2.21 | 2.42 | 2.61 | 2.92 | 3.30 | 2.73 |
| Total Investment | 5.08 | 5.71 | 6.44 | 7.18 | 7.51 | 7.94 | 8.37 | 7.55 |

Source: Planning Commission

Moreover, the infrastructure finance companies (IFC) are being included in the category of non-banking finance company (NBFC) by the Reserve Bank of India (RBI). The IFCs would require a capital adequacy ratio of 15 per cent and the similar criteria of NBFCs would be applied to IFCs as well. Further, RBI stated that at least 75 per cent of the assets of these institutions should be used in infrastructure and their net owned funds should be US$ 64.6 million or more.
*(Source: IBEF, www.ibef.org )*

**Railways**

The Indian Railways is one of the largest developed networks in the world. The Indian Railways, premier transport and logistics organisation of the country, is also one of the largest rail networks in Asia. It runs

through the country covering over 64,015 route km, carrying 18 million passengers a day on 17,000 trains, according to the Railway Budget 2010-11.
*(Source: IBEF, www.ibef.in )*

To be counted amongst the world's best railway systems, Indian Railways has to benchmark itself to the best Railways of the world. While inter-country comparisons do present methodological issues, the Table below briefly summarizes the comparative position in respect of some key parameters based on figures published by International Union of Railways (UIC), Paris.

**International Comparison (Year 2008)**

| | Million traffic units (PKM + NTKM) per employee | Route kms per million population | Route kms per square kilometer area |
|---|---|---|---|
| USA | 15.3 | 747.4 | 23.6 |
| China | 1.6 | 45.5 | 6.4 |
| Germany | 0.7 | 410.9 | 94.9 |
| France | 2.1 | 466.5 | 54.2 |
| Russia | 2.6 | 598.1 | 4.9 |
| India | 0.9 | 55.2 | 19.3 |
| Japan | 2.2 | 157.5 | 53.0 |

Source: Ministry of Railways

The total approximate earnings of Indian Railways on originating basis during 1st April – 31st August 2010 were Rs. 37015.28 crore compared to Rs. 34289.58 crore during the same period last year, registering an increase of 7.95 per cent. The total approximate number of passengers booked during April-August 2010 was 3251.33 million compared to 3067.14 million during the same period last year, showing an increase of 6.01 per cent.
(Source: Press Information Bureau, www.pib.nic.in )

In order to augment the rail transport capacity to meet the growing requirement of movement of freight traffic, the Indian Railways have decided to develop freight corridors along its busy trunk routes. To start with, it is proposed to develop dedicated rail freight corridors (DFCs) on the Western and Eastern trunk routes. The Western DFC (1514 kms.) will be from Jawaharlal Nehru Port (JNPT) in Mumbai to Tughlakabad and Dadri near Delhi and would cater largely to the container transport requirements between the existing and emerging ports in Maharashtra and Gujarat and the northern hinterland. The Eastern DFC will be from Ludhiana in Punjab to Dankuni (1806 kms.) near Kolkata to be extended in future to serve the new deep sea port proposed in Kolkata area and will largely serve coal and steel traffic. (Source: Ministry of Railways)

By 2020 more than 30,000 kms of route would be double/multiple lines (compared to around 18,000 kms today). Of this, more than 6,000 kms would be quadrupled lines with segregation of passenger and freight services into separate double-line corridors. This shall include Dehi-Kolkata, Delhi-Mumbai and Delhi-Chennai on which Dedicated Freight Corridors would come. (Source: Ministry of Railways, Indian Railways Vision 2020).

**Roads & Highways**

India has an extensive road network of 3.3 million kms - the second largest in the world. Roads carry about 61% of the freight and 85% of the passenger traffic. Highways/Expressways constitute about 66,590 kms (2% of all roads) and carry 40% of the road traffic. Annual growth is projected at 12-15% for passenger traffic, and 15-18% for cargo traffic. Investment in road sector during the Eleventh Plan is projected at $ 78.50 billion.

An efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways (NH) has a total length of 66,590 Km. The ongoing programme of four-laning the 5846 km long Golden Quadrilateral (GQ) connecting Delhi, Mumbai, Chennai and Kolkata is nearing completion. The four-laning of the 7,142 km North-South East-West (NSEW) corridor is to be completed by December 2009. An ambitious National Highway Development Programme (NHDP), involving a total investment of Rs.2,20,000 crore upto 2012, has been established in the third meeting held on 13th January 2005. (Source: www.infrastructure.gov.in)

In descending order based on the volume of traffic movement, the road network in India can be divided into the following categories:

• Expressways and National highways (NH);
• State highways (SH);
• Major district roads; and
• Rural and other roads.

The following table sets forth the length of each category of the road network in India:

| Indian Road Network | Kilometers (in Kms) |
|---|---|
| Expressways | 200 |
| National Highways | 70,548 |
| State Highways | 1,31,899 |
| Major District Highways | 4,67,763 |
| Rural and Other Roads | 26,50,000 |
| Total Length | 33,20,410 |

Source: NHAI Website: *www.nhai.org*

National Highway Development Project (NHDP) of the Government is at an advanced stage of implementation. Key sub-projects under the NHDP include:
- The Golden Quadrilateral (GQ-5846 kms of 4 lane highways)
- North-South & East-West Corridors (NSEW-7142 kms of 4 lane highways)
- Four-laning of 12,109 km under NHDP-III

The main elements of the Programme are as follows- (Source: www.infrastucture.gov.in )

**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 7,166 km under NHDP-I and 2,440 km under NHDP-II has been completed upto December 2008. Four-laning of 7,166km under NHDP-I and 2,440 km under NHDP-II has been completed upto December 2008.

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

**Two laning of 20,000 km (NHDP-IV)**
NHDP-IV envisages upgradation of 20,000 kms of such highways into two-lane highways, at an indicative cost of Rs.27,800 crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

**Six-laning of 6,500 kms (NHDP-V)**
Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on BOT basis.

These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will be completed by 2012. NHAI has already awarded contracts for 1,030 km till December 2008.

**Development of 1000 km of expressways (NHDP-VI)**
With the growing importance of certain urban centres of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved 1000 k.m. of expressways to be developed on a BOT basis, at an indicative cost of Rs.16,680 crore.

**Other Highway Projects (NHDP-VII)**
The development of ring roads, byepasses, grade separators and service roads is considered necessary for full utilization of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs.16,680 crore, has been approved.
National Highway Development Project is being implemented in four phases I, II,III & V at present. The present phases under phase I, II & III envisages improving more than 32,754 km of arterial route of NH Network to international standards.

**NON FERROUS ALLOYS**
A non ferrous alloy is a combination of two or more metals that do not include iron. Non ferrous alloys are the products formed from the metals like copper, nickel, cobalt, aluminum, zinc, tungsten, refractory metals and precious metals. Non ferrous alloys are perfect for use in applications that require high-strength, lightweight, nonmagnetic compounds. They have high melting points and are often used to manufacture electronic and electrical components.

There are different types of nonferrous metals which are commercially used;
- Aluminium and its alloys
- Magnesium and its alloys
- Titanium and its alloys
- Copper and its alloys
- Zinc and its alloys
- Nickel and its alloys

Aluminium, titanium and magnesium alloys are increasingly used in recent years due to its attractive properties. Aluminium alloys are now being accepted by the automobile manufacturers as a standard material for exterior and interior trim,and are used for all normal bright trim applications such as radiator grilles,headlamp bezels,wheel trim,instrument panels,body mouldings and window and wind- screen surrounds.

The world's total production of alumina (aluminium oxide) continued its upward trend in 2008, increasing by a further 6% compared with 2007 and 32% compared with 2004. Despite recession starting to take hold in the latter part of 2008, the world's production of primary aluminium actually increased during the year as a whole by 3% compared to 2007, continuing a trend which has seen a 31% increase in five years. China is the world's largest producer and the production in China has increased by 97% between 2004 and 2008.
*(Source: British Geological Survey 2010, www.bgs.ac.uk )*

China is also the world's largest consumer of Aluminium followed by USA and Japan.

Major consuming Countries

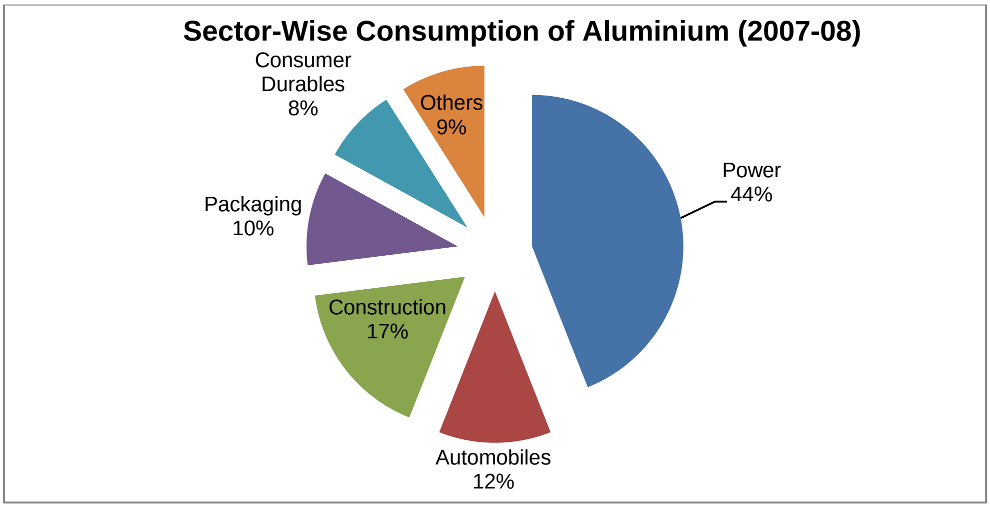
| Countries | Production in '000 tonnes | | | |
|---|---|---|---|---|
| | 2008 | % of total | 2014 | % of total |
| China | 12,604 | 34 | 22,088 | 44 |
| USA | 5,147 | 14 | 5,505 | 11 |
| Japan | 2,139 | 6 | 2,259 | 4 |
| Germany | 1,929 | 5 | 2,054 | 4 |

| Countries | Production in '000 tonnes | | | |
|---|---|---|---|---|
| | 2008 | % of total | 2014 | % of total |
| Middle East | 1,459 | 4 | 2,030 | 4 |
| India | 1,089 | 3 | 3,800 | 8 |
| Italy | 951 | 3 | 869 | 2 |
| South Korea | 937 | 3 | 1297 | 3 |
| Brazil | 933 | 3 | 1,198 | 2 |
| Others | 10,051 | 24 | 9,551 | 19 |
| Total | 37,419 | 100 | 50,651 | 100 |

*(Source: Aluminium Association of India)*

India is the world eighth largest producer of aluminium. It has nearly 10 per cent of the world's bauxite reserves and a growing aluminium sector that leverages this. Demand in the domestic market is expected to grow by 8-10 per cent. By 2020, India is expected to have an installed aluminium capacity of 1.7 to 2 million tones per annum.
*(Source: IBEF Metal & Opportunities Report, www.ibef.org)*

The aluminium sector in India is concentrated among three key players – Hindalco Industries Limited (HINDALCO), Bharat Aluminium Company Limited (BALCO) and National Aluminium Company Limited (NALCO).




*(Source: www.ibef.org)*

The Power sector was the biggest consumer of aluminium wire rods in 2007-08. This increasing demand for power is further expected to drive aluminium consumption. In the automobile sector, aluminium is used to manufacture engine components, gearbox cases, brake casing, radiators, cylinder heads, transmission housing and other structural components.

Indian Automobile Industry has been witnessing impressive growth during the last few decades and is one of the key sectors in the economy. Due to its deep forward and backward linkages with several key segments of the economy. The annual production has gone up from 97.44 lakhs in 2005-06 to 140.50 lakhs vehicles in 2009-10, growing at a compounded growth of 9.58%. According to the Society of Indian Automobile Manufacturers (SIAM), total commercial vehicle (CV) sales is estimated to grow to 664,000 units in 2010-11, while the medium and heavy commercial vehicle (M&HCV) segment would be about 306,000 units.

## OUR BUSINESS

We are a diversified company engaged in providing Engineering, Procurement and Construction services (EPC) for Power (Transmission & Distribution) Sector and Civil Infrastructure (Roads & Bridges) and is having manufacturing facilities of Transmission Tower Parts, Aluminium Overhead Conductors and Aluminum Alloys for Automobile Industry.

We have over the years emerged as an integrated organization for construction of Power Transmission Lines (upto 765 KV), Distribution Projects and Sub-stations under Turnkey Projects. We have also manufacturing capacity of 70,000 MT per annum for Transmission Towers & 45,000 MT per annum for Aluminum Overhead Conductors. Our manufacturing units are located at Sitarganj (Uttrakhand), Dera Bassi (Punjab) & Nadiad (Gujarat).

We are executing the projects in power transmission and distribution sector in India for public sector utilities such as Power Grid Corporation of India Limited (PGCIL) and state power utilities like UP Power Transmission Corporation Limited, Dakshin Haryana Bijli Vitran Nigam, Delhi Transco Limited, Madhya Pradesh Power Transmission Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, Himachal Pradesh State Electricity Board, West Bengal State Electricity Transmission Company Limited, etc. We have diversified our presence in international market and have been awarded contracts in Nepal, Ethiopia and Yemen for Power Transmission, Distribution & Sub-station.

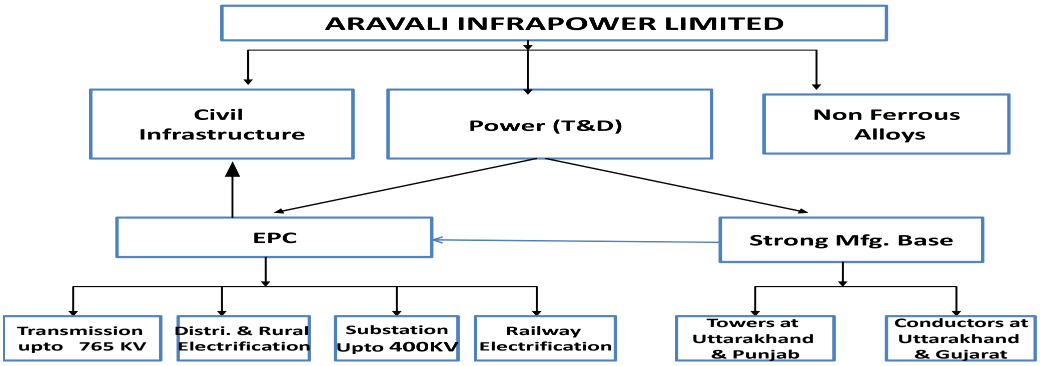
We have established an integrated EPC (Engineering, Procurement & Construction) division by acquisition as a going concern of M/s Pioneer Construction Company, Lucknow (engaged in construction of transmission lines), M/s Techno Engineering Company, Chandigarh (engaged in manufacturing of transmission towers and parts) and M/s Parekh Electrawire Industries Limited, Nadiad, Gujarat (engaged in production of aluminium overhead conductors) in financial year 2007-08 to undertake the Power T&D Projects right from the surveys to the charging of the line. We have positioned ourselves as an integrated Company in India in Power Transmission Sector covering EPC expertise in transmission lines, sub station and rural electrification backed by manufacturing facilities for galvanized EHV Tower and overhead Aluminium Conductors. Recently in 2010 we have also entered into the railway electrification segment & sub-station by acquiring M/s Progressive Enterprises, Kolkata and in railway signalling and telecommunication by acquiring M/s Sachin Construction Company, Kolkata. Most of the work in our Turnkey Projects in power transmission and sub-stations is won on a competitive bidding basis and, in most cases, the client is a public sector entity or a government entity. In fiscal 2009-10, the income from EPC business as per restated financial statement was Rs. 27,692.51 lakhs comprising of 49.40% of our total revenue for the year.

The civil construction business was started by us in 2009-10 and revenue from civil construction business at Rs. 22,078.07 Lakhs in FY 2009-10 was 39.39% of our total revenue as per restated financial statements. Major client in civil construction is RWD (Rural Works Department), Bihar Government. In addition, we have production facility of Aluminum Alloys based at Kathua (J&K) which is supplied to various automobile component manufacturers.

As on August 31, 2010, we are executing 37 major works for our clients with contract value of Rs. 100,583.73 Lakhs which includes 29 EPC projects and 4 Civil Construction Projects. The details of the projects with contract value of more than 40 Lakhs are under.

| Sr. No | Segment | No of Orders | Value of contract (Amount Rs. in Lakhs) |
|---|---|---|---|
| 1. | Domestic EPC & Supply Contracts in Power (T&D) | 29 | 53,280.14 |
| 2. | International EPC & Supply Orders in Power (T&D) | 04 | 16,626.59 |
| 3. | Domestic Contracts in Civil Construction Business | 04 | 30,677.00 |
| | **Total** | **37** | **100,583.73** |

The details of our Business verticals are as under:




Our revenues has grown at a CAGR of 115.30% for the period fiscal year 2006-07 to 2009-10 and our net profit after tax has grown at a CAGR of 80.27% over the same period. In FY 2009-10, our net turnover was Rs. 55,714.56 Lakhs and we earned a net profit after tax of Rs. 3,093.53 Lakhs.

**Certain significant on going contracts**

**(a) Power Grid Corporation of India Limited**

With our strengths in execution and production capabilities, we have been successful in procuring repeated orders from Power Grid Corporation India Limited and presently working on their three projects (i) Turnkey Contract for Tower Package for transmission line for 400KV D/C Bhiwani - Jind Transmission line with value of Rs 3,613.82 Lakhs (ii) Turnkey Contract for Tower package for transmission lines of both of circuits 400Kv D/C Nathpa Jhakhri-Abdulpur Transmission line at Panchkula under Northern Region Transmission System associated with Sasan & Mundra Ultra Mega Power projects with a value of Rs 6,625.09 Lakhs and (iii) Turnkey Contract for Tower Package A1 for 400kv D/C Balia-Lucknow, Lucknow-Bareilly, Dehradun-Bagpat & Agra-Jaipur Transmission Line with a value of Rs 9,400.00 Lakhs.

**(b) International Orders**

We have been awarded three contracts by Nepal Electricity Authority for an aggregate amount of NPR 695.29 million & USD 1.59 millions (Rs. 4,971.66 lakhs) for design, supply and construction of 132/133 KV transmission lines. In Ethiopia we are executing a contract worth Euro 14.82 Millions (Rs. 8,740.85 lakhs) for Ethiopian Electric Power Corporation for supply of aluminium overhead conductors. In Yemen we have been awarded turnkey contract for value USD 6.33 millions (Rs. 2,914.08 lakhs) for supply, erection and installation of 132/33 KV sub stations. (Conversion rate has been taken as 1Euro = Rs. 59.00, 1 USD = 46 & 1 Nepalese Rupee (NPR) = Rs. 0.61).

**OUR STRENGTHS**

We believe our principal competitive strengths are as follows:

**Diversified portfolio of projects across various infrastructure sectors and geographic locations**

Our infrastructure business is diversified across turnkey projects in power transmission, erection of sub-stations, railway electrification, rural electrification and supply of transmission towers, aluminium overhead conductors and supply of aluminium alloys. We have undertaken projects in different locations in India. We are also executing Road construction project in the state of Bihar. In India, we are executing projects across various states and outside India in Ethiopia, Nepal and Yemen. We have a full-fledged international marketing division to explore the opportunities in the international markets. Through this sectoral and geographical diversity, we are able to mitigate the risks associated with operations in specific sectors/projects in India and abroad.

**Experience and track record for Construction of transmission lines**

We have experience, track record and reputation for efficient project management and execution of projects in the sector. We believe that our expertise in successful implementation of projects provide us with significant competitive advantage. Further this enables us to better position ourselves to deal with numerous risk attached to this line of business. We believe we have good working relationships with sub-contractors across our various service regions. Such relationships facilitate the efficient execution of projects. Some of the Power Transmission projects executed by us include projects of Uttar Pradesh Power Corporation Limited, Delhi Transco Limited, L&T limited, West Bengal State Electricity Board, Bihar State Electricity Board and Power Grid Corporation of India Limited.

We are presently capable of executing transmission lines upto 765KV, Sub-Stations upto 400KV and Railway electrification, signalling and telecommunication.

**Track record of manufacturing & supplying of Materials to Power Sector**
We have been supplying sub-station structures, transmission towers and aluminium conductors for several years. Some of the major clients include Power Grid Corporation of India Limited, RRVPNL (Rajasthan Rajya Vidyut Vitaran Nigam Limited), JDVVNL (Jodhpur Vidyut Vitaran Nigam Limited), ABB Limited, Reliance Energy Ltd., BHEL, Punjab State Electricity Board, Madhya Pradesh State Electricity Board, Siemens Ltd., Haryana Vidyut Prasaran Nigam Limited, Gujarat State Electricity Board, and Dakshin Haryana Bijli Vitaran Nigam Limited etc.

**Ability to meet pre-qualification credentials**
The entry barriers in the power transmission sector are high in terms of technical pre-qualification requirements needed for participating in Government projects. We believe we can meet the qualification requirements of the Central and State Governments for a majority of their infrastructure projects across sectors, in terms of having the requisite experience, technical know-how, and financial resources, either in our own right or as a partner in a joint venture. Our credentials enable us to enter into joint ventures and partnerships with reputable partners which, in turn, enable us to bid for large and complex projects. We have acquired these technical bidding capabilities through acquisitions of various companies and firms as going concerns.

- Pioneer Construction Company engaged in execution and erection of transmission projects.
- Techno Engineering Company engaged in production of transmission towers & sub-station structures for Power Industry.
- Parekh Electrawire Industries Ltd was engaged in Power conductor manufacturing business.
- Progressive Enterprises engaged in construction of Electrical Sub-Stations & Railway Electrification.
- Sachin Construction Company engaged in Railways (Signalling & Telecommunication)

**Professionally managed company with an experienced management and a qualified employee base**
We are a professionally managed company with a qualified and experienced workforce of 518 employees as on August 31, 2010. Our management team is well qualified and experienced in the industry and is responsible for the growth in our business operations. In addition, our Board, with a strong combination of managerial acumen as well as entrepreneurial spirit, is equipped to handle both domestic and international business situations. We believe that a motivated and empowered employee base is essential for maintaining the competitive advantage. We are dedicated to the professional development of our employees and continue to invest in them to ensure that they possess all the necessary skills. We regularly conduct Training and Skill Enhancement Programs with the objective of attracting, training and deploying skilled employees in our construction projects on an ongoing basis.

**Integrated Company**
We believe that in-house construction capabilities, distinguish us from pure project developers and enhance our competitiveness. EPC contracts for power transmission sector are now increasingly being awarded on turnkey basis. Aluminium conductors and Transmission towers are the major components for construction of transmission lines. EPC contractors have to rely substantially on the suppliers of these items to complete their projects. In many cases, due to delayed performance of these suppliers, the project gets delayed, resulting in loss due to repetitions of delays and also financial losses to the EPC contractors. We have manufacturing capacity of 70,000 MT for transmission towers and 45,000 MT for aluminium overhead conductors which not only increases our profitability but also helps us to complete the EPC projects in T&D. In addition, our capabilities allow us to tender / bid for projects requiring unique expertise. Our company is one of the companies in India which are fully integrated.

## OUR STRATEGY

**Continue to grow by Geographical Diversification Domestic and Global**
We are actively focused on geographical diversification and to become a diversified player in our business. Our continuous focus is towards exploring opportunities in power and civil infrastructure sector in India and outside India. We believe this will help to diversify the Company's sources of revenue and mitigate risks.

**Grow in Power (T&D) and Civil Infrastructure Business through Public Private Partnership**
Government has laid emphasis on encouraging participation in Power (T&D) and Civil Infrastructure business through Public Private Partnership. We believe BOOT projects as part of such initiatives that offer opportunities for accelerated and sustainable growth for the Company. We intend to continue to focus on pursuing funded construction contracts, particularly EPC contracts, as such contracts enable us to move up the value chain to become the principal contractor on our funded construction projects, provide us with the opportunity to bid on larger projects, including international projects and deploy our resources more efficiently and improve operating margins. We believe that our experience and strong track record in the construction business will provide us with a significant advantage in pursuing BOO / BOOT opportunities.

**Continue to enhance our Core Strengths - Execution Capability**
We believe that we have developed a reputation for undertaking infrastructure projects successfully and our ability to effectively manage projects in multiple geographic regions is crucial to our continued success as a recognized Power Transmission and Construction company at a national & international level. We have in place an experienced and well-qualified execution team, with skills in various fields, including civil, structural, and electrical. We intend to continuously strengthen our execution capabilities and enhancing our performance in order to maximize client satisfaction and margins by adding to our existing pool of engineers, attracting new graduates from leading engineering colleges in India, and facilitating continuous learning with in-house and external training opportunities. We shall continue to optimize operating and overhead costs to maximize our operating margins.

**Build upon our synergistic position in Infrastructure Development**
We believe we are an established player in the power industry and tending to strengthen our grips in construction sector as well. We intend to pursue our goals of capitalizing on the synergy between our established presence in the industry and erection, procurement and construction capabilities. Accordingly, we will identify and participate in new opportunities and expand in those sectors where we derive the necessary strengths from our existing core competencies in terms of technical expertise, execution skills and an established presence.

**Inorganic Growth**
We have acquired / merged four firms and one company for quick growth and we continuously look for opportunities for inorganic growth, such as through mergers and acquisitions, if, among other things, they (i) strengthen our pre-qualification criteria in specific areas, (ii) enhance our execution capabilities in niche areas, (iii) increase our pool of qualified engineers and other technically qualified staff, and (iv) enhance the Company's financial position. At present, we are not, however, evaluating any specific proposals for inorganic growth. For details regarding acquisition of business / undertakings, mergers / amalgamation please refer to the Chapter "History and Certain Corporate Matters" on page no 77 of the Draft Red Herring Prospectus.

**Continue to grow by investing in Various Infrastructure Sectors**
We are actively focused on becoming a diversified infrastructure player. We are focused on exploring opportunities in the sectors such as thermal and hydro-electric power, power transmission and distribution, railways an urban infrastructure across various locations in India and select footprints offshore. We believe this will help diversify the Company's sources of revenue and mitigate risks.

## MANUFACTURING FACILITIES

Our operations are spread across four production facilities in four different States in India as under:

| Location | Installed Capacity (in MT p.a.) | | |
|---|---|---|---|
| | Towers | Aluminium Conductors | Aluminum Alloys |
| **Kathua (J & K State) Unit** | **-** | **-** | 10,650 |
| **Sitarganj (Uttarakhand) Unit** | 40,000 | 36,000 | - |
| **Derabassi (Punjab) Unit** | 30,000 | - | - |
| **Nadiad (Gujarat) Unit** | - | 9,000 | - |
| **Total** | **70,000** | **45,000** | **10,650** |

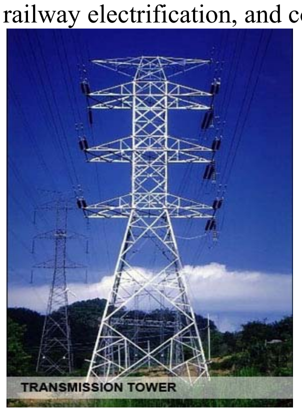
**PRODUCTS OF THE COMPANY**

**A) CONDUCTORS**: Overhead Aluminium Conductors (OAC) are used for transmitting electricity in Transmission Line Projects. Several numbers of aluminium wires are coiled together depending upon the degree of voltage of electricity which is intended to be passed through it. In order to provide strength to OAC, steel wires are reinforced in between the aluminium wires so that it can withstand the pressures of wind velocities, thunderstorms, and climate and wind velocities.

There can be following varieties of conductors

- All Aluminium Conductors (AAC)
- Aluminium Conductor Steel Reinforced (ACSR)
- All Aluminium Alloy Conductor (AAAC)
- Aluminium Conductor Aluminium Alloy Reinforced (ACAR)

**B) TOWERS:** Transmission tower is a tall structure, usually a steel lattice tower, used to support overhead electricity conductors for electric power transmission. They are used in high voltage systems as well as for railway electrification, and come in a wide variety of shapes and sizes.




**C) ALUMINIUM ALLOYS:** Aluminium alloys are alloys in which aluminium is the predominant metal. The application of aluminium alloys is in auto ancillary industry. Aluminium alloys are widely used in automotive engines, particularly in cylinder blocks & crankcases due to the weight savings that is possible.

Aluminium alloys is a value added product manufactured out of virgin metal and aluminium scrap. The raw materials required for manufacturing aluminium alloys comprise of aluminium scrap, silicon, copper, hardeners and other additives. We procure raw materials from various suppliers / traders of scrap in domestic / international market. We have appointed agents in several locations for the competitive purchase of raw material. Most of our customers are regular customers for several years including Hero Honda, Sunbeam, Rockman Industries, Yamaha Motors.

**PROJECT LIFECYCLE**
The project lifecycle for our construction and power infrastructure development business is generally similar and is described below.

**Business Development**
We bid for projects primarily through a competitive bidding process. The Government and other clients typically advertise proposed projects in leading national newspapers or on their websites. Our tendering department regularly scans newspapers and websites to identify projects that could be of interest to us. The head of the tendering department evaluates bid opportunities and decides whether we should pursue a particular project based on various factors, including the client's reputation and financial strength, the geographic location of the project and the degree of difficulty in executing the project in such location, our current and projected workload, the likelihood of additional work, the project's cost and profitability estimates and our competitive advantage relative to other likely bidders. Once we have identified projects that meet our criteria, we submit an application to the client according to the procedures set forth in the advertisement.

**Tendering**
We have a centralised tender department that is responsible for applying for all pre-qualifications and tenders. The tender department evaluates our credentials based on the stipulated eligibility criteria. We endeavour to qualify on our own for projects in which we propose to bid. In the event that we do not qualify for a project in which we are interested due to eligibility requirements relating to the size of the project, technical know-how, financial resources or other reasons, we go for strategic alliances or project-specific joint ventures with other relevant experienced and qualified contractors. By using the combined credentials of the cooperating companies, our chances of pre-qualifying and winning the bid for the project are strengthened. We believe that by centralising our tender monitoring and preparation functions, we are able to streamline our bidding processes while effectively managing our current and future resource allocations. A notice inviting bids may either involve pre-qualification, or short-listing of contractors, or a post-qualification process.

In a pre-qualification or shortlisting process, the client stipulates technical and financial eligibility criteria to be met by the potential applicants. Pre-qualification applications generally require us to submit details about our organizational set-up, financial parameters (such as turnover, net worth and profit and loss history), employee information, plant and equipment owned, portfolio of executed and ongoing projects and details in respect of litigations and arbitrations in which we are involved. In selecting contractors for major projects, clients generally limit the issue of tenders to contractors they have pre-qualified based on several criteria, including experience, technical ability and performance, reputation for quality, safety record, financial strength, bonding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is usually a significant selection criterion. Prequalification is the key to our winning major projects and we continue to develop our pre-qualification credentials by executing a diverse range of projects and building our financial strength. If we pre-qualify for a project, the next step is to submit a financial bid. Prior to submitting a financial bid, we carry out a detailed study of the proposed project, including performing a detailed study of the technical and commercial conditions and requirements of the tender followed by a site visit.

Our tendering department determines the bidding strategy depending upon the type of contract. For example, in case of bidding for a design-build project, we would appoint a competent consultant to design the project and provide us with drawings to enable further analysis of the various aspects of the project. This enables us to place a more informed bid. Similarly, a lump sum tender would entail quantity take-offs from the drawings supplied by the clients. In connection with our power infrastructure development business, a site visit enables us to determine the site conditions by studying the terrain and access to the site. Thereafter, a local market survey is conducted to assess the availability, rates and prices of key construction materials and the availability of labour and specialist sub-contractors in that particular region. Sources of key natural construction materials, such as quarries for aggregates, are also visited to assess the availability and quality of such material.

Our representatives attend the pre-bid meetings convened by the clients, during which we raise any queries or requests for amendments to certain conditions of the proposed contract. Any ambiguities or inconsistencies in the document issued by the client are brought to the attention of the client for further clarification. The tendering department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. This data supplements the data gathered by the market survey. The information gathered is then analysed to arrive at the cost of items. The estimated cost of items is then marked upto arrive at the selling price to the client. The basis of determination of the mark-up is based in part on the evaluation of the conditions of the contract. Alternatively, the client may choose to invite bids through a post-qualification process wherein the contractor is required to submit the financial bid along with the information mentioned above in two separate envelopes. In such a situation, the client typically evaluates the technical bid or pre-qualification application first and then opens the financial bids only to those contractors who meet the stipulated criteria.

**Engineering and Design in our Construction Business**

We provide detailed engineering services, if required by the client, for the projects that we undertake. Typically, for design-build projects, the client supplies conceptual information pertaining to the project and spells out the project requirements and specifications. We are required to prepare detailed architectural and/or structural designs based on the conceptual requirements of the client and also conform to various statutory and code requirements.

For those particular segments in which we do not have in-house design capabilities, we outsource design work to experienced consultants who specialize in the particular segment. Prior to bidding for the project, our tendering department and senior management review the preliminary design prepared by these consultants. Over the years, we have through a combination of experience and technical ability developed expertise in assessing the pre-tender designs prepared by our consultants, vis-à-vis the requirements of the client. After our initial review of the preliminary designs, we continue to confer with our consultants to arrive at the final solution for the project. Once the project is awarded to us, our consultants prepare detailed designs in accordance with the project requirements.

**Procurement in our Construction Business**

Since material procurement plays a critical part in the success of any project, we maintain experienced staff in our purchase department to carry out material, services and equipment procurement for all project sites. Procurement is a centralized function performed at our headquarters. Only in certain cases procurement is undertaken from project sites.

Upon award of a contract, the purchase department is provided with the project details along with the budgeted rates for material, services and equipment. The material, services and equipment required for projects are estimated by the engineering personnel from the individual project sites and then passed on to the purchase department along with the schedule of requirements. We have over the years developed relationships with a number of vendors for key materials, services and equipment. We have also developed an extensive vendor database for various materials and services. Based on the quotations received at the time of bidding, the purchase department invites quotations from additional vendors, if required. Vendors are invited to negotiate before finalizing the terms and prices. The materials ordered are provided to the sites from time to time as per their scheduled requirements. We maintain material procurement, tracking and control systems, which enable monitoring of our purchases.

Procurement of material, services and equipment from external suppliers typically comprises a significant part of a project's cost. The ability to procure material, services and equipment in a cost effective manner, and to meet quality specifications for our projects is essential for the successful execution of such projects. We continually evaluate our existing vendors and also attempt to develop additional sources of supply for most of the materials, services and equipment needed for our projects.

**Construction**

The issuance of a letter of acceptance or letter of intent by the client signifies that we have been awarded the contract. Upon receipt of the letter, we typically commence pre-construction activities promptly, such as mobilizing manpower and equipment resources and setting up site offices, stores and other ancillary facilities.

The methodology of construction depends upon the nature of the project (for example, the construction methodology would be different for a project in hilly area as compared to a plane area). Construction activity typically commences once the client approves working designs and issues drawings. The project team immediately identifies and works with the purchase department to procure the key construction materials and services required commencing construction. Based on the contract documents, a detailed schedule of construction activities is prepared. This schedule identifies interim milestones, if any, stipulated in the contract with corresponding time schedules for achieving these milestones.

The sequence of construction activities largely follows the construction schedule that was prepared initially, subject to changes in scope requested by the client. Projects generally commence with excavation and earthmoving activities. Other major components of a typical construction project include concreting and reinforcement. Heavy earthmoving equipment, such as excavators, dumpers, loaders, dozers, graders and rock drilling tools, are used for excavation, whereas batching plants, transit mixers, tower cranes and concrete pumps, among other equipment, are used for concreting the foundation on which tower is to be built.

We have a project management system that helps us track the physical and financial progress of work vis-à-vis the project schedule. Daily progress reports are prepared at the major project sites and sent to the project monitoring cell in the head office for collation. Project personnel hold periodic review meetings with clients at the project sites and also with key personnel in our headquarters to discuss the progress being made on the project. The project managers also hold periodic review meetings with our vendors and subcontractors to review progress and assess future needs.

Each project site has a billing department that is responsible for preparing and dispatching periodic invoices to the clients. Joint measurements with the client's representative are taken on a periodic basis and interim invoices prepared on the basis of such measurements are sent to the client for certification & release of interim payments. The billing department is also responsible for certifying bills prepared by our vendors & sub-contractors for particular projects and forwarding the same to our head office for further processing.

We consider a project to be virtually complete when it is ready to be handed over to the client. We then jointly inspect the project with the client to begin the process of handing over the project to the client. Once satisfied, the client prepares a completion certificate, which signifies the commencement of the defects liability period or the maintenance period (i.e., the period during which we are contractually bound to rectify any defects arising out of construction). On completion of the defects liability period, we request the client to release any performance bonds or retention monies that may be outstanding.

**Bid Capacity**

Since our business is project-specific, we cannot quantitatively assess our available capacity according to any uniform measure. However, our ability to undertake any given project is dependent on our pre-qualifications for such project and our available bid capacity. The bid capacity is determined by a formula given by the client and which generally takes into consideration a permutation of various financial and other parameters. These include the value of the proposed project, the duration of the project, the value of orders that the contractor has in hand, average duration of the projects the contractor has on hand, and the average turnover of the contractor in prior fiscal years.

**Competition**

Company faces significant competition from other entities engaged in the power infrastructure and constructions business, many of which undertake projects similar to that of company in the same regional markets in which the projects of the company are located. The competitors include power sector companies and also regional contractors who are active in the regions where the company operates. The key competitors of Power infrastructure business include KEC International Ltd, Kalaptaru Power Ltd, Jyoti Structures Ltd, etc. and our major competitors in the Civil constructions are Era Constructions (India) Ltd., NKG Infrastructure Limited, Valecha Engineering Limited, etc. We compete against major as well as smaller companies & entities. Our Competition varies depending upon customers, nature of our projects and its geographical location. Additionally, our competition varies depending on size and nature of project, geographical size of region in which project is to be developed.

**GOVERNMENTAL REGULATIONS**

In order to undertake the projects which we are awarded, we are usually required to obtain various project specific licenses and approvals, depending upon the state laws or regulations applicable to the geographic region in which the work is undertaken. It is generally a pre-condition to the commencement of work for any particular project that all governmental approvals are obtained by the client.

More generally, each of the states in which we work typically requires separate registration of contractors under various departments. Upon registration with the relevant departments, contractors are generally classified according to their credentials, and that classification is then used to define the value of projects which can be undertaken.

In addition, as a construction company and manufacturer of Transmission Towers, Aluminum overhead conductors and aluminum alloy, we are also required to comply with various laws and regulations relating to the environment. For example, India has a number of pollution control statutes which empower state regulatory authorities to establish and enforce effluent standards with respect to the discharge of pollutants or effluents into water or the air. In addition, there are various regulations in relation to using hazardous processes in manufacturing and construction. In addition, if we expand our operations internationally in future we may become subject to more stringent environmental regulatory regimes, from both Indian and other governmental authorities. We consider the preservation of the environment to be an important factor to be taken into account in carrying out our construction activities, whether domestically or abroad.

For more information on the regulations and policies in India that govern the construction activities of the Company, see section “Government and other approvals” on page 140 of the Draft Red Herring Prospectus.

**MANUFACTURING PROCESS OF TRANSMISSION LINE TOWERS/ STRUCTURES**

The Transmission Line Towers are manufactured in complete knocked-down condition. The general production procedure is briefly described as under:

**PHASE-1 Receipt of Raw Materials:**

M.S. Angle, M.S. Channel, M.S. Flat, M.S. Plate, HT angles are the basic raw materials used for Tower manufacturing. Besides these, Zinc and other Chemicals are used for Galvanizing purpose. The raw materials are sorted project wise with color coating which is subsequently issued for Fabrication as per job card after proper quality checks.

**PHASE-2 Fabrication:**

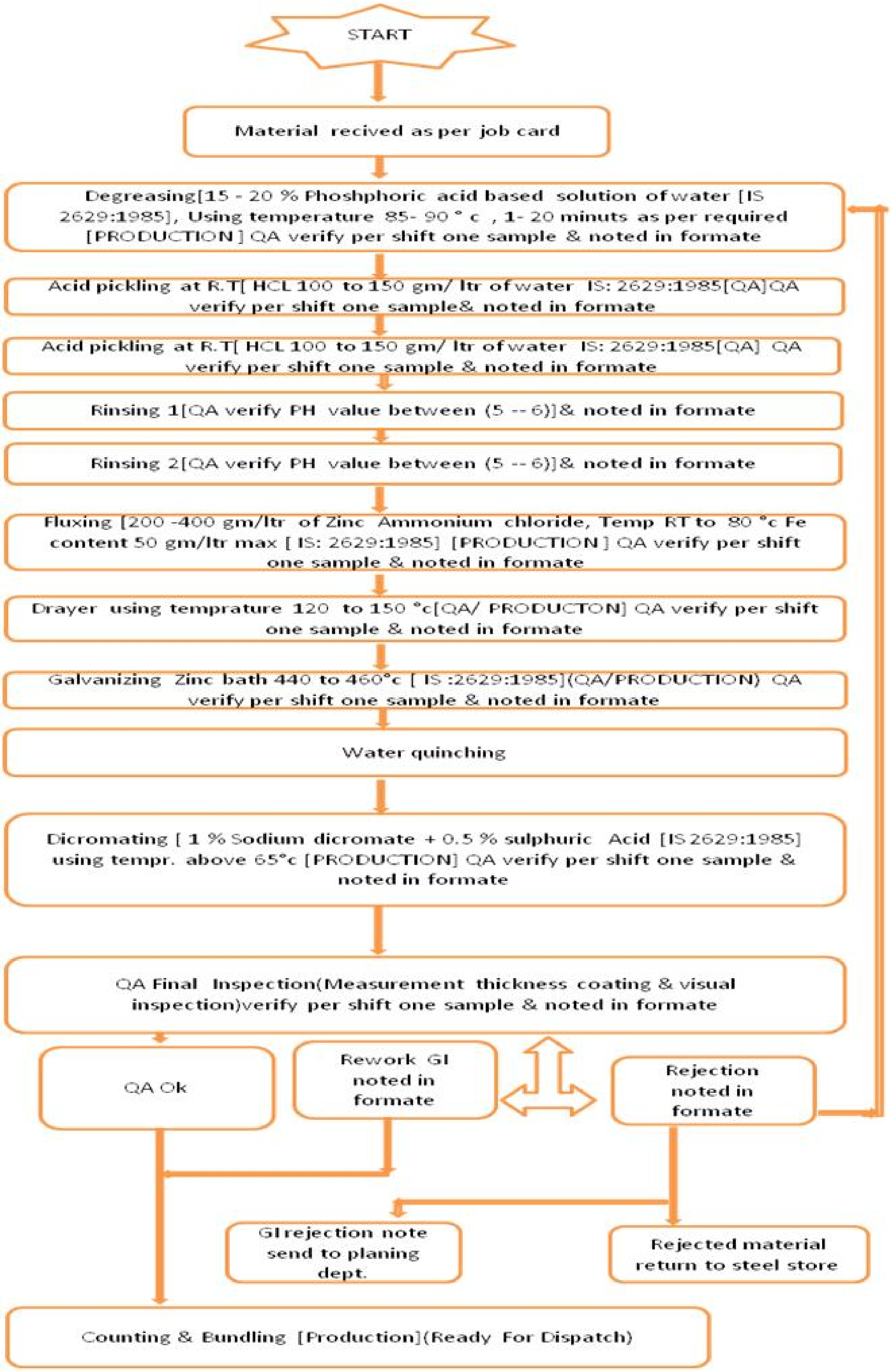
Process of fabrication involves cutting, stamping, punching/ drilling, notching, heel grinding, bending and welding. After final inspection as per drawing the material is ready for galvanizing.

**PHASE-3 Galvanizing**

The process of galvanizing includes the following activities:

- Degreasing of tower parts with Phosphoric based solution of water.
- Acid Pickling twice to clean up the surface with HCL Solution.
- Rinsing twice with fresh water to remove the acid content.
- Fluxing with Zinc Ammonium Chloride to prepare surface for galvanizing.
- Drying using temperatures 120 to 150 degree Celsius.
- Dipping in Zinc bath under temperatures 440 to 460 degree Celsius.
- Quenching in water.
- Dichomating using temperature above 65 degrees Celsius.
- Final Quality Inspection by measuring thickness coating and visual inspection.
- If quality Inspection is Ok then counting and bundling and;
- With this, the finished tower parts get ready for dispatch to sites.

**PROCESS FLOW CHARTS**: **TRANSMISSION LINE TOWERS/ STRUCTURES**



**MANUFACTURING PROCESS OF CONDUCTORS:**

The process of manufacturing of Overhead Aluminium Conductors involves the following process:

1. Drawing of aluminum alloy rod of 9.5 mm dia into the required size through a set of gradually reducing sizes of dies in wire drawing machine and wounded up on a spool.

2. The required number of spools fitted in the tubular stranding machine and stranded in a wooden drum. : 7 nos

3. For AAAC the alloy rod is drawn into 6 mm dia and put in furnace for heat treatment at a constant temperature at 535 $^{0}$C for 45 to 60 minutes.

4. After heat treatment the heat treated alloy wire rod dipped into the cold water within 30 seconds in a quenching tank.

5. The quenched alloy wire rod then dried for 24 to 72 hours.

6. 6 mm alloy wire then finally drawn into different sizes in wire drawing machine.

7. The drawn wire then subjected to ageing at 140 $^{0}$C temperature for 1hours in furnace on condition and kept inside furnace for on condition and kept inside furnace for another 145 $^{0}$C to 165 $^{0}$C in furnace off condition.

8. After standing the alloy conductors in a 7 stand high speed tubular machines in 61 strand multi layer stranding machine.

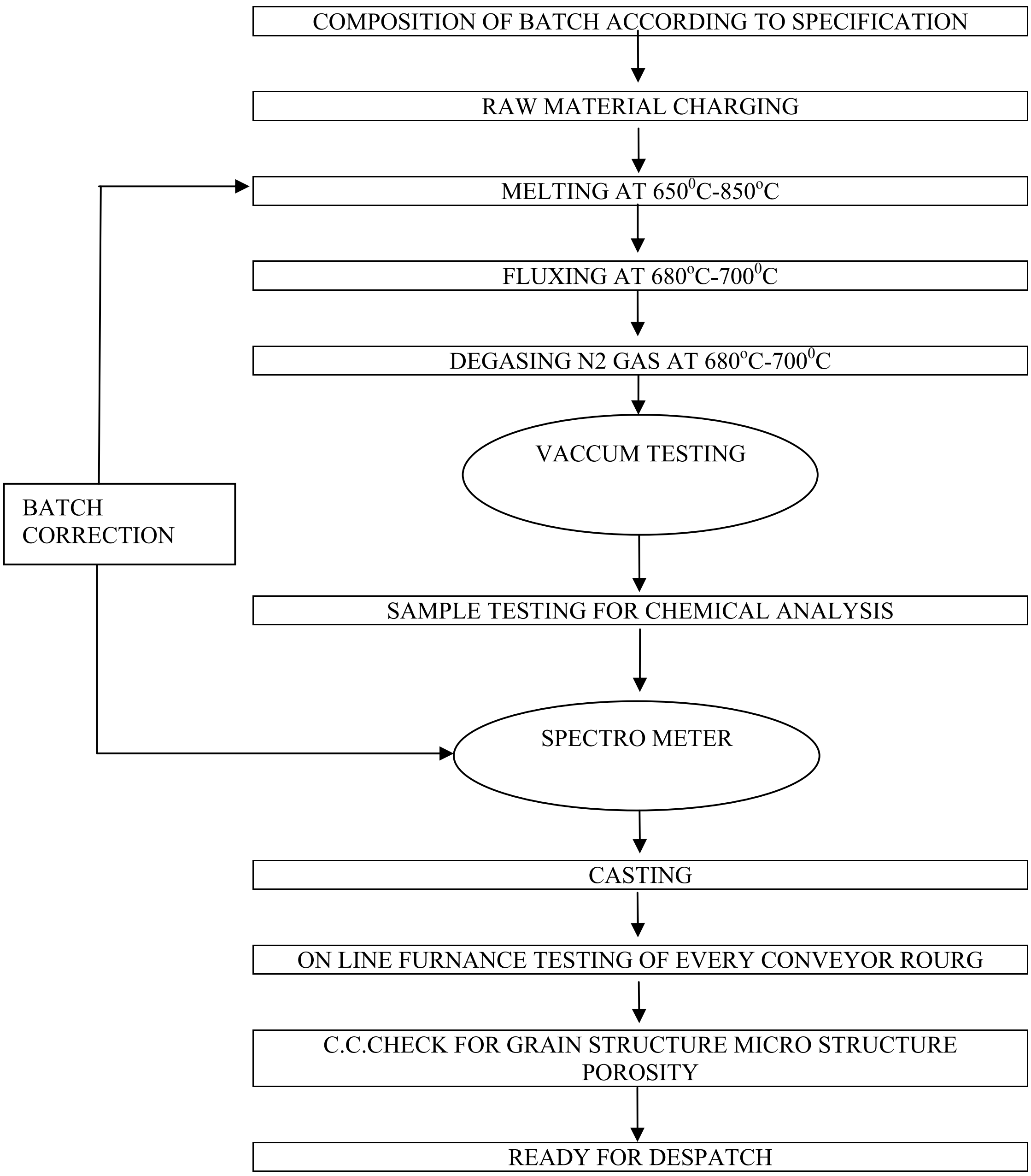
9. Stranded wire inspected and tested for resistance, elongation and breaking load before/ finally dispatching to customer.

**MANUFACTURING PROCESS OF ALUMINUM ALLOYS**

The charge is poured into the oil fired rotary furnace. It is subject to heating at 800$^{0}$c. The charge consists of Aluminium scrap castings, wire, sections and Aluminium ingots. After charge is melted, dross is taken out. Now, copper and silicon is added in the required quantity. Again dross is taken out after half an hour of heating. Now degaser is added to remove the presence of H2 gas in the metal. To obtain the uniform grain structure, about 5 kg of modifier is added to the molten metal. Now the clear molten metal is poured into the moulds and heat number is punched on each ingots. The lot is tested and is ready for dispatch.

**FLOW CHART FOR MANUFACTURING OF ALUMINUM ALLOYS**

**ALUMINIUM ALLOYS MANUFACTURING PROCESS FLOWCHART**




**TECHNOLOGY USED IN PRODUCTION:** No specific technology is involved in any of the business segments, the company operates. However, the company has developed its in house process and expertise for undertaking the projects as given above.

**INFRASTRUCTURE FACILITIES:**
The major Infrastructural facilities for Raw Materials and Utilities required are water and Power. Water, which is one of the important requirements of the business, is abundantly available at the respective units in the form of ground water. The requirements of Water and Power are met in the following manners:

| UNIT | POWER | WATER |
|---|---|---|
| **SITARGANJ** (Uttarakhand) | The Power requirements of Sitarganj unit are met by Uttarakhand Power Corporation Limited which has sanctioned electricity load of 1000 KVA | The unit has two Bore wells one with 440 feet depth and another with 160 feet deep. Motors are used for uplifting of water from the ground. The consumption of water is 2000 Litres per day. |
| **DERABASSI** (Punjab) | The electricity requirements of Derabassi Unit are met Punjab State Electricity Board which has sanctioned a electricity load of 396 KVA | The unit has Bore wells within the factory premises and water is uplifted with the help of Motors. The consumption of water is 4000 litres per day. |
| **NADIAD** (Gujarat) | The Electricity requirements of Nadiad Unit are met by Madhya Gujrat Vij Company Limited. | Not required in manufacturing process. |
| **KATHUA** ( J&K) | The Electricity requirements of Kathua Unit are met by State Authorities. | Supply from Local Authorities |

**Export Obligation:** The Company does not have any export obligation. However, we have an exclusive marketing team for International orders and are presently executing projects in Nepal, Ethiopia and Yeman.

**CAPACITY & CAPACITY UTILISATION**:

| Installed Capacity (As certified by the management) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **UNITS** | **CAPACITY** | **CAPACITY UTILISATION** | | | | | |
| | | **Previous Three Year** | | | **Future Three Year** | | |
| | | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
| **KATHUA UNIT** Aluminum Alloys [1] | 10,650 MT | 38% | 38% | 38% | 27% | 27% | 27% |
| **DERABASSI UNIT** | | | | | | | |
| Transmission Line. Tower & Steel Structures [2] | 30,000 MT | 30% | 53% | 60% | 75% | 75% | 75% |
| **SITARGANJ UNIT** | | | | | | | |
| Transmission line Tower & Steel Structures | 40,000 MT | | 40% | 65% | 65% | 65% | 65% |
| Overhead Aluminum Conductors | 36,000 MT | | 40% | 65% | 65% | 65% | 65% |
| **NADIAD UNIT** | | | | | | | |
| Overhead Aluminium Conductor | 9,000 MT | | 18% | 40% | 65% | 65% | 65% |

1. In case of proposed decreased production is due to decrease in sale and our decreased focus in this segment.
2. In view of increased order book position and tenders bid, we expect the higher capacity utilization as shown above.

**PROPERTIES: Owned by us**

(Rs. in lakhs)

| Address of Property | Name of seller | Date of Deed | Consideration | Nature of property | Use of property | Status |
|---|---|---|---|---|---|---|
| Land measuring 19 Bigha - 11 Biswas at Village Bhagwanpur, Tehsil Dera Bassi, Dist. SAS Nagar (Mohali) | R B Gupta | September 19, 2008 | 100.00 | Industrial | Existing Unit | Mortgaged with the Bank |
| Land measuring 64 Bigha-2 Biswe at Village Jastana Kalan, Hadbast No. 222, Tehsil-Derabassi, Dist-SAS Ngr, (Mohali) | Hazoora Singh | July 07, 2008 | 328.51 | Agricultural | Vacant | Negative lien |
| 6 Acre, 4 Kanal 3 Marla Moja Rohad vakya Road, Bahadurgarh, Jhajhar | Shreeraj Shayamaji Foorwears Pvt. Ltd. | February 18, 2008 | 157.00 | Agricultural | Vacant | Negative lien |

| Address of Property | Name of seller | Date of Deed | Consideration | Nature of property | Use of property | Status |
|---|---|---|---|---|---|---|
| 1 Acre 2 Kanal 1 Marla at Bahadurgarh, 6km away from link road. | Rajeshwar & Jaikishan | December 05, 2007 | 11.06 | Agricultural | Vacant | Negative lien |
| Plot No. 74-78 at Dist. Kheda, Gujarat (in the name of Parekh Electrawire Industries amalgamated with our Company). | Buddha Bhai Desai Bhai Chauhan, Dinesh Bhai Manish Bhai Patel, Mahendra Bhai Chote Bhai Talwari, Kamlaben, Dinesh Bhai Mani Bhai Patel | March 24, 1998, February 12, 1998 & March 23, 1998 | 2.21 | Industrial | Existing unit | Mortgaged with the Bank |

**PROPERTIES: On Lease**

| Sr. No. | Particulars of Property including Address and Area | Nature of Ownership | Current Usage | Lease period |
|---|---|---|---|---|
| 1 | Plot no. 92, 93, 112 and 113 situated at SICOP Industrial Complex Kathua, J&K * | Lease | Existing Unit | From May 01, 2001 till April 30, 2021 |
| 2 | G-29, 2nd Floor, Vardhman Tower, Vikas Puri, New Delhi-110018. | Rent/Lease | Office | From January 16, 2008 till January 15, 2011 |
| 3 | 2nd Floor, out of the property bearing No. G-29, Vardhman Tower, Community Center, Vikas Puri, New Delhi-110018 | Lease | Office | From November 01, 2009 till October 31, 2012 |
| 4 | G-29, 3rd Floor, Vardhman Tower, Vikas Puri, New Delhi-110018. | Lease | Registered Office | From June 15, 2007 till June 14, 2010 |
| 5 | A-90/1, Area measuring 375 sqr yrds at Shahbad Daulatpur, Delhi-9 | Lease | Godown | From November 16, 2009 till October 15, 2010 |
| 6 | T-4 to T-7, 3rd Floor, Block G, Community Centre, Vikas Puri, New Delhi - 110 018 | Rent | Office | From September 01, 2010 till August 31, 2013 |
| 7 | D-7, Phase 2, Eldeco Sidcul Industrial Park, Sitarganj Uttrakhand* | Lease | Existing Unit | From September 15, 2008 till September 14, 2098 |

* Mortgaged with Banks

In addition to the same, we also take certain properties on leave and licence basis on short term for executing and monitoring the ongoing projects at various sites.

**Marketing**

Normally in the power transmission & distribution sector and civil construction sector, major portion of the work is awarded by central agencies like PGCIL, NHAI or state government agencies. However, the private sector has started to contribute to the number of infrastructure projects in the areas we operate. Normally a contract offered by Central or State government is backed by budgetary support or financial support or grants from various institutions and agencies including the ADB and the World Bank. As such, the normal course for awarding these contracts by the Government or their agencies 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 Tender and Evaluation Committee which keeps track of these tender notification or advertisement and prepares the tender document. Further, biding capacity of a party is a very important criteria for pre-qualification in a contract. We also keep in touch with various large infrastructure companies for obtaining work on a sub-contract basis.

Our marketing set up includes product sale as well as the tendering team. The product sales team is divided into domestic and export sales. Domestic Team is headed by a Senior Vice President and export team is headed by an Assistant Vice President. Teams are further divided into sales of Sub-Station Structures, Transmission/Telecom Towers and ACSR/AAAC Conductors etc. The tendering team headed by Director (Transmission) participates in Transmissions & Distributions as well as sub-station tenders.

**HUMAN RESOURCES**
Presently the Company had a workforce of 518 full time employees as on August 31, 2010. The members of our professional staff have a wide range of prior experience. In addition to salary and allowance, we provide our employees medical, leave and retirement benefits, which include gratuity. We also employ contract labours as per our requirement.

Our employees are not covered by any collective bargaining agreements. The details of the employees are as under:

| S. No | Category | No of employees |
|---|---|---|
| 1 | Management | 85 |
| 2 | Technical | 117 |
| 3 | Semi-skilled | 316 |
| | **Total** | **518** |

Our relationship with our employees has been positive and our operations have not been interrupted by any work stoppage, strike, demonstration or other labour disturbances.

**RISK MANAGEMENT**
We are exposed to specific risks in connection with the management of our investments and the environment within which we operate. Our goal in risk management is to ensure that we understand measure and monitor the various risks that arise and that our organization adheres as far as reasonably and practically possible, to the policies and procedures which are established to address these risks. We are primarily exposed to credit risk, market risk (including liquidity risk, interest rate risk and foreign exchange risk), operational risk and legal risk. We focus on monitoring credit and market risks, as well as portfolio and operational risks, through senior management personnel in each of our businesses. Legal risk is subject to the review of our legal department and external advisors.

**HEALTH, SAFETY AND ENVIRONMENT**
We aim to comply with applicable health, safety and environmental regulations and other requirements in our operations and also maintain adequate workmen's compensation, group medical insurance and personal accident insurance policies. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to management, employees and sub-contractors. Project managers appointed by us for a project are principally responsible for ensuring that safety standards are met at the relevant project sites.

Our environmental management policy requires compliance with local, state and central laws and regulations concerning environmental protection and related matters. Environmental legislation in India includes the Environment Protection Act, 1986, as amended, the Water (Prevention and Control of Pollution) Act, 1974, as amended and the Air (Prevention and Control of Pollution) Act, 1981, as amended.

Detailed rules and regulations have been prescribed under these acts, including rules governing the management of hazardous waste and management of noise pollution. We believe we are in compliance, in material respects, with applicable health, safety and environment laws and regulations.

**INSURANCE**
Our operations are subject to inherent hazards such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. We maintain insurance for a variety of risks through "erection-allrisk policy" or "Storage & Erection policy" which covers marine insurance of material, fire, burglary and certain other losses and damage to inventory, buildings, plants, machinery, certain office equipment, loss of cash in transit and cash in safe and third party liability.

Under many of our contracts with clients, we are required to obtain insurance for the projects undertaken by us, and we regularly purchase insurance policies for specific business operations for individual projects. We also maintain workmen's compensation policies and mediclaim policies.

**INTELLECTUAL PROPERTY**

Our business does not have such processes or rights that require the registration under copyrights or patents. Also, we do not have registered any trademark or copyrights over the 'Aravali' name, logo or brand name.

**OUR SUBSIDIARIES**

We are planning to enter into the business of generation of solar energy through our subsidiary Aravali Solar Energy Limited incorporated on May 28, 2010. The other subsidiary AIPL International Commodities Private Limited was incorporated on June 11, 2010. For details of our subsidiaries refer to section titled 'History and Certain Corporate Affairs' on page no. 77 of the Draft Red Herring Prospectus.

## KEY INDUSTRY REGULATIONS

*We are engaged in the business of providing Engineering, Procurement and Construction services (EPC) for Power (Transmission and Distribution) sector and civil infrastructure like roads and bridges. We have also manufacturing facilities of transmission tower parts, aluminum overhead conductors and aluminum alloys. Our projects require, at various stages, the sanction of the concerned authorities under the relevant central and state legislations and local bye-laws. The following is an overview of the important laws and regulations which are relevant to our business in India. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.*

### Central Laws

**Factories Act, 1948**

As per the applicable provisions of the Factories Act, 1948 ("Factories Act"), read along-with the rules framed there under, no person can operate a factory till such time it has obtained a license from the designated authorities under the Factories Act, 1948. Generally, registration/license under the Factories Act is issued on yearly basis and is required to be renewed annually. Factories Act, is a central law which primarily regulates working conditions of workers in factories and to ensure that basic minimum requirements for the safety, health and welfare of factory workers is provided. The Act also regulates the working hours, leave, holidays, overtime, employment of children, women and young persons etc

**The Electricity Act, 2003**

The Electricity Act was enacted to consolidate the laws relating to the generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to the development of the electricity industry. These include promoting competition, protecting interests of consumers and the supply of electricity to all areas, rationalization of electricity tariffs, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, the constitution of the Central Electricity Authority and regulatory commissions and the establishment of an appellate tribunal. The Central Electricity Authority's functions include, inter alia, (a) specifying technical standards for construction of electrical plants, electric lines and connectivity to the grid; (b) specifying grid standards for operation and maintenance of transmission lines; (c) specifying the conditions for installation of meters for transmission and supply of electricity; (d) advising the Central Government on matters relating to the National Electricity Policy; and (e) advising the appropriate government and commission on all technical matters relating to the generation, transmission and distribution of electricity. The Electricity Act also provides for a Central Electricity Regulatory Commission ("CERC") and a State Electricity Regulatory Commission ("SERC") for each state. Among other functions, the CERC is responsible for: (a) regulating of interstate transmission of electricity; (b) determining of tariff for inter-state transmission of electricity; (c) issuing of licenses to function as a transmission licensee with respect to inter-state operations; and (d) specifying and enforcing standards with respect to the quality, continuity and reliability of service by a licensee. SERCs perform similar such functions at the state level.

**Electricity Rules, 2005**

The Electricity Rules, 2005, as amended, were framed under the Electricity Act and provide the requirements in respect of captive generating plants and generating stations. The authorities constituted under these rules may give appropriate directions for maintaining the availability of the transmission system of a transmission licensee.

**National Electricity Policy**

The National Electricity Policy, as amended (the "NEP"), was notified by the Central Government on February 12, 2005, pursuant to Section 3 of the Electricity Act.
The main objectives of the NEP are as follows:

- providing access to electricity for all households in next five years;
- meeting the power demand fully by 2012, overcoming energy and peaking shortages and creating an adequate spinning reserve;

- providing a supply of reliable and quality power at specified standards in an efficient manner and at reasonable rates;
- increasing per capita availability of electricity to over 1,000 units by 2012;
- establishing the minimum lifeline consumption of 1 unit/household/day by 2012;
- creating a financially and commercially viable electricity sector; and

**National Highways Act, 1956 (the "NH Act")**
The central government is responsible for the development and maintenance of National Highways and may delegate any function relating to development of National Highways to the relevant state government in whose jurisdiction the National Highway falls, or to any officer or authority subordinate to the central or the concerned state government.

The central government may also enter into an agreement with any person (being, either an individual, a partnership firm, a company, a joint venture, a consortium or any other form of legal entity, Indian or foreign, capable of financing from own resources or funds raised from financial institutions, banks or open market) in relation to the development and maintenance of the whole or any part of a National Highway. Such agreement may provide for designing and building a project and operating and maintaining it, collecting fees from users during an agreed period, which period together with construction period is usually referred to as the 'concession period'. Upon expiry of the 'concession period', the right of the person to collect fees and his obligation to operate and maintain the project ceases and the facility stands transferred to the central government.

The central government may declare a highway as a National Highway and acquire land for such purpose. It may, by a notification in this regard, declare its intention to acquire any land when it is satisfied that the building, maintenance, management or operation of a National Highway, on such land should be undertaken for 'public purpose'. The NH Act prescribes the procedure for the same.

**National Highways Rules, 1957 (the "NH Rules")**
The NH Rules provide that where the estimate of the cost for the execution of any original work on a national highway exceeds Rs. 10 lakh, a detailed estimate of the cost for the execution of the work shall be forwarded by the 'executive agency' to the Central Government, as per the form prescribed under the NH Rules. The executive agency refers to the Administrator of the Union Territory; the Border Roads Organization, the Border Roads Development Board or NHAI in case of national highways; or the authority appointed by the State Government in this regard.
Further, no original work on any national highway shall be undertaken by the executive agency until technical approval and financial sanction to the estimate for the execution of the work have been accorded by the Central Government or the executive agency except in cases of an emergency.

**Environmental Regulations**
In India, regulation and enforcement of environment protection and safety is governed by three major central regulations namely Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986. The main purpose of these legislations is to regulate, prevent and control pollution, by setting up inter alia of national and regional Pollution Control Boards (PCBs) which monitor and enforce standards and norms in relation to air, water pollution and other kinds of wastes causing environmental damage.

**Labour Laws**

- **Employees' Provident Funds and Miscellaneous Provisions Act, 1952.**

The Act is applicable to the establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the Act are required to be registered with the appropriate Provident Fund Commissioner. The EPF Act provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

- **Employees' State Insurance Act, 1948**

All the establishments to which the ESI Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act requires all the employees of the establishments to which the Act applies to be insured in the manner provided under the Act. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

- **Payment of Gratuity Act, 1972.**

The provisions of the Act are applicable on all the establishments in which ten or more employees were employed on any day of the preceding twelve months and as notified by the government from time to time. As Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A thereafter whenever there is any change it the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority. The Employer is also required to display an abstract of the act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

- **Payment of Bonus Act, 1965.**

The Payment of Bonus Act, 1965 is applicable on every establishment employing 20 or more employees. The said act provides for payment of the minimum bonus to the employees specified under the Act. It further requires for the maintenance of certain books and registers like register showing computation of the allocable surplus; register showing the set on &set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return (Form D) deposited by the employer within 30 days of payment of the bonus to the Inspector.

- **Registration under Contract Labour (Regulation & Abolition) Act, 1970**

Every establishment is covered by this Act, if it wants to engage twenty or more persons through a contractor has to get itself registered. CLA Act lays down that every principal employer of an establishment to which CLA Act applies shall make an application to the registering officer in the prescribed manner for registration of the establishment. Likewise, every contractor, to whom the CLA Act applies, is also required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLA Act imposes certain obligations on the contractor in relation to welfare and health/contract labour. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLA Act. It is also important to note that the in case the contractor fails to pay statutory dues to its contract labour, the company may then be held responsible to clear such dues in the capacity as principal employer.

- **Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957**

The Industrial Disputes Act, 1947 is applicable to establishments and undertakings wherein any systematic activity is carried out by co-operation between an employer and his workmen for the production, supply or distribution of goods or services. The Act requires for the maintenance peace and harmony for better working conditions.

- **Workmen's Compensation Act, 1922**

Workmen's Compensation Act 1923 is a central legislation which provides for payment of compensation for injuries suffered by a workman in the course of and arising out of his employment according to the nature of injuries suffered and disability incurred, where death results from the injury, the amount of compensation is payable to the dependants of the workmen.

- **Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs.

6500/-. Person responsible for payment of wages shall display in such factory/establishment, the abstracts of this Act and Rules made there under.

- **Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non-scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government. Such employer is also required to maintain registers and exhibit by giving the particulars of wages paid to employees. Employer is required to file an annual return in Form III as specified in Minimum Wages (Central) Rules, 1950.

- **The Maternity Benefits Act, 1961**

The object of maternity leave and benefit is to protect the dignity of motherhood by providing for the full and healthy maintenance of women and her child when she is not working. With the advent of modern age, as the number of women employees is growing, the maternity leave and other maternity benefits are becoming increasingly common. This act is intended to achieve the object of doing social justice to women workers employed in factories, mines and plantation. The maximum period for which any woman shall be entitled to maternity benefit shall be twelve weeks of which not more than six weeks shall precede the date of her ex delivery.

- **Industrial Employment (Standing Orders) Act, 1946**

The Industrial Employment (Standing Order) Act, 1946 contains a general provision requiring employers in the industrial establishments to define terms and conditions of the employment under them and to make such terms and conditions known to the workmen employed by them, from the very beginning.

**Tax Related Legislations**

- **Value Added Tax, 2005**

The levy of Sales Tax within the state is governed by the VAT Act and Rules of the respective states. VAT has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT, the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

- **Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

- **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code). Our Company has obtained an IEC.

- **Central Sales Tax Act, 1956**

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State Sales Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

- **Service Tax**

In accordance with Rule 6 of Service tax Rules the assessee is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

**Registration under State Shops and Establishment Act**

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lays down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees. Shops or/and establishment irrespective of the number of employees is required to be compulsorily registered under such state acts.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as Aravali Aluminium Private Limited on December 13, 2002 under the Companies Act, 1956 with Registrar of Companies NCT Delhi & Haryana. The name of our Company was changed to Aravali Infrapower Private Limited on January 13, 2007 to reflect the business activity of the Company in its name. Subsequently our Company was converted into a public limited company w.e.f. January 29, 2007. The Corporate Identification Number of our Company is U27109DL2002PLC118032.

Our Company was primarily formed to manufacture Aluminium alloys. In order to expand our base it acquired M/s. Aravali Zinc & Alloys, a partnership firm as a going concern on March 14, 2003. On June 6, 2007 our Company acquired a partnership firm M/s Pioneer Construction Company, with an experience of 25 years in execution and erection of transmission projects. The company subsequently acquired Techno Engineering Company, a proprietorship firm as a going concern on February 28, 2008 to gain more experience in the manufacturing of transmission tower and sub station structures. Parekh Electrawire Industries Limited became a subsidiary of the company on March 31, 2008 and subsequently it got amalgamated in the company vide the orders of Hon'ble High Courts of Delhi and Gujrat dated March 23, 2009 and August 31, 2009 respectively with effect from April 01, 2008 being the "Appointed Date". The company augmented its experience in the field of electrical sub-stations and railway electrification by acquiring one more partnership firm viz. Progressive Enterprise on January 12, 2010. The company augmented its experience in the field of railway signaling and telecommunication by acquiring one sole proprietorship firm viz. Sachin Construction Company on August 06, 2010.

The Registered Office of our Company is situated at G-29, 3rd Floor, Vardhaman Tower, Near PVR Sonia, Vikas Puri, New Delhi - 110 018. The changes in the registered office of our Company since incorporation are as under:

| Date of Change | From | To | Reasons for Change |
|---|---|---|---|
| Since incorporation | 514, GH-13, Paschim Vihar, New Delhi - 110 087 | | NA |
| September 01, 2003 | 514, GH-13, Paschim Vihar, New Delhi - 110 087 | F-2, Ansal Utility Commercial Complex, Paschim Vihar, New Delhi - 110 063 | Moved to bigger office |
| January 02, 2007 | F-2, Ansal Utility Commercial Complex, Paschim Vihar, New Delhi - 110 063 | TF1, Ansal Utility Commercial Complex, Opp. Jwala Heri Market, Paschim Vihar, New Delhi-110063 | Moved to bigger office |
| July 02, 2007 | TF1, Ansal Utility Commercial Complex, Opp. Jwala Heri Market, Paschim Vihar, New Delhi-110063 | G-29, 3rd Floor, Vardhaman Tower, Near PVR Sonia, Vikas Puri, New Delhi - 110 018 | Moved to bigger office |

**Key Events and Mile Stones**

| Year | Key Events / Milestone / Achievements |
|---|---|
| 2002 | Incorporated as "Aravali Aluminium Private Limited", a Private Limited Company, under the Companies Act, 1956. |
| 2003 | Takeover of M/s Aravali Zinc & Alloys, an aluminum alloy manufacturing unit, as a going concern. |
| 2004 | Taken land on lease for setting up of non ferrous alloy manufacturing plant at Kathua situated in a notified tax exempted area in Jammu and Kashmir. |
| 2005 | Commencement of commercial production at Kathua. |
| 2006 | Taken land on lease measuring 10 acres at Sitarganj situated in a notified tax exempted area in Uttarakhand for setting up of Transmission tower and Aluminum Overhead Conductor unit. |
| | Name of the Company was changed to 'Aravali Infrapower Private Limited'. |

| Year | Key Events / Milestone / Achievements |
|---|---|
| 2007 | Conversion of Company into a Public Limited Company. |
| | Acquired Technical Qualification criteria to submit various tenders in EPC by acquiring Pioneer Construction Company, a 25 years old EPC Company, as a going concern. |
| 2008 | Takeover of 'Techno Engineering Company', an 18 year old tower manufacturing Company having facilities, at Chandigarh and Mohali. |
| | Investment in the Company Parekh Electrawire Industries Limited having a business of manufacturing of power cable and conductors at Nadiad, Gujarat making it a Wholly owned Subsidiary of the Company. |
| | Achieved turnover of Rs. 100 Crores. |
| | Commencement of trial production at Sitarganj unit |
| | Commencement of commercial production at Sitarganj unit. |
| | Purchased land Measuring 5 acres with building constructed thereon at Dera Bassi, Punjab for relocation of Chandigarh and Mohali unit of Techno Engineering Company |
| 2009 | Amalgamation of the wholly owned subsidiary viz. Parekh Electrawire Industries Limited with the company vides orders of H'onble High Courts of Delhi and Gujrat dated 23.03.2009 and 31.08.2009 respectively. |
| 2010 | Diversified the line of business by entering into Construction business |
| | Takeover of Progressive Enterprises, having 25 years of rich experience in construction of Electrical Sub-Stations & Railway Electrification, as a going concern. |
| | Exceeded the turnover of Rs. 500 Crores. |
| | Acquired Sole Proprietorship Firm M/s Sachin Construction Company, having 22 years of experience in railway signaling, telecommunication and general electrical work, as a going concern. |

Our Company had filed a Draft Offer Document with SEBI and Stock Exchanges on September 30, 2008 for a Public Issue of Rs. 10,000 Lakhs and the Observations were given by SEBI on November 04, 2009. However, due to changes in the business plan resulting in substantial changes in the Objects of the Issue, the same was withdrawn vide letter dated September 13, 2010.

**Our 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 in India or elsewhere the business as Seller, Purchaser, Importer, Exporter, Fabricator, Agents, Merchants, Dealer, Manufacturer of Aluminium and Zinc, Aluminium/Zinc ingots and their Alloys, Aluminium Extruded Products, Aluminium Sheets, Aluminium Foils, other downstream products of Aluminium and other derivatives, compounds and by products of Aluminium and Zinc.
2. To carry on business as Producers, manufacturers, importers, exporters, processors, buyers, sellers, distributors of transmission towers, telecom towers, windmill towers and tower parts and galvanised or non galvanised, fabricated or non fabricated steel structures.
3. To carry on business as producer, manufacturer, importers, exporters, processors, buyers, sellers, distributors, stockist agents and brokers of all aluminium alloys conductors (AAAC) all aluminium conductor (AAC), aluminium conductors steel reinforced (ACSR) aluminium wire, alloy wire, aluminium standard conductor, aluminium alloy standard conductor, aluminium conductor galvanised steel reinforced, solution treated and annealed alloy wire, aerial bunched cables (ABC) PVC insulated conductor, PVC covered conductor, PVC Wires & cables, GI stay wires, GI wires, earth wire, aluminium wire rod- ingot, aluminium alloy wire rod-ingot and any materials & products made wholly or partially from any one or more of the metals and materials mentioned there is or their derivatives.
4. To carry on the business of building, constructing, establishing, setting up, acquiring, developing, erecting, altering, repairing, demolishing, managing, providing, operating and/or maintaining, fully or partially, infrastructure facilities of all description including, without limitation, power transmission/distribution, telecommunication, building or building schemes, roads, highways, canals, dams, embankments, irrigations, tramways, sidings, bridges, reservoirs, sewers, sanitary, works, shops, stores, factories, plant and machinery other infrastructure facilities and/or to provide services for

setting up of such infrastructure facilities and for the above purpose to carry on the business of engineers and general or special contractors for design, construction, manufacture, erection, maintenance, alteration, restoration of all types and description in India and Overseas, as contractor or sub-contractor for the whole or part of such work including power generation or distribution, cable lines, power transmission towers, towers and networking of all types, on and for the purpose to acquire any lands, buildings, tenements, premises, equipments, spares/parts of all kinds, description, design, configuration and in that connection to provide any consultancy, project management services, hardware or software implementation, customization, certification, inspection, resource poll management in relation to all kinds of infrastructure services inter-alia including but not limited to all type of telecom, cellular services, basic telecom services and, IT enabling service, industrial purpose and other infrastructure industries and in connection therewith to acquire, sell, dispose of, lease, hire goods/service of any nature/description.

5. The services spectrum will also include leasing and/or renting and/or providing and/or licensing and/or developing and/or sharing of infrastructure (including communication sides, wireless and broadcast towers, antenna systems/antenna space, wireless and radio/television broadcast transmission, business process, outsourcing and information, Technology facilities, Telecom and Enterprises networks and other structure, systems and communication equipments of similar nature), associated management services, facility management service relating to people, infrastructure, and technology in connection with the above activities.
6. To acquire and takeover the business of a firm running under the name and style of 'Pioneer Construction Company' as a going concern with all its assets, liabilities and goodwill including its employees, order in hand, qualification, experience and other beneficial rights attached to it and merge it with the Company on such terms and conditions as mutually agreed upon.
7. To acquire and take over the business of a firm running under the name and style of 'Techno Engineering Company' as a going concern with all its assets, liabilities and goodwill including its employees, orders in hand, qualification, experience and other beneficial rights attached to it and merge it with the Company on such terms and conditions as may be mutually agreed upon.
8. To acquire and takeover the business of the firm running under the name and style of 'Progressive Enterprises' as a going concern with all its assets, liabilities and goodwill including its employees, orders in hand, qualification, experience and other beneficial rights attached to it on such terms and conditions as mutually agreed upon.
9. To acquire and takeover the business of the firm running under the name and style of 'M/s Sachin Constructions Co.'as a going concern with all its assets, liabilities and goodwill including its employees, orders in hand, qualification, experience and other beneficial rights attached to it on such terms and conditions as mutually agreed upon.

The objects of the Memorandum of Association of our Company enable us to undertake activities for which the funds are being raised through this Issue. The existing activities of our Company are in accordance with the Object Clause of our Memorandum of Association.

**Changes in the Memorandum of Association since incorporation:**

| Date of Alteration | Nature of Alteration |
|---|---|
| June 23, 2003 | Increase in Authorised Capital from Rs 15 Lakhs to 20 Lakhs |
| March 29, 2004 | Increase in Authorised Capital from Rs 20 Lakhs to 50 Lakhs |
| March 01, 2005 | Increase in Authorised Capital from Rs 50 Lakhs to 200 Lakhs |
| December 28, 2006 | Change of name from Aravali Aluminium Private Limited to Aravali Infrapower Private Limited & Alteration of Object Clause |
| January 20, 2007 | Change of status of the Company from Private Limited to Public Limited |
| February 13, 2007 | Increase in Authorised Capital from Rs 200 Lakhs to 500 Lakhs |
| May 09, 2007 | Increase in Authorised Capital from Rs 500 Lakhs to 1300 Lakhs & Alteration of object clause |
| August 25, 2008 | Increase in Authorised Capital from Rs. 1300 Lakhs to 2200 Lakhs |
| August 31, 2009 | Increase in Authorised Capital from Rs. 2200 Lakhs to 2400 Lakhs* |
| January 02, 2010 | Alteration in the Object clause |

| Date of Alteration | Nature of Alteration |
|---|---|
| August 02, 2010 | Alteration in the Object clause |
| September 10, 2010 | Alteration in the Other Objects clause |

* Parekh Electrawire Industries Limited merged with our Company vide order of the Hon'ble High Court of Delhi and Gujarat dated March 23, 2009 and August 31, 2009 respectively. The abovementioned increase in the Authorised Share capital of our Company was pursuant to the addition of the authorized share capital of Parekh Electrawire Industries Limited.

**Details of acquisition of business / undertakings and merger**

**1. Aravali Zinc & Alloys**

Pursuant to agreement dated March 14, 2003 between Mr. Rakesh Jolly and Ms. Ritu Jolly (the "Original Owners") and our Company, we purchased, as a going concern, the entire business of M/s Aravali Zinc & Alloys, a partnership firm engaged in the business of manufacturing of zinc and aluminum alloys. Pursuant to the Agreement, w.e.f. March 14, 2003, all assets, including goodwill, business contracts and employees of M/s Aravali Zinc & Alloys were transferred to our Company and the Original Owners are the Subscribers to Memorandum of our Company.

**2. Pioneer Construction Company**

Pursuant to agreement dated June 06, 2007 between Mrs. Madhu Ramaiah, Mr. R Jairam, Mr. R Narayanan and Mr. Vijay Ramaiah (HUF) (the "Original Owners") and our Company, we purchased, as a going concern, the entire business of M/s Pioneer Construction Company, a partnership constituted pursuant to a deed of partnership dated May 17, 1995 engaged in the business of construction of High voltage transmission lines. Pursuant to the Agreement, w.e.f. June 06, 2007, entire business and undertaking including all assets, including goodwill, business contracts and employees of M/s Pioneer Construction Company were transferred to our Company and one of the Original Owner, Mr. R Narayanan was appointed as Director on the Board of our Company.

**3. Techno Engineering Company**

Pursuant to agreement dated February 28, 2008 between Mr. R B Gupta (the "Original Owner") and our Company, we purchased, as a going concern, the entire business of M/s Techno Engineering Company, a proprietorship firm established in 1981 and engaged in the business of manufacturing of transmission towers & sub station structures. Pursuant to the Agreement, w.e.f. February 28, 2008, entire business and undertaking including all assets, including goodwill, business contracts and employees of M/s Techno Engineering Company were transferred to our Company.

**4. Parekh Electrawire Industries Limited**

Parekh Electrawire Industries Ltd, ("PEIL"), a company in the business of manufacturing of aluminum overhead conductors and metal wire products / accessories, power transmission cables and other electrical items, was incorporated on May 13, 1972.

On March 31, 2008, we acquired 99.95% of the equity shares and on October 01, 2008, the Company acquired the remaining balance i.e. 0.05% of equity shares of PEIL and thus became a wholly owned subsidiary of our Company.

Pursuant to a scheme of arrangement approved by the Hon'ble High Court of Delhi and Gujarat dated March 23, 2009 and August 31, 2009 respectively, PEIL was merged with the Company with effect from April 1, 2008. Since PEIL was a wholly owned subsidiary of our Company, no fresh shares were issued pursuant to the merger.

The rationale for the merger was to pool the financial, commercial and other resources as the magnitude of the investments contemplated will be better met by the companies merged together and considerable synergy of operations will be achieved. Pursuant to the merger, all assets, liabilities, debts, duties and obligations of PEIL were transferred to the Company.

**5. Progressive Enterprise**
Pursuant to agreement dated January 12, 2010 between Mr. Satya Ranjan Banerjee and Mr. Sudipta Roy (the "Original Owners") and our Company, we purchased, as a going concern, the entire business of M/s Progressive Enterpise, a partnership constituted pursuant to a deed of partnership dated May 04, 1986 engaged in the business of construction of electrical sub - stations and railway electrification work. Pursuant to the Agreement, w.e.f. January 12, 2010, entire business and undertaking including all assets, including goodwill, business contracts and employees of M/s Progressive Enterprise were transferred to our Company and the Original Owners are employed in our Company.

**6. Sachin Construction Company**
Pursuant to agreement dated August 06, 2010 between Mrs. Bela Maitra (the "Original Owner") and our Company, we purchased, as a going concern, the entire business of M/s Sachin Construction Company, a proprietorship firm established in 1988 and engaged in the business of providing turnkey solutions for railway signaling and communication and general electrical work. Pursuant to the Agreement, w.e.f. August 06, 2010, entire business and undertaking including all assets, including goodwill, business contracts and employees of M/s Sachin Construction Company were transferred to the Company.

**Our Subsidiaries**

**1. AIPL International Commodities Private Limited**

| | |
|---|---|
| Date of Incorporation | June 11, 2010 |
| CIN | U51909DL2010PTC203995 |
| Registered Office | G -29, 2nd Floor, Vardhman Tower, Community Centre, Vikas Puri, New Delhi - 110 018. |
| Main object | To carry on the business as broker, market maker, investor, trader in commodities in spot, future and derivatives market. |

**Board of Directors as on August 31, 2010**

| Sr. No. | Name | Designation | DIN |
|---|---|---|---|
| 1 | Mr. Rakesh Jolly | Director | 00533817 |
| 2 | Mr. Ramaiah Narayanan | Director | 01976754 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | % of Shareholding |
|---|---|---|
| Rakesh Jolly | 100 | 0.20 |
| Aravali Infrapower Limited | 49,900 | 99.98 |
| **Total** | **50,000** | **100.00** |

Since AIPL International Commodities Private Limited was incorporated during the current financial year, hence no financial data is available. AIPL International Commodities Private Limited has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up.

**2. Aravali Solar Energy Limited**

| | |
|---|---|
| Date of Incorporation | May 28, 2010 |
| Commencement of Business | June 29, 2010 |
| CIN | U40102DL2010PLC203307 |
| Registered Office | G-29,2nd Floor, Vardhman Tower, Community Centre, Near Pvr Sonia, Vikas Puri, New Delhi - 110 018. |
| Main object | (i) To purchase, generate, sell or deal in electrical power energy using conventional / non-conventional sources of energy, (ii) to erect, operate maintain power plants and (iii) to manufacture and deal in all kinds of power generation equipments. |

**Board of Directors as on August 31, 2010**

| Sr. No. | Name | Designation | DIN |
|---|---|---|---|
| 1 | Mr. Rakesh Jolly | Director | 00533817 |
| 2 | Mr. Ramaiah Narayanan | Director | 01976754 |
| 3 | Mr. Inder Prakash Saboo | Director | 02961835 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | % of Shareholding |
|---|---|---|
| Mr. Rakesh Jolly | 100 | 0.20 |
| Ms. Ritu Jolly | 100 | 0.20 |
| Mr. Ramaiah Narayanan | 100 | 0.20 |
| Mr. Inder Prakash Saboo | 100 | 0.20 |
| M/s Aravali Infrapower Limited | 49,400 | 98.80 |
| M/s Aravali Smelters Limited | 100 | 0.20 |
| Sreedeb Commercial Private Limited | 100 | 0.20 |
| **Total** | **50,000** | **100.00** |

Since Aravali Solar Energy Limited was incorporated during the current financial year, hence no financial data is available. Aravali Solar Energy Limited has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up.

**Our Company is not operating under any injunction or restraint order.**

**Changes in the activities of the Company, Aravali Infrapower Limited, during the last five years**
The Company has added the following profile in its activity. The company started with Power transmission division in 2007 to execute the EPC work in power transmission line. In 2009 the Company started with Civil Infrastructure work in Roads and in 2010, the Company started the activity of railway electrification.

For details relating to the business and operations of the Company, please refer section "Our Business" on page 56 of the Draft Red Herring Prospectus.

**Shareholders Agreement**
We have not entered into any shareholders agreement except as disclosed under "History & Certain Corporate Matters - Details of acquisition of business / undertakings and merger" on page 80 of the Draft Red Herring Prospectus.

**OTHER AGREEMENTS**

**Non Compete Agreement**
We have not entered into any Non-compete Agreement.

**Joint Venture**
As on the date of filing of the Draft Red Herring Prospectus, except in the normal course of business to file the tender, the Company does not have any other specific joint venture agreement.

**Strategic Partners**
As on the date of filing of the Draft Red Herring Prospectus, we do not have any Strategic Partners.

**Financial Partners**
As on the date of filing the Draft Red Herring Prospectus, we do not have any other financial partners.

## OUR MANAGEMENT

Our Company functions under the control of Board of Directors. The day-to-day affairs of the company are looked after by qualified key personnel under the supervision of Mr. Rakesh Jolly, Chairman and Managing Director. Presently we have 4 Directors on our Board. The constitution of our Board is as under:

| Sr. No. | Name, Designation, Father's Name, Address, occupation | Nation-ality | Age (Years) | Date of appointment | Other Directorships / partnership in other entities |
|---|---|---|---|---|---|
| 1. | Mr. Rakesh Jolly<br>Chairman and Managing Director<br>S/o. Late Shri Ramesh Jolly<br>B - 39, Shankar Garden, Vikas Puri, New Delhi - 110 018<br>Occupation: Business<br>Term: 01/12/2007 to 30/11/2012<br>DIN: 00533817 | Indian | 49 | 13/12/2002<br><br>Re-appointed as Managing Director on December 01, 2007 | 1. Aravali Smelters Limited<br>2. Shivalik Organics Limited<br>3. Sreedeb Commercial Private Limited<br>4. Aravali Energy Private Limited<br>5. Aravali Solar Energy Limited<br>6. Aravali Global Infra Private Limited<br>7. AIPL International Commodities Private Limited |
| 2. | Mr. Ramaiah Narayanan<br>Non - Executive & Non Independent Director,<br>S/o. Shri Palamuthuswamy Ramaiah ,<br>65, Laxmanpuri, Lucknow - 226 016<br>Occupation: Service<br>Term: Liable to retire by rotation<br>DIN: 01976754 | Indian | 66 | 30/04/2008 | 1. AIPL International Commodities Private Limited |
| 3. | Mr. Sanjay Chaudhary<br>Independent Director<br>S/o. Sh. Hira Nand Chaudhary<br>Independent Director,<br>A - 22, Vandana Apartment, Sector 13, Rohini, Delhi - 110 085<br>Term: Liable to retire by rotation<br>Occupation: Professional<br>DIN: 01673217 | Indian | 43 | 12/07/2010 | 1. Cemap Consulting Private Limited |
| 4. | Mr. Nitya Nand Singh<br>Independent Director,<br>S/o. Sh. Vijay Narain Singh<br>20/42, West Patel Nagar, New Delhi - 110 008<br>Term: Liable to retire by rotation<br>Occupation: Professional<br>DIN: 01995093 | Indian | 35 | 12/07/2010 | Nil |

**Brief Profile of Directors**

**Mr. Rakesh Jolly**, aged 49 years, is Science Graduate and a Chartered Accountant. He is a first generation entrepreneur. He is the founder Promoter of our Company and has been associated with the Company since inception. He has an experience of 23 years and is currently the Chairman & Managing Director of our Company. He is responsible for the sustained growth of our Company. He has been instrumental in strategic planning and business development of our company and is responsible for the overall management and supervision of the business of our company. Before incorporation of the company he was running a partnership firm named 'Aravali Zinc & alloy' which was engaged in the business of manufacturing and trading of non ferrous metal alloys.

**Mr. Ramaiah Narayanan**, aged 66 years, is an Ex-Civil Servant and has long administrative experience spanning over a period of 30 years in the field of power transmission. Before joining AIPL, he was a partner in the 'Pioneer Construction Company', a partnership firm having a business of Power Transmission. His experience and exposure helps the Board to take appropriate strategic decision in the current competitive business era.

**Mr. Sanjay Chaudhary**, aged 43 years, is Chartered Accountant by profession. He has 17 years of experience in the field of finance, taxation, audit and MIS reporting. Presently he is in practice and acting as consultant for various companies and firms. He is also on the board of Cemap Consulting Pvt. Ltd.

**Mr. Nitya Nand Singh**, aged 35 years, is an Advocate and a Company Secretary by profession. Presently he is practicing as an advocate for the last 7 years in Delhi High Court and Supreme Court of India. He is also acting as consultant for various companies and firms.

We confirm that none of the Directors of our Company are related to each other. We also confirm that:
- we have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Directors were selected as Directors or members of Senior Management.
- the service contracts entered into with our Managing Director / Whole Time Director do not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, Superannuation and Gratuity as per the policies of our Company.

**Borrowing powers**
Our Company has passed the resolution in the extra ordinary general meeting of the members held on September 11, 2009 authorizing the Directors of the Company to borrow from time to time all such money as they may deem necessary for the purpose of business of our Company notwithstanding that money borrowed by the Company together with the monies already borrowed by our Company may exceed the aggregate of the paid up share capital and free reserves provided that the total amount borrowed by the Board of Directors shall not exceed the sum of Rs. 1,00,000 Lakhs.

**Remuneration of our Directors**
Mr. Rakesh Jolly was re-appointed as Managing Director w.e.f. December 01, 2007 for a period of 5 years. His remuneration was revised in terms of the Companies Act, 1956 and was increased to Rs. 48,00,000/- per annum, to be payable as follows for the whole of his term of appointment with effect from April 01, 2010.

Terms of the remuneration payable to him are as under:

1. Basic Salary Rs. 2,00,000/-per month
2. Special Allowance Rs. 1,99,000/- per month
3. Conv. Allowance Rs. 800/- per month
4. Education Allowance Rs. 200/- per month
5. Other Benefits: In addition to above, the Managing Director shall also be entitled to the following benefits:
   a. **Provident Fund:** Company's contribution to provident Fund will be as per the scheme of the company.
   b. **Medical Reimbursement**: Expenditure incurred by the Managing Director on self and his family, subject to a ceiling of one month's salary (basic) in a year or three months salary (basic) over a period of three years
   c. **Ex Gratia Payment:** Payment of ex-gratia not exceeding one month average basic salary shall be payable annually as per the policy of the company

d. **Gratuity:** Gratuity shall be payable as per the provisions of Payment of Gratuity Act, 1972
e. **Insurance**: Group Medical Insurance, Group Life Insurance and Personal Accident Insurance coverage as per the Company schemes, as applicable to all the employees of the Company, from time to time

**Sitting Fee**
The Board of Directors has accorded their approval for payment of sitting fee to Directors of the Company for attending the Meetings of the Board. The Directors, other than Executive Directors, are entitled for payment of sitting fee of Rs. 6,000 for attending every meeting of Board or its Committee.

**Compensation paid and benefits in kind granted to Directors during the financial year 2009-2010.**
Following is the detail of compensation paid and benefits in kind granted to the Board of Directors of the Company during the financial year 2009-2010.

(Rs. in lakhs)

| Particulars | Mr. Rakesh Jolly | Mr. Ramaiah Narayanan | Mr. Sanjay Chaudhary | Mr. Nitya Nand Singh | Total |
|---|---|---|---|---|---|
| Salary | 18.52 | 5.78 | - | - | 24.30 |
| Sitting Fees | - | - | - | - | - |
| **Total** | **18.52** | **5.78** | **-** | **-** | **24.30** |

**Corporate Governance**
The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance will be applicable to us immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with the Corporate Governance requirements as per Clause 49 of the Listing Agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following committees of the Board:

**1. Audit Committee**
The Audit Committee was initially constituted by our Board in their meeting held on September 01, 2008 in accordance with the requirements of Section 292A of the Companies Act, 1956. The said Committee was last re-constituted by our Board in their meeting held on August 02, 2010 to comply with the requirements under Clause 49 of the Listing Agreement. The Audit Committee presently comprises of:

| Sr. No. | Name of Member | Designation | Remarks |
|---|---|---|---|
| 1. | Mr. Sanjay Chaudhary | Chairman | Independent Director |
| 2. | Mr. Nityanand Singh | Member | Independent Director |
| 3. | Mr. Rakesh Jolly | Member | Managing Director |

The Company Secretary of the Company Mr. Niraj Kumar shall be the Secretary to the Committee in terms of the listing agreement.

The main function of audit committee is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and controls systems.

The role of Audit Committee includes:
1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Appointment, removal and terms of remuneration of Internal Auditors.

5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
   b) Changes, if any, in accounting policies and practices and reasons for the same;
   c) Major accounting entries, involving estimates based on the exercise of judgment by management;
   d) Significant adjustments made in the financial statements arising out of audit findings;
   e) Compliance with listing and other legal requirements relating to the financial statements;
   f) Disclosure of any related party transactions;
   g) Qualifications in the draft audit report.
   h) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, 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.
8. Discussions with Internal Auditors on any significant findings and follow up thereon.
9. Reviewing internal audit reports and adequacy of the internal control systems.
10. Reviewing the adequacy of internal audit function, if any, 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.
11. Reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors.
12. Discussion with Internal Auditors any significant findings and follow up there on.
13. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
14. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
15. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non payment of declared dividends) and Creditors.
16. To review the functioning of the Whistle Blower Mechanism, when the same is adopted by the Company and is existing.
17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

**2. Share Transfer and Shareholder's Grievance Committee**

The Share Transfer and Shareholder's Grievance Committee was constituted by our Board in their meeting held on September 01, 2008 to comply with the requirements under Clause 49 of the Listing Agreement. The said Committee was last re-constituted by our Board in their meeting held on August 02, 2010 to comply with the requirements under Clause 49 of the Listing Agreement. The Share Transfer and Shareholder's Grievances Committee presently comprises of:

| Sr. No. | Name of Member | Designation | Remarks |
|---|---|---|---|
| 1. | Mr. Nityanand Singh | Chairman | Independent Director |
| 2. | Mr. Rakesh Jolly | Member | Managing Director |
| 3. | Mr. Sanjay Chaudhary | Member | Independent Director |

Mr. Niraj Kumar, Company Secretary, shall be the Secretary of the Committee.

The role of Share Transfer and Shareholder's Grievances Committee includes:
1. Investor relations and redressal of shareholders' grievances in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc in particular;
2. Review of the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent; and

3. Such other matters, as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee.
4. This Committee is also responsible for approval of transfer of securities including power to delegate the same to registrar and transfer agents.

**Interests of Directors**
All of our directors may be deemed to be interested to the extent of fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and / or reimbursement of expenses, if any, payable to them and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our company.

The non promoter directors of our company can apply in the Issue and as such, may be regarded as interested in our Company to the extent of equity shares that may be subscribed by or allotted to them pursuant to the Issue. All the Directors may also be regarded as interested to the extent of Equity Shares already held by them or by the companies / firms / ventures promoted by them, if any, or equity shares that may be subscribed by or allotted to them pursuant to the Issue and dividend or other distributions payable to them in respect of the said Equity Shares. All directors may be deemed to be interested in the agreement / arrangements entered into or to be entered into by our company with any company in which they hold directorships or any partnership firms in which they are partners.

None of the Director has any interest in any property acquired by the Company within two years of the date of the Draft Red Herring Prospectus.

Except as stated above and in the section titled "Financial Statements - Related Party Disclosures" on page 122 of the Draft Red Herring Prospectus, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

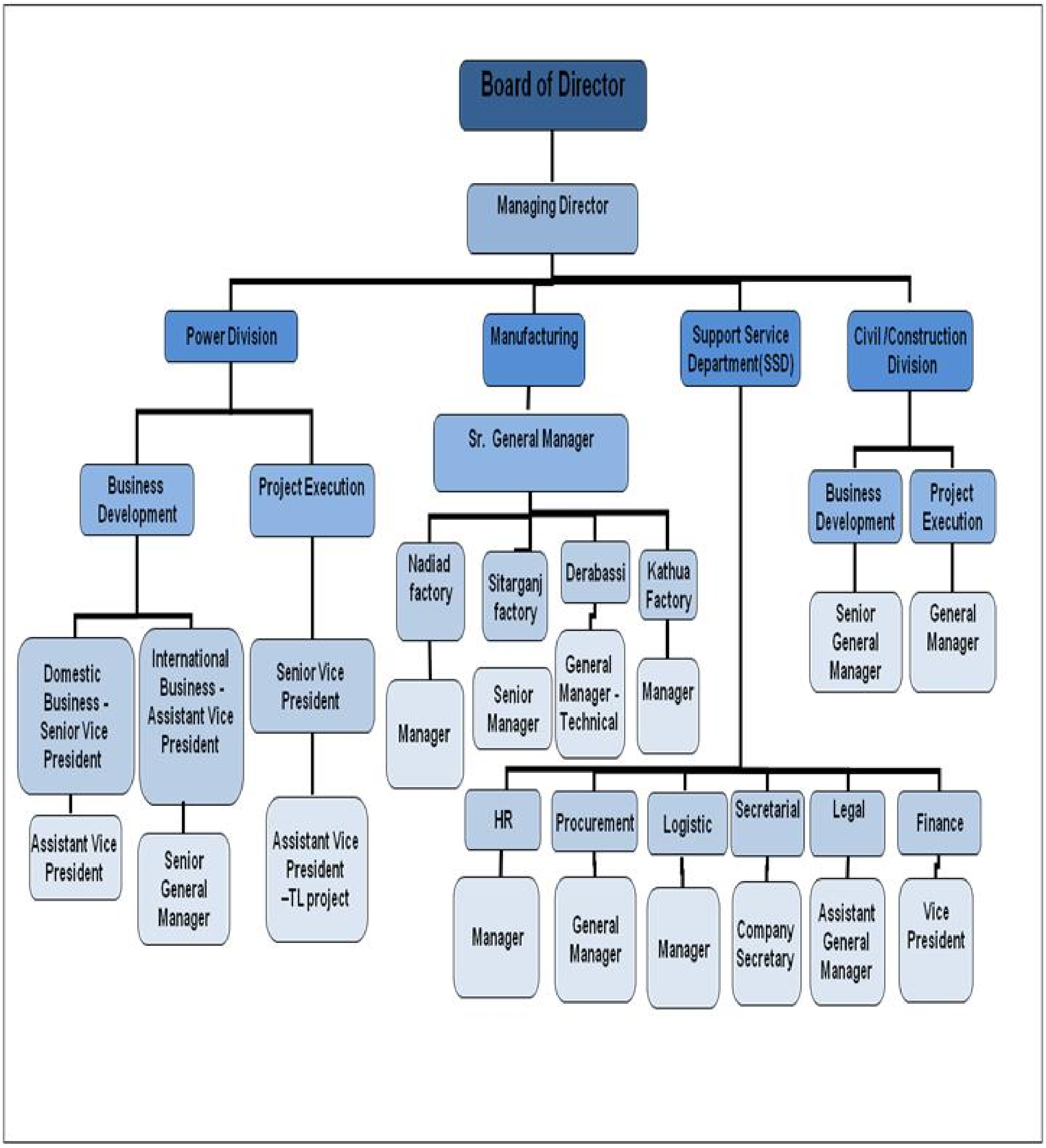
**Shareholding of our Directors**
The shares held by Directors in our company as on the date of filing the Draft Red Herring Prospectus are as under:

| Name of Directors | Number of shares held | % of pre-issue capital |
|---|---|---|
| Mr. Rakesh Jolly | 8,553,200 | 55.03 |
| Mr. Ramaiah Narayanan | - | - |
| Mr. Sanjay Chaudhary | - | - |
| Mr. Nitya Nand Singh | - | - |

**Changes in the Board of Directors in the last 3 years**
Except the following, there has been no change in the Board of Directors of our Company during the last three years:

| Name of Director | Date of Appointment | Date of cessation | Reason for Change |
|---|---|---|---|
| Mrs. Tarang Khosla | September 29, 2007 | April 30, 2008 | Resignation |
| Mr. Vinod Kumar Luhadiya | - | September 29, 2007 | Resignation |
| Mr. Ramaiah Naryanan | April 30, 2008 | - | Broad Base the Board |
| Mr. Ankur Sarin | - | April 30, 2008 | Resignation |
| Mr. Radha Krishna Pandey | September 01, 2008 | August 14, 2010 | Resignation |
| Mr. Mohinder Kumar Kansal | - | August 14, 2010 | Resignation |
| Mr. Sanjay Chaudhary | July 12, 2010 | - | Broad Base the Board |
| Mr. Nitya Nand Singh | July 12, 2010 | - | Broad Base the Board |

**Management Organization Structure**
The Organization structure of the Management is as under:




**Key Managerial Personnel**

In addition to Mr. Rakesh Jolly, Chairman & Managing Director, whose details have been provided under brief profile of Directors on page 83 of the Draft Red Herring Prospectus, the following are Key Managerial Personnel of our Company. All our Key Managerial Personnel are permanent employees of our Company.

| Name | Designation | Age (Years) | Qualification | Total Exp. | Date of Joining | Previous Employment |
|---|---|---|---|---|---|---|
| Mr. Rama Kant Mishra | Sr. Vice President (Business Development) | 43 | B.Tech (Electrical) | 16 | October 16, 2009 | HPL Socomec Pvt. Ltd. |

| Name | Designation | Age (Years) | Qualification | Total Exp. | Date of Joining | Previous Employment |
|---|---|---|---|---|---|---|
| Mr. Satya Ranjan Banerjee | Sr. Vice President | 68 | B.E. (Electrical) | 44 | January 12, 2010 | Progressive Enterprises |
| Mr. Swapan Deb | Vice President-Project execution | 52 | B.E. (Electrical) | 28 | June 11, 2010 | KEC International Ltd |
| Mr. Inder Prakash Saboo | V.P. - Finance and Accounts | 48 | C.A. | 22 | June 06, 2006 | Pioneer Poly Lab Ltd. |
| Mr. Niraj Kumar | Company Secretary | 35 | ACS, LLB, MBA | 6 | June 12, 2007 | Company Secretary in Practice |
| Mr. Binod Kumar Singh | A.V.P. - Project | 49 | B.E. (Electrical) | 20 | November 12, 2007 | Subhash Projects and Marketing Limited |
| Mr. Mukesh Manchanda | A.V.P-International Business | 39 | B.E. (Electrical) | 13 | November 29, 2007 | Jackson Engineers Limited |
| Mr. Anil Kumar Singh | Sr. General Manager – International Business | 63 | Diploma in Electrical | 30 | June 15, 2010 | Angelique International Ltd. |
| Mr. Somnath Mondal | General Manager - Technical | 52 | Diploma in Electrical Engineering | 25 | January 01, 2008 | M/s. R.G. Structures |
| Mr. Vir Karan | General Manager - Tenders | 64 | B.E. (Civil) | 40 | August 13, 2010 | Harish Chandra Ltd. |
| Mr. Deva Nand Chandola | Sr. General Manager - Projects | 72 | B.E. (Civil) | 46 | September 02, 2010 | Vijai Infrastructure Ltd. |
| Mr. Anand Kumar | G.M - Business Development | 39 | B.E. (Civil Engineering) | 17 | December 10, 2009 | Marti India Ltd. |
| Mr. Mukesh Vyas | A.V.P. - Business Development | 49 | B.E. (Electrical) | 20 | August 21, 2009 | ICOMM Tele Ltd. |

**Brief profile of Key Managerial Personnel of our Company is as follows:**

Mr. Rama Kant Mishra, aged about 43 years, is Bachelor of Electrical Engineering. He has more than 16 years of experience in business development and project management. Prior to this, he was associated with HPL-Socomec. He is working with the company as Senior Vice President – Business Development and handing business development, preparation and evaluation of tender documents, Project Management, Stores and Inventory management, Design of substation and lines. The gross remuneration paid to him for the fiscal 2010 was Rs. 5.25 lakhs.

Mr. Satya Ranjan Banerjee, aged about 68 years, is B.E. (Electrical). He has more than 44 years of experience in the field of electrical projects. He is working with our Company as Sr. Vice president and handling Project Management, Planning and Monitoring, Business Development and Tendering. Prior to joining our Company, he was associated with Progressive Entreprises. The gross remuneration paid to him for the fiscal 2010 was Rs. 1.34 lakhs.

Mr. Swapan Deb, aged about 52 years, is Bachelor of Electrical Engineering. He has more than 28 years of experience in project management and execution. Prior to this, he was associated with KEC International Ltd. He is working with the company as Vice President – Project Execution and handing construction & project management of EHV / UHV Lines & Distribution systems.

Mr. Inder Prakash Saboo, aged about 48 years is a Chartered Accountant and holds a PGDBA. He has experience of 24 years in the field of Project Finance and Bank Liasoning. He is General Manager (Finance) of the Company. The gross remuneration paid to him for the fiscal 2010 was Rs. 5.27 lakhs.

Mr. Niraj Kumar, aged about 36 years is the Secretary of the Company and the Compliance Officer for the purpose of this Proposed Issue of Equity Shares by the Company. He is an associate member of the Institute of Company Secretaries of India, LLB and an MBA. He has been associated with the Company for more than three years and previously was engaged as a Company Secretary in practice. The gross remuneration paid to him for the fiscal 2010 was Rs. 4.97 lakhs.

Mr. Binod Kumar Singh, aged about 49 years, is bachelor in Electrical Engineering. He has been engaged in execution of power transmission lines. He is DGM (Projects) of the Company and has 24 years experience in Project Engineering with Subhash Projects and Marketing Ltd. The gross remuneration paid to him for the fiscal 2010 was Rs. 7.55 lakhs.

Mr. Mukesh Manchanda, aged about 39 Years, is an electrical engineer. He is associated with the company as General Manager (International Division). He has 13 yrs of experience with the power industry. Prior to this he was working with Jakson Group, New Delhi. The gross remuneration paid to him for the fiscal 2010 was Rs. 9.38 lakhs.

Mr. Anil Kumar Singh, aged about 63 years, is Diploma in Electrical. He has more than 30 years of experience in domestic and international projects. Presently he is working with the Company as Sr. General Manager - International Business and looking after project management, operation and maintenance, business development and marketing. Prior to this he was associated with Angelique International Limited.

Mr. Somnath Mondal, aged about 52 years, is Diploma in Electrical Engineering. He has more than 25 years of experience in manufacturing of towers. Prior to this he was associated with R. G. Structures. He is working with the company as General Manager – Technical and handling Production Planning, Planning for raw materials, Monitoring production function, Dealing & follow-up with various inspection agencies, Monitoring of Engineering Department. The gross remuneration paid to him for the fiscal 2010 was Rs. 4.58 lakhs.

Mr. Vir Karan, aged about 64 years, is B.E. (Civil). He has an experience of more than 40 years in the field of civil engineering. Presently he is working with the Company as General Manager - Tenders and is looking after the tendering process and business development of our Company. Prior to joining our Company, he was associated with Harish Chandra Limited.

Mr. Deva Nand Chandola, aged about 72 years, is B.E. (Civil). He has more than 46 years of experience in the field of civil engineering. He is working with the Company as Sr. General Manager - Projects and looking after formulation and implementation of works plan, project planning, monitoring and budgeting. Prior to joining our Company, he was associated with Vijai Infrastructure Limited.

Mr. Anand Kumar, aged about 39 years, is Bachelor of Civil Engineering. He has more than 16 years of experience in Civil - Construction. Prior to this he was associated with Marti India Limited. He is working with the company as General Manager - Business Development and handing business development of Infrastructure projects including tendering, monitoring and coordination of all civil projects, preparation & dealing with various Government & contracting agency and supervising them, mobilization of resources, quantity surveying etc. The gross remuneration paid to him for the fiscal 2010 was Rs. 3.84 lakhs.

Mr. Mukesh Vyas, aged about 48 years, is Bachelor of Electrical Engineering. He has more than 20 years experience in Telecom Product sales. Prior to this, he was associated with ICOMM Tele Limited. He is working with the company as Associate Vice President – Business Development and handing sales & marketing of Towers. The gross remuneration paid to him for the fiscal 2010 was Rs. 9.22 lakhs.

The service contracts entered into with our Key Management Personnel does not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, and

Gratuity as per the policies of our Company. Except the normal incentive scheme of the Company, there is no specific incentive sharing plan for the Key Managerial Personnel.

None of the key managerial personnel is related to each other.

**Changes in Key Management Personnel during the last three years**

| Name | Designation | Date of Appointment | Date of Cessation |
|---|---|---|---|
| Mr. Sudhir Kumar Dwivedi | Manager (HR) | October 15, 2007 | October 30, 2009 |
| Mr. A. Hemnawas Pillai | Vice President (Sub Station) | December 31, 2007 | April 30, 2009 |
| Mr. S.C.Dutta | General Manager (Procurement) | February 25, 2008 | July 15, 2009 |
| Mr. Manoranjan Shukla | General Manager (Business Development) | May 12, 2008 | October 31, 2008 |
| Mr. Som Nath Sarkar | Vice President (Power Cable and Conductor Dept.) | May 16, 2008 | January 18, 2010 |
| Mr. B. P. Mishra | Senior Vice President, International Division | June 10, 2008 | August 21, 2008 |
| Mr. Ajay Krishna | Assistant General Manager (International Division) | June 14, 2008 | August 21, 2008 |
| Mr. Ashok Kumar | General Manager (Projects) | June 25, 2008 | September 11, 2008 |
| Mr. Chander Mohan | Vice President (Business Development) | - | November 22, 2008 |
| Mr. Rama Kant Mishra | Sr. Vice President (Business Development) | October 16, 2009 | - |
| Mr. Satya Ranjan Banerjee | Sr. Vice President | January 12, 2010 | - |
| Mr. Swapan Deb | Vice President-Project execution | June 11, 2010 | - |
| Mr. Binod Kumar Singh | A.V.P. - Project | November 12, 2007 | - |
| Mr. Mukesh Manchanda | A.V.P- International Business | November 29, 2007 | - |
| Mr. Anil Kumar Singh | Sr. General Manager – International Business | June 15, 2010 | - |
| Mr. Somnath Mondal | General Manager - Technical | January 01, 2008 | - |
| Mr. Vir Karan | General Manager - Tenders | August 13, 2010 | - |
| Mr. Deva Nand Chandola | Sr. General Manager - Projects | September 02, 2010 | - |
| Mr. Anand Kumar | G.M - Business Development | December 10, 2009 | - |
| Mr. Mukesh Vyas | A.V.P. - Business Development | August 21, 2009 | - |

**Shareholding of Key Managerial Personnel**
None of the Key Managerial Personnel is holding any shares in our Company.

**Interest of Key Managerial Personnel**
No key Managerial Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**Employee Stock Option Scheme / Employees Stock Purchase Scheme**
We do not have any employees Stock Option Scheme / Employees Stock Purchase Scheme.

## OUR PROMOTER

The Promoter of our company is Mr. Rakesh Jolly.

1. **Mr. Rakesh Jolly**

| | |
|---|---|
| Passport No. | G1295608 valid upto January 24, 2017 |
| Driving License | Not available |
| Voter ID | Not available |
| PAN | AAGPJ0316A |
| Bank a/c No. | 54018670077 with State Bank of Mysore, Punjabi Bagh (West), New Delhi |

**Mr. Rakesh Jolly**, aged 49 years, residing at B - 39, Shankar Garden, Vikaspuri, New Delhi-110018. He is Science Graduate and a Chartered Accountant. He is a first generation entrepreneur. He is the founder Promoter of our Company and has been associated with the Company since inception. He has an experience of 23 years and is currently the Chairman & Managing Director of our Company. He is responsible for the sustained growth of our Company. He has been instrumental in strategic planning and business development of our company and is responsible for the overall management and supervision of the business of our company. Before incorporation of the company he was running a partnership firm named 'Aravali Zinc & alloy' which was engaged in the business of manufacturing and trading of non ferrous metal alloys.

**Other confirmation**

We confirm that the details of the permanent account numbers, passport and bank account numbers of our promoter has been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges. Further, our Promoter has confirmed that he has not been declared as willful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by him in the past or are pending against him.

**Common Pursuits**

Two of our Promoter Group Companies have main objects common to our main objects. Aravali Global Infra Private Limited has main objects to carry on the business of infrastructure projects and civil infrastructure and Aravali Smelters Limited has main objects to carry on the business of alloys. However both the Companies are not carrying out any business activity as on date. For details our Promoter Group Companies refer to Section titled "Our Promoter Group" on page 93 of the Draft Red Herring Prospectus

**Interest of Promoter**

Our Promoter shall be deemed as interested to the extent of Equity Shares held by him or by the companies / firms / ventures promoted by him, if any, and dividend or other distributions payable to him in respect of the said Equity Shares. Except as stated above and in the section titled "Financial Statements - Related Party Disclosures" on page 122 of the Draft Red Herring Prospectus, and to the extent of shareholding in our Company, our Promoter do not have any other interest in our business.

**Payment of benefits to our Promoter during the last two years**

Except as stated in the chapter titled "Financial Statements - Related Party Disclosures" on page 122 of the Draft Red Herring Prospectus, there has been no payment of benefits to our Promoter during the last two years from the date of filing of this Red Herring Prospectus.

**Related party transactions**

For details of related party transactions, see the chapter titled "Financial Statements - Related Party Disclosures" on page 122 of the Draft Red Herring Prospectus.

**Litigation**

For details regarding litigation involving our Promoter, see the chapter titled "Outstanding Litigation and Material Developments", on page 135 of the Draft Red Herring Prospectus.

**OUR PROMOTER GROUP**

Given below is the list of entities promoted / owned by our Promoter which forms part of our Promoter Group and is collectively termed as "Aravali Group". All the Promoter Group Companies are unlisted and have not made any public issue in the preceding three years. None of the Promoter Group Company has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up or liquidation. For details on litigations and disputes pending against the Promoter Group Entities please refer to the section titled "Outstanding Litigations and Material Developments" on page 135 of the Draft Red Herring Prospectus.

1. Aravali Smelters Limited
2. Shivalik Organics Limited
3. Sreedeb Commercial Private Ltd.
4. Aravali Energy Private Limited
5. Aravali Global Infra Private Limited

In addition to the entities named above, the following natural persons are part of our Promoter Group in terms of Regulation 2(1)(zb) of SEBI ICDR Regulations:

| Name of Person | | Relationship |
|---|---|---|
| Mrs. Kanta Jolly | : | Mother of Mr. Rakesh Jolly |
| Mrs. Ritu Jolly | : | Wife of Mr. Rakesh Jolly |
| Mrs. Umang Sarin | : | Sister of Mr. Rakesh Jolly |
| Mrs. Tarang Khosla | : | Sister of Mr. Rakesh Jolly |
| Mrs. Shakun Narang | : | Sister of Mr. Rakesh Jolly |
| Ms. Arushi Jolly | : | Daughter of Mr. Rakesh Jolly |
| Ms. Parnika Jolly | : | Daughter of Mr. Rakesh Jolly |
| Mrs. Shakuntala Bajaj | : | Mother in Law of Mr. Rakesh Jolly |
| Mr. Prem Prakash Bajaj | : | Father in Law of Mr. Rakesh Jolly |
| Mr. Gaurav Bajaj | : | Brother of Mr. Rakesh Jolly's spouse |

**Promoter Group Entities**

**1. Aravali Smelters Limited**

| | |
|---|---|
| Date of Incorporation | December 31, 1992 |
| Commencement of Business | May 07, 1993 |
| CIN | U74899DL1992PLC051517 |
| Registered Office | G-29, 2nd Floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi-110018. |
| Main object | To carry on in India or elsewhere the business of sellers, purchaser importers, exporters, manufacturers, agents, merchants, dealers, fabricators of Zinc, Zinc ingots and sheets and Zinc oxide (both primary and secondary) and other Alloys, derivatives, compounds and bye- products of Zinc. |

**Board of Directors as on August 31, 2010**

| Name | Designation | DIN |
|---|---|---|
| Mr. Rakesh Jolly | Director | 00533817 |
| Mr. Mahavir Sharma | Director | 03040499 |
| Mr. Arinjay Kumar Singh | Director | 03045734 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | %age of Shareholding |
|---|---|---|
| Rakesh Jolly | 69,300 | 15.45 |
| Ashok Sarin | 19,100 | 4.26 |
| Umang Sarin | 8,100 | 1.81 |
| Ravi Khosla | 6,000 | 1.34 |
| Ankur Sarin | 5,600 | 1.25 |
| Kanta Jolly | 94,500 | 21.07 |
| Ritu Jolly | 56,900 | 12.69 |
| Tarang Khosla | 100 | 0.02 |
| Aravali Energy Private Limited | 188,900 | 42.12 |
| **Total** | **448,500** | **100.00** |

**Financial performance**
The audited financial results of Aravali Smelters Limited for the financial years ended March 31, 2010, 2009 and 2008 are set forth below:

(Rs. in Lakhs)

| Particulars | March 31, 2010 | March 31, 2009 | March 31, 2008 |
|---|---|---|---|
| Total Income | 0.95 | 0.53 | 1.42 |
| Profit after Tax | 0.17 | 0.08 | 0.05 |
| Equity share capital | 44.85 | 28.88 | 25.96 |
| Share Application Money | - | - | 2.00 |
| Reserves & Surplus (net of miscellaneous expenditure) | 1318.12 | 535.27 | 391.96 |
| Net Worth (including share application money) | 1362.97 | 564.15 | 419.92 |
| Book Value per share of face value Rs. 10/- each (in Rs.) | 303.90 | 195.34 | 160.99 |
| Earning per share of face value Rs. 10/- each (in Rs.) | 0.04 | 0.03 | 0.02 |

**2. Shivalik Organics Limited**

| | |
|---|---|
| Date of Incorporation | June 27, 1996 |
| Commencement of Business | July 12, 1996 |
| CIN | U24119DL1996PLC079955 |
| Registered Office | G - 29, 2nd Floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi-110018. |
| Main object | To establish and carry on the business of manufacturing, dealers, purchase, sell, import, export or otherwise deal in all types of edible and non edible oils, vegetable oils and ghee viz, soap powders, pesticides, fertilizers detergents and toilet requisites and to sell, buy, manufacture, refine, prepare and deal in all kinds of oils, oleaginous and saponaceous, all kinds of ingredients and other chemicals used for manufacturing of the above item and to deal in the business of edible food colours and preservatives. |

**Board of Directors as on August 31, 2010**

| Name | Designation | DIN |
|---|---|---|
| Mr. Rakesh Jolly | Director | 00533817 |
| Mr. Mahavir Sharma | Additional Director | 03040499 |
| Mrs. Ritu Jolly | Director | 01992006 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | %age of Shareholding |
|---|---|---|
| Rakesh Jolly | 38,700 | 25.51 |
| Ashok Sarin | 1,100 | 0.73 |
| Umang Sarin | 4,400 | 2.90 |
| Ravi Khosla | 100 | 0.07 |
| Ankur Sarin | 2,900 | 1.91 |
| Kanta Jolly | 28,300 | 18.66 |
| Ritu Jolly | 42,400 | 27.95 |
| Aravali Energy Pvt. Limited | 33,800 | 22.28 |
| **Total** | **151,700** | **100.00** |

**Financial performance**

The audited financial results of Shivalik Organics Limited for the financial years ended March 31, 2010, 2009 and 2008 are set forth below:

(Rs. in Lakhs)

| Particulars | March 31, 2010 | March 31, 2009 | March 31, 2008 |
|---|---|---|---|
| Total Income | 0.46 | 0.45 | 0.61 |
| Profit after Tax | 0.10 | 0.06 | 0.07 |
| Equity share capital | 15.17 | 15.17 | 11.79 |
| Share Application Money | - | - | 18.00 |
| Reserves & Surplus (net of miscellaneous expenditure) | 498.33 | 498.14 | 332.37 |
| Net Worth (including share application money) | 513.50 | 513.31 | 362.16 |
| Book Value per share of face value Rs. 10/- each (in Rs.) | 338.50 | 338.37 | 291.91 |
| Earning per share of face value Rs. 10/- each (in Rs.) | 0.06 | 0.04 | 0.06 |

**3. Sreedeb Commercial Private Limited**

| | |
|---|---|
| Date of Incorporation | February 21, 1995 |
| CIN | U51909WB1995PTC068558 |
| Registered Office | 184, Regent Street, Kolkata, West Bengal |
| Main object | To buy, sell, supply and deal in merchandise, commodities and articles of all kinds and generally to carry on the business as merchants, indenting agents, wholesalers, retailers, traders, suppliers, dealers, brokers, commission agents, contractors, and distributors in all types of merchandise, commodities and do the investment in the equity of other companies. |

**Board of Directors as on August 31, 2010**

| Name | Designation | DIN |
|---|---|---|
| Mr. Rakesh Jolly | Director | 00533817 |
| Mr. Mahavir Sharma | Director | 03040499 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | %age of Shareholding |
|---|---|---|
| Aravali Smelters Limited | 2,055,090 | 34.01 |
| Shivalik Organics Limited | 1,754,410 | 29.04 |
| Kanta Jolly | 18,000 | 0.30 |
| Rakesh Jolly | 16,000 | 0.26 |
| Aravali Energy Private Limited | 2,198,840 | 36.39 |
| **Total** | **6,042,340** | **100.00** |

**Financial performance**

The audited financial results of Sreedeb Commercial Private Limited for the financial years ended March 31, 2010, 2009 and 2008 are set forth below:

(Rs. in Lakhs)

| Particulars | March 31, 2010 | March 31, 2009 | March 31, 2008 |
|---|---|---|---|
| Total Income | 2.72 | 2.59 | 2.24 |
| Profit after Tax | 0.15 | 0.17 | 0.90 |
| Equity share capital | 604.23 | 604.23 | 597.51 |
| Share Application Money | - | - | 240.00 |
| Reserves & Surplus (net of miscellaneous expenditure) | 1242.38 | 1240.75 | 909.78 |
| Net Worth (including share application money) | 1846.61 | 1844.98 | 1747.29 |
| Book Value per share of face value Rs. 10/- each (in Rs.) | 30.56 | 30.53 | 25.22 |
| Earning per share of face value Rs. 10/- each (in Rs.) | 0.002 | 0.002 | 0.001 |

**4. Aravali Energy Private Limited**

| | |
|---|---|
| Date of Incorporation | June 19, 2008 |
| CIN | U23101DL2008PTC179777 |
| Registered Office | G-29, 3rdFloor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi-110018. |
| Main object | To purchase, generate, sell or deal in electrical power energy using conventional / non-conventional sources of energy, to erect, operate maintain power plants and to manufacture and deal in all kinds of power generation equipments. |

**Board of Directors as on August 31, 2010**

| Name | Designation | DIN |
|---|---|---|
| Mr. Rakesh Jolly | Director | 00533817 |
| Mrs. Ritu Jolly | Director | 01992006 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | %age of Shareholding |
|---|---|---|
| Rakesh Jolly | 32,000 | 37.65 |
| Kanta Jolly | 2,000 | 2.35 |
| Arushi Jolly | 1,000 | 1.18 |
| Parnika Jolly | 1,000 | 1.18 |
| Ritu Jolly | 27,000 | 31.76 |
| Myriad Traders Pvt Ltd | 10,000 | 11.76 |
| S.N.Decorators Pvt. Ltd | 12,000 | 14.12 |
| **Total** | **85,000** | **100.00** |

**Financial performance**

The audited financial results of Aravali Energy Private Limited since incorporation for the financial years ended March 31, 2010 and 2009 are set forth below:

(Rs. in Lakhs)

| Particulars | March 31, 2010 | For the period from June 19, 2008 to March 31, 2009 |
|---|---|---|
| Total Income | 0.35 | - |
| Profit after Tax | 0.08 | (0.29) |
| Equity share capital | 8.50 | 5.00 |
| Reserves & Surplus (net of miscellaneous expenditure) | 31.30 | (0.29) |

| Particulars | March 31, 2010 | For the period from June 19, 2008 to March 31, 2009 |
|---|---|---|
| Net Worth | 39.80 | 0.47 |
| Book Value per share of face value Rs. 10/- each (in Rs.) | 46.82 | 9.43 |
| Earning per share of face value Rs. 10/- each (in Rs.) | 0.10 | (0.34) |

**5. Aravali Global Infra Private Limited**

| | |
|---|---|
| Date of Incorporation | June 04, 2010 |
| CIN | U45204DL2010PTC203633 |
| Registered Office | G 29, 3rd Floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi-110018. |
| Main object | To promote, build, own, erect, construct, design, establish, maintain, improve, manage, operate, alter, carry on, control, supervise, to engage in EPC, O&M contracts, BOOT/BOT contracts, turnkey projects, item rate contracts, feed contracts, toll collection of the Road Projects, infrastructure development, real estate promoters, developers and project management association, to undertake development /strengthening/ widening /up-gradation of National highways, State highways, District roads, Project roads, Urban roads, Village roads, flyovers, Special Economic Zones (SEZ's), Export Promotion Zones (EPZ's), Information Technology Park (ITP's), Software Technology Parks (STP's) or other specialized zones / sectors and to lay out, develop, construct, execute, carry out, equip, maintain, improve, develop civil and constructional work. |

**Board of Directors as on August 31, 2010**

| Name | Designation | DIN |
|---|---|---|
| Mr. Rakesh Jolly | Director | 00533817 |
| Mrs. Ritu Jolly | Director | 01992006 |

**Shareholding Pattern as on August 31, 2010**

| Name of the Shareholders | No. of equity shares | %age of Shareholding |
|---|---|---|
| Mr. Rakesh Jolly | 5000 | 50.00 |
| Mrs. Ritu Jolly | 5000 | 50.00 |
| **Total** | **10,000** | **100.00** |

**Financial performance**

Since the Aravali Global Infra Private Limited was incorporated during the current financial year, hence no financial data is available.

**Companies / Ventures with which the Promoter have disassociated in the last three years**

Our Promoter has not disassociated from any company / venture during the last three years.

**Related party transactions**

For details of related party transactions, see the chapter titled "Financial Statements - Related Party Disclosures" on page 122 of the Draft Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends, if any will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. No dividend on Equity Shares have been declared by the Company in the last five fiscal years.

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

**FINANCIAL STATEMENTS**

To

The Board of Directors,
Aravali Infrapower Ltd
G-29, 3rd Floor, Vardhaman Tower,
Near PVR Cinema, Vikas Puri,
New Delhi-110018

Dear Sirs,

1) We have examined the attached standalone financial information of Aravali Infrapower Limited (hereinafter referred to as "Company" or "AIPL", as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956("the Act") and the Securities and Exchange Board of India (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ('the Regulations) issued by the Securities and Exchange Board of India ('SEBI') on August 26, 2009, as amended till date and in terms of our engagements agreed upon with you in accordance with our engagement letter in connection with the proposed issue of Initial Public Offer.

2) These information have been extracted by the Management from the standalone financial statements for the year ended 31st March 2006, 2007, 2008, 2009, and 2010. These standalone financial statements have been as at and for the years ended 31st March 2006, 2007, 2008, 2009, 2010 have been adopted by Members and by Board of Directors respectively of the company. We are of the opinion that the standalone restated financial information has been made after incorporating:

   a) Adjustments for the change in accounting policies retrospectively in respective financial years to reflect the same Accounting treatment as per changed accounting policy for all the reporting periods.
   b) Adjustments for the material amounts in the respective financial years to which they relate.
   c) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

3) We did not audit the standalone financial statement of the company for financial years ending on 31.03.2006, 31.03.2007, 31.03.2008 and 31.03.2009. These financial statements have been audited by other auditors, namely M/S Mahalwala & co., Chartered Accountants (For 2006,2007,2008) and M/s B. Kakkar & Associates, Chartered Accountant (For 2009), whose auditor's report have been furnished to us. Our opinion in so far as it relates to the amount included in these restated standalone statements are based on the auditor's report of the respective auditors.

4) We have also examined the standalone financial information of the company for the year ended on 31st March, 2006 to 31st March, 2010 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the company mentioned in paragraph (1) above.

5) In accordance with the requirements of Paragraph of Part II OF Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we further report that:

   a) Annexure-1 contains the summary of standalone Restated Assets and Liabilities of the company as at 31st March 2006, 2007, 2008, 2009, and 2010.
   b) Annexure-2 contains the summary of standalone Restated Profit & Loss Account for the year ended 31st March 2006, 2007, 2008, 2009, and 2010.
   c) Annexure-3 contains the summary of standalone Restated Cash Flow Statement for the year ended 31st March 2006, 2007, 2008, 2009, and 2010.

d) Annexure-4 contains the summary of Significant Accounting Policies and Notes on Accounts for Restated Financial Information.

e) Based on above, we are of the opinion that the restated financial information have been made after incorporating:
   i) Statements of standalone Secured and Unsecured Loan included in Annexure- 5
   ii) Statement of standalone Loans & Advances included in Annexure- 6
   iii) Statement of standalone Debtors included in Annexure- 7
   iv) Statement of standalone investment included in Annexure- 8
   v) Statement of standalone Current Liabilities and Provisions included in Annexure- 9
   vi) Statement of standalone Other Income included Annexure- 10
   vii) Statement of standalone Contingent Liabilities included in Annexure- 11
   viii) Statement of standalone Accounting Ratio included in Annexure- 12
   ix) Statement of standalone Tax Shelter included in Annexure- 13
   x) Statement of standalone Capitalization of the Company included in Annexure- 14
   xi) Statement of standalone Related Party Disclosures included in Annexure- 15
   xii) Statement of standalone Segment wise results included in Annexure- 16

In our opinion the standalone financial information contained in Annexure-1 to Annexure-16 of this report read along with the Significant Accounting Policies, Change in Significant Accounting Policies and Notes (as Referred to in Annexure 4) prepared after making adjustments and regrouping as considered appropriate have been prepaid in accordance with Part IIB of Schedule II of the act and SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS REGULATIONS, 2009).

This Report should not in any way be construed as a re-issuance or re-drafting of any of the previous audit reports issued by us or others as detailed in para 3, nor should be construed as a new opinion on any of the financial information referred to herein.

6) Our report is intended solely for use of the management and for inclusion in DRHP in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

For & on Behalf of
KRA & Co.
Chartered Accountants

RAJAT GOYAL
M.No.503150
Firm Registration No: 020266N

Place: Delhi
Date: September 15, 2010

**Annexure 1**

**SUMMARY STATEMENT OF ASSETS & LIABILITIES (RESTATED)**

**(Rs. in lakhs)**

| | Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|---|
| | | **2006** | **2007** | **2008** | **2009** | **2010** |
| **A** | **Fixed Assets** | | | | | |
| | Gross Block | 230.87 | 1,718.17 | 2,416.29 | 8,880.92 | 9,485.07 |
| | Less: Depreciation | 17.81 | 32.82 | 59.78 | 312.09 | 593.32 |
| | Net Block | 213.06 | 1,685.35 | 2,356.51 | 8,568.84 | 8,891.75 |
| | Less: Revaluation Reserve | - | 1,104.16 | 1,091.75 | 1,100.04 | 1,087.99 |
| | Net Block after adjustment for Revaluation Reserve | 213.06 | 581.19 | 1,264.76 | 7,468.80 | 7,803.76 |
| | Capital Work in Progress | 143.00 | 216.50 | 3,250.42 | 1.79 | 21.23 |
| | Goodwill | - | - | - | 38.15 | 40.61 |
| | Unused ECB Funds * | - | - | 1,600.80 | - | - |
| | **Total Fixed Assets** | **356.06** | **797.69** | **6,115.98** | **7,508.73** | **7,865.60** |
| **B** | **Investments** | 15.00 | 10.00 | 165.12 | 2.00 | 2.00 |
| **C** | **Current Assets, Loan and Advances** | | | | | |
| | Inventories | 370.95 | 695.09 | 2,387.88 | 4,384.56 | 9,985.44 |
| | Sundry Debtors | 629.12 | 1,912.37 | 4,681.43 | 11,536.78 | 16,470.12 |
| | Cash and Bank Balance | 4.84 | 52.42 | 254.84 | 746.08 | 1,421.04 |
| | Loans and Advances | 203.19 | 119.49 | 2,101.45 | 1,268.69 | 2,156.47 |
| | **Total Current Assets** | **1,208.10** | **2,779.37** | **9,425.60** | **17,936.11** | **30,033.07** |
| **D** | **Total Assets (A+B+C)** | **1,579.16** | **3,587.06** | **15,706.70** | **25,446.84** | **37,900.67** |
| **E** | **Liabilities and Provisions** | | | | | |
| | **Loan Fund** | | | | | |
| | Secured Loan | 596.92 | 1,619.45 | 8,402.80 | 14,162.62 | 21,130.23 |
| | Unsecured Loan | 35.55 | 128.78 | 240.73 | 180.66 | 177.79 |
| | **Total Loan** | **632.47** | **1,748.23** | **8,643.53** | **14,343.28** | **21,308.02** |
| | Deferred Tax Liabilities | 11.88 | 18.49 | 31.45 | 198.93 | 532.03 |
| | **Current Liabilities & Provisions** | | | | | |
| | Liabilities | 53.84 | 102.16 | 1,502.62 | 2,235.36 | 3,617.90 |
| | Provisions | 45.00 | 65.00 | 126.65 | 187.04 | 647.90 |
| | **Total Current Liabilities & Provision** | **98.84** | **167.16** | **1,629.27** | **2,422.41** | **4,265.80** |
| | **Total Liabilities & Provisions** | **743.19** | **1,933.88** | **10,304.25** | **16,964.61** | **26,105.85** |
| **F** | Share Application Money (Pending Allotment) | | 275.00 | 452.38 | 780.50 | |
| **G** | **Net Worth (D - E - F)** | **835.97** | **1,378.18** | **4,950.07** | **7,701.73** | **11,794.82** |
| **H** | **Represented by Shareholders** | | | | | |
| | Share Capital | 181.17 | 362.34 | 859.88 | 1,507.11 | 1,554.20 |
| | Reserve and Surplus | 657.33 | 2,121.93 | 5,183.27 | 7,294.66 | 11,328.61 |
| | Less: Revaluation Reserve | - | 1,104.16 | 1,091.75 | 1,100.04 | 1,087.99 |
| | Reserve Net of Revaluation Reserve | 657.33 | 1,017.77 | 4,091.52 | 6,194.62 | 10,240.62 |
| | Less: Miscellaneous Expenditure to the extend not written off | 2.53 | 1.93 | 1.33 | - | - |
| H | **Net Worth** | **835.97** | **1,378.18** | **4,950.07** | **7,701.73** | **11,794.82** |

* ECB was taken for capital expenditure at Sitarganj Unit and it was disbursed and utilized through a separate bank account. The Unutilize amount of ECB refers to that amount which get disbursed from the bank but could not be capitalized for capital expenditure on the date of balance sheet. Since it was for incurring capital expenditure and hence shown in the balance sheet under the head capital expenditure.

Annexure 2

**SUMMARY STATEMENT OF PROFIT & LOSS (RESTATED)**

(Rs. in lakhs)

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Income** | | | | | |
| **Direct Income:** | | | | | |
| Sale of Products manufactured. | 3,481.15 | 5,718.50 | 7,517.84 | 13,934.09 | 13,098.04 |
| Sale of Products traded in. | 40.44 | 607.54 | 1,746.79 | 3,520.44 | 5,397.66 |
| Works Contract | - | - | 999.43 | 12,205.03 | 37,559.56 |
| Gross Turnover | 3,521.59 | 6,326.04 | 10,264.06 | 29,659.56 | 56,055.26 |
| Less Excise Duty | 488.76 | 804.88 | 972.45 | 529.18 | 340.70 |
| **Net Turnover** | **3,032.83** | **5,521.16** | **9,291.61** | **29,130.38** | **55,714.56** |
| Other Income | 8.36 | 70.22 | 23.48 | 194.86 | 84.83 |
| **Sub Total** | **3,041.19** | **5,591.38** | **9,315.09** | **29,325.24** | **55,799.39** |
| Increase/ (Decrease) in Inventory | 12.79 | 36.81 | 184.19 | 1,530.71 | 6,613.02 |
| **Total Income** | **3,053.98** | **5,628.19** | **9,499.28** | **30,855.95** | **62,412.41** |
| **Expenditure** | | | | | |
| Raw Material & Consumables Consumed | 2,184.69 | 4,594.24 | 7,373.98 | 25,005.77 | 53,174.54 |
| Established Exp & Other Manufacturing Exp | 112.69 | 129.55 | 458.69 | 2,012.20 | 1,789.31 |
| Freight & Cartage | 71.73 | 87.61 | 79.86 | 190.82 | 269.41 |
| Repair & Maintenance | 1.20 | 5.95 | 6.83 | 26.94 | 38.35 |
| Administration Expenses | 26.38 | 33.56 | 108.87 | 263.76 | 441.00 |
| Selling Expenses | 22.69 | 25.64 | 11.91 | 13.66 | 1.37 |
| Financial Expenses | 90.07 | 135.38 | 339.78 | 1,400.96 | 2,348.63 |
| Preliminary & Deferred Revenue Exp Written Off | 0.60 | 0.60 | 0.60 | 19.29 | - |
| Dep. On Fixed Assets | 13.64 | 15.01 | 25.39 | 141.06 | 281.65 |
| **Total Expenditure** | **2,523.69** | **5,027.54** | **8,405.91** | **29,074.46** | **58,344.26** |
| **Profit Before Tax** | **530.29** | **600.65** | **1,093.37** | **1,781.49** | **4,068.15** |
| **Extra Ordinary Items** | **-** | **-** | **-** | **-** | **-** |
| Provision For Taxation | 45.00 | 65.00 | 125.00 | 178.96 | 640.00 |
| FBT For the Year | 0.56 | 0.98 | 1.65 | 8.08 | - |
| Short Provision for Tax in Earlier Year | - | - | - | 33.80 | |
| Deferred Tax | 10.46 | 6.61 | 12.96 | 167.48 | 334.62 |
| **Profit After Tax** | **474.27** | **528.06** | **953.76** | **1,393.17** | **3,093.53** |
| Add:- Surplus b/f from Previous Year | 78.60 | 2.87 | 466.93 | 1,394.40 | 2,650.51 |
| Less: Transfer to General Reserve | 550.00 | 50.00 | 50.00 | 150.00 | 150.00 |
| Less:- Capitalisation of Reserve (Bonus Issue) | - | 14.00 | - | - | |
| **Balance Carried to Balance Sheet** | **2.87** | **466.93** | **1,370.69** | **2,637.57** | **5,594.03** |

**Annexure 3**

**STATEMENT OF CASH FLOW (RESTATED)**

**(Rs. in lakhs)**

| **Particulars** | **Financial Year Ended 31st March** | | | | |
|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Cash Flow From Operating Activities** | | | | | |
| Net Profit before tax and prior period Adjustment | 530.29 | 600.65 | 1,093.37 | 1,781.49 | 4,068.15 |
| **Adjustments for:-** | | | | | |
| Depreciation and Amortisation | 13.64 | 15.01 | 25.39 | 141.06 | 303.72 |
| Profit/ Loss on Sale of Investments | (0.22) | - | - | - | - |
| Preliminary EXP/Deferred revenue expenditure written off | 0.60 | 0.60 | 0.60 | 19.29 | |
| Interest Paid | 4.04 | 75.90 | 258.00 | 1,001.84 | 1,816.01 |
| Interest received | (7.48) | (3.54) | (23.48) | (33.18) | (50.50) |
| Dividend received | (0.17) | - | - | - | - |
| **Operating Profit before working capital changes** | **540.70** | **688.62** | **1,353.88** | **2,910.51** | **6,137.37** |
| **Adjustments for:-** | | | | | |
| Trade and other receivables | (268.29) | (1,282.93) | (2,550.28) | (7,055.31) | (4,950.02) |
| Inventories | (49.08) | (324.14) | (1,692.79) | (1,599.09) | (5,822.62) |
| Other Current Assets | (189.98) | 83.71 | (2,086.92) | 766.58 | (958.86) |
| Trade Payable | (28.59) | 49.00 | 1,460.51 | 261.06 | 2,096.77 |
| **Cash Generated from Operation** | **4.76** | **(785.74)** | **(3,515.60)** | **(4,716.25)** | **(3,497.36)** |
| Direct Taxes Paid | (5.48) | (43.10) | (68.70) | (7.60) | (635.26) |
| **Cash Flow before Prior Period Item** | (0.72) | (828.84) | (3,584.30) | (4,723.85) | (4,132.62) |
| **Net Cash Used in Operating Activities** | **(0.72)** | **(828.84)** | **(3,584.30)** | **(4,723.85)** | **(4,132.62)** |
| **Cash Flow From Investing Activities** | | | | | |
| Purchase of Fixed Assets, including Capital WIP | (194.34) | (446.95) | (5,332.84) | (721.71) | (918.12) |
| Deferred Revenue Expenditure | (2.76) | - | - | - | 0.00 |
| Sale of Fixed Assets | 3.21 | - | - | - | - |
| Addition in Investments | (15.00) | (10.00) | (165.12) | (0.06) | - |
| Sale of Investments | - | 15.00 | 10.00 | - | - |
| Profit/ Loss on sale of Investments | 0.22 | - | - | - | - |
| Dividend on Investments | 0.17 | - | - | - | - |
| Interest Received | 7.48 | 3.54 | 23.48 | 33.18 | 50.50 |
| **Net Cash Used In Investing Activities** | **(201.02)** | **(438.41)** | **(5,464.48)** | **(688.59)** | **(867.62)** |
| **Cash Flow From Financing Activities** | | | | | |
| Proceeds from issue of equity capital | 4.00 | 275.00 | 497.54 | 1,065.60 | 568.65 |
| IPO/ ROC Exp for increase in capital | - | - | - | 15.96 | - |
| Interest Paid | (4.04) | (75.90) | (258.00) | (1,001.84) | (1,816.01) |
| Premium on Share Issued | 16.00 | - | 2,001.46 | - | - |
| Share Application Money | - | - | 177.38 | - | - |
| Proceeds of Long Term Borrowing | 152.62 | 85.59 | 6,716.30 | 705.32 | 6,922.55 |
| Net Proceeds of Short Term Borrowing | 21.59 | 1,030.14 | 116.52 | 5,105.26 | - |
| **Net Cash From Financial Activities** | **190.17** | **1,314.83** | **9,251.20** | **5,890.30** | **5,675.19** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalent** | **(11.57)** | **47.58** | **202.42** | **477.86** | **674.96** |
| **Opening Cash Balance** | **16.41** | **4.84** | **52.42** | **268.22** | **746.08** |
| **Closing Cash Balance** | **4.84** | **52.42** | **254.84** | **746.08** | **1,421.04** |

**Annexure 4**

## A. SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS OF PREPARATON

The Financial Statements are prepared to comply with the Accounting Standards (AS) referred to in the Companies (Accounting Standard) Rules 2006 issued by the central government in exercise of the power conferred under sub-section (i)(a) of Section 642 and the relevant provision of the Companies Act 1956 (the 'Act'). The accompanying financial statements are prepared in accordance with generally accepted accounting principles in India ("GAAP"), under the historical Cost convention on the accrual basis. The accounting policies have been consistently applied by the company unless otherwise stated.

### 2. FIXED ASSETS:

(a) Fixed assets are stated at cost including directly attributable cost of bringing them to their respective working condition for intended use less accumulated depreciation thereupon.

(b) Difference arising on account of exchange rate fluctuation at the end of year in case of foreign currency loan for the acquisition of fixed assets has been added to the cost of such fixed assets and depreciation has been provided accordingly.

### 3. DEPRECIATION:

(a) Depreciation is charged on straight-line method (SLM) method on all fixed assets as per rates specified in schedule XIV of the Companies Act, 1956. In respect of additions to fixed assets during the year, depreciation is charged on pro-rata basis. However, additions to fixed assets during the year upto Rs. 5000/- has been fully depreciated.

(b) In case of revalued assets, the difference between the depreciation based on revaluation and the depreciation charged on historical cost is recouped to the revaluation reserve.

(c) Lease hold lands are amortized equally over the lease period.

(d) Good will generated on acquisition of the companies is amortized in five years in accordance with accounting standard 14.

### 4. RECOGNITION OF REVENUES

i) Sale is recognized on delivery of materials.

ii) Erection and work contract revenue for work completed are recognized on percentage of completion method based on completion of physical proportion of the contract work. When it is probable that total contract cost will exceed the total contract revenue, the expected loss is recognized immediately in accordance with **Accounting Standard 7**.

iii) Income from Investment is credited to revenue in the year in which it accrues. Income is stated in full with tax thereon being accounted for under advance tax.

iv) Dividend is recognized as income as and when the right to receive such payment is established.

v) Other Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9 - "Revenue Recognition".

### 5. INVENTORIES:

(a) The closing stocks of Finished Goods, Raw Materials & Components, Stores, and Spares & Tools are valued at lower of cost or Net realizable value. Stock in Transit is valued at cost. The cost of inventories as computed on FIFO method.

(b) Work-in-process are valued at cost and determined at material cost plus appropriate share of labour and manufacturing overheads.

### 6. INVESTMENTS

Investments are classified into current investments and long-term investments. The cost of investments includes acquisition charges such as brokerage charges, fees and duties. Current Investments are carried at lower of Cost and Fair Value.

Long-term investments are valued at cost. Provision for diminution is made to recognize the decline, other than temporary, in the carrying value of each investment

7. **EMPLOYEE BENEFITS:**
   (i) Gratuity liability provided under a defined benefit plan. The Company's liability towards gratuity is determined on basis of actuarial valuation done by the independent actuary.
   (ii) Contribution to provident fund, a defined contribution plan is charged to profit & loss account.
   (iii) Provision for leave encashment liability is made on actuarial valuation as at the Balance Sheet date.
   (iv) All other short term employee benefits are recognized as an expenses at the discounted amount in the profit & loss account of the year in which the related service is rendered.

8. **EXCISE /CUSTOM DUTY**
   The liability for excise and custom duty in respect of materials lying in factory / bounded premises is accounted for as and when they are cleared / deboned

9. **FOREIGN CURRENCY TRANSACTIONS:**
   (i) Transactions denominated in foreign currencies other than export sales are normally recorded at the exchange rates prevailing on the date of the transaction. However sales are accounted for at custom rates prevailing during the month.
   (ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by option settlement contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the hedging cost paid on option settlement contract is recognized over the life of the contract
   (iii) Non monetary foreign currencies items are carried at cost.
   (iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized as Revenue expect in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

10. **BORROWING COSTS:**
    Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

11. **IMPAIRMENT OF ASSETS:**
    The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indications exist, the recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and recognized and compliance with AS-28.

12. **TAXATION**
    (a) Provision for Current Tax is made after taking into consideration benefits admissible under the Provisions of Income Tax Act, 1961.
    (b) Deferred tax is recognized on timing difference between the accounting income and the estimated taxable income for the period and quantified using the tax rates & laws enacted or substantively enacted as on the balance sheet date.
    (c) Deferred tax assets which arise mainly on account of unabsorbed losses or unabsorbed depreciation are recognized and carried forward only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

13. **USE OF ESTIMATES**
    The Presentation of the Financial Statements requires estimates and assumptions to be made that affect the reported amount of Assets & Liabilities on the date of Financial Statements and the reported

amount of Revenue and Expenses during the reporting period. Difference between the actual figures and estimates are recognized in the period in which they result/materialize.

**14. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

(i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of a past events and that probability requires and outflow of resources.

(ii) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

(iii) A contingent Assets is neither recognized nor disclosed in the financial statements.

**15. EARNING PER SHARES**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and annual number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares in accordance with **Accounting Standard 20 "Earning Per Share"**.

**B. NOTES ON ACCOUNTS**

**Notes on Adjustment for standalone Restated Financial Statements:**

1. Reconciliation of Profit after tax as per audited results and the profit after tax as per restated accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit and loss.

| **Particulars** | **Financial Year Ended 31st March** | | | | |
|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Profit after Tax as per audited accounts** | **485.88** | **535.82** | **967.07** | **1602.97*** | **3144.21** |
| Provision for Gratuity | -0.64 | -0.64 | | 1.27 | |
| Provision for Leave Encashment | -0.11 | -0.11 | | 0.21 | |
| Interest of Vehicle Loan (Prior Period Item) | | | -4.57 | 4.57 | |
| Deferred Tax not earlier booked (Change in Accounting Policy and Regrouping) | -10.46 | -6.61 | -12.96 | -167.48 | -39.51 |
| Sale (Prior Period Item) | | | 109.59 | -109.59 | |
| Amortization of Lease | -0.41 | -0.41 | -0.41 | -0.41 | -1.64 |
| Raw Material Consumed | | | -104.96 | 104.96 | |
| Provision for Tax | | | | -33.80 | |
| Amortization of Goodwill | | | | -9.53 | -9.53 |
| **Restated Profit After Tax** | **474.27** | **528.06** | **953.76** | **1393.17** | **3093.53** |

*This includes Profit of Parekh Electrawire Pvt. Ltd.

The explanatory Notes for adjustments as discussed above:

1. Provision for Gratuity/ Leave Encashment: Till 31-03-2007 company was not providing any liability for gratuity/ Leave Encashment and in 2008 amount calculated in compliance with AS 15.
2. In the year 2006, 2007 and 2008 company do not provide for Deferred Tax liability and expecting to reverse all timing differences in tax holiday period, but same could not happen and company has to book deferred tax liability in 2009 and 2010. In 2009 Deferred Tax Liability was charged to Profit and Loss Appropriation account. To make presentation in compliance with Accounting Standard AS 22 adjusted it from respective year profit.

3. Adjustment of Interest on Vehicle Loan and Sale was prior period transactions not recorded in the respective years.
4. Lease and Goodwill was not amortize in other years except 2010, hence amortization related to respective years was charged to those years.
5. As per notification no. 56/2002 dt. 14/11/2002, the Kathua unit of company is eligible for refund of excise duty deposited in Personal Ledger Account after taking full credit of CENVAT availed on the purchase. The company has not accounted for the excise duty refund amounting to Rs. 104.96 Lakhs pertaining to March 2008, which was booked in 2009.

2. Contingent liability / Assets as on 31-03-10 in respect of:

| | | |
|---|---|---|
| i. | Bank Guarantees given by the Company | 10575.55* |
| ii. | Bonds/ Undertaking given by company for Concessional duty/ Custom duty exemption | 45.60 |
| iii. | Demand raised by Excise Deptt. (Net Amount) | 15.25** |
| iv. | Demand raised by Income Tax Dpett. Patna | 34.42*** |
| v. | Demand raised by VAT, Deptt, Delhi | 15.32 |
| vi. | Demand raised by VAT, Dpett, Haryana | 18.49**** |
| vii. | Suit filed by SSV Fincorp, Delhi | 24.77***** |
| viii. | Demand raised by Income Tax Dept., Patna | 5.07 |

* The above bank guarantee includes guarantees given in foreign currency amounting to USD $ 11,60,000/- & Euro 60448/-.
** The Excise Deptt. has raised a demand of Rs. 15,25,515/-, on the Company, which is being contested by the Company.
*** The said amount is deposited with department & the appeal is pending with ITAT Patna.
**** The said amount is deposited with department & the appeal is pending with Sales Tax Department, Chandigarh.
*****Recovery of Rs.24.77 lakhs along with interest is still pending.

3. The carrying amount of assets reviewed at Balance Sheet date does not give any indication of impairment and hence no impairment loss has been booked.

4. Quantitative Particulars:

(a) Capacities:
Licensed Capacity: No License is required.

(b) Installed Capacity (As certified by the management)

| | | | As on 31-03-10 |
|---|---|---|---|
| **Kathua Unit** | | | |
| (i) | Non Ferrous Metal Alloys | MT | 10,650 P.A |
| **Derabassi Unit** | | | |
| (i) | Transmission line Tower & Steel Structures | MT | 30,000 P.A |
| **Sitarganj Unit** | | | |
| (i) | Transmission line Tower & Steel Structures | MT | 40,000 P.A |
| (ii) | Overhead Aluminum Conductors | MT | 36,000 P.A |
| **Nadiad Unit** | | | |
| (i) | Overhead Aluminium Conductor | MT | 9,000 P.A |

5. The provision of Income Tax is made after considering depreciation, deductions and allowances allowable under Income Tax regulations and is shown net of taxes paid as liability.

6. In the opinion of the management, the balances shown under sundry debtors, accrued value of work done and loan & advances have the same realizable value as shown in the accounts.

7. Provision for Income Tax has been made in accordance with the prevailing Income tax laws. The Company has a manufacturing unit at Kathua (J & K) & Sitarganj (Uttrakhand), which are entitled for deduction u/s. 80-IB of the Income Tax Act.

8. All Leasehold lands are amortized over the period of lease. The land at Sitarganj (Uttrakhand) is on 90 years lease and Kathua ( J& K) is on 20 Years lease. Therefore cost of acquisition of this lands is being amortized over the life of its lease period.

9. In the opinion of the management, the balances shown under sundry debtors, accrued value of work done & loans and advances have approximately the same realizable value as shown in the accounts.

10. Pursuant to scheme of amalgamating of wholly owned subsidiary M/s Parekh Electrawire Industries Limited (PEIL) sanctioned by Hon'ble Gujarat High Court on 31/08/2009 and Delhi High Court on 23/03/2009, books of Parekh Electrawire Industries Limited has been merged into Aravali Infrapower Limited w.e.f 01.04.2008 in pursuant to AS 14.

11. The Company has paid for goodwill during various acquisitions, as difference between Net Assets Value of acquired entity and Sales Consideration and accounted for it in accordance with Accounting Standard 14, which was amortized over a period of five years in accordance with accounting policy of the company. Year wise Detail of Goodwill booked and written off is given hereunder.

| **Particulars** | **Financial Year Ended 31st March** | | | | |
|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** |
| Goodwill arise on Acquisition of Techno Engineering Co. | - | - | - | 10.00 | - |
| Goodwill arise on Acquisition of PEIL | - | - | - | 39.68 | - |
| Goodwill Arise on Acquisition of Progressive Enterprises | - | - | - | - | 15.00 |
| Write Off | - | - | - | 11.53 | 12.54 |
| **Balance of Goodwill as per Balance Sheet** | **-** | **-** | **-** | **38.15** | **40.61** |

12. Company has revalued its leasehold land at Sitarganj in the year 2007 and created a revaluation reserve for Rs. 1116.57 Lakhs. 100% subsidiary of Company M/s Parekh Electrawire Industries Limited also has revaluation reserve from revaluation of freehold land of Rs. 21.06 Lakhs at the time of acquisition. Detail of year wise Revaluation Reserve is given hereunder:

| **Year** | **2006** | **2007** | **2008** | **2009** | **2010** |
|---|---|---|---|---|---|
| | | | | | |
| Opening Balance | - | 1116.57 | **1104.16** | **1091.75** | **1100.04** |
| Add Parekh's Revaluation Reserve | - | - | - | 21.06 | - |
| | **-** | **1116.57** | **1104.16** | **1112.81** | **1100.04** |
| Less :Amortized | - | 12.41 | 12.41 | 12.41 | 12.41 |
| Closing Balance | - | **1104.16** | **1091.75** | **1100.04** | **1087.99** |

13. Company has issued 1811700 shares by way of bonus shares in the ratio of 1:1 in 2007 by capitalization of capital reserve of Rs. 103.63 Lakhs, General reserve of Rs. 63.54 Lakhs and Profit and Loss of Rs. 14.00 Lakhs. Company has also issued 3709400 equity shares by way of bonus shares in the ratio of 1:1 in 2008 by capitalization of General reserve of Rs. 370.94 Lakhs.

Annexure 5(a)

**STATEMENT OF SECURED LOAN**

(Rs. in lakhs)

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **From Banks and Financial Institutions** | | | | | |
| **Standard Chartered Bank** (Vehicle Loan) | 1.42 | 0.30 | - | - | - |
| **State Bank Of Mysore** | | | | | |
| Cash Credit | 510.63 | 811.52 | 1,132.58 | 985.52 | 822.67 |
| Bill Discounting | 47.92 | - | - | - | - |
| Term Loan | - | - | 800.00 | 1,510.47 | 1,211.98 |
| **Kotak Mahindra Bank Ltd.** | | | | | |
| Term Loan | 30.49 | 15.73 | 1.24 | - | - |
| **ICICI BANK Ltd.** | | | | | |
| Term Loan | 6.46 | 5.69 | 494.08 | - | - |
| ECB Term Loan | - | - | 3,351.03 | 3,400.49 | 2,661.04 |
| Vehicle Loan | - | - | 1.44 | 10.82 | 5.49 |
| Motor car Loan | - | - | 1.22 | - | - |
| Car Loan | - | - | 2.69 | - | - |
| **YES BANK Ltd.** | | | | | |
| Cash Credit Hypothecation | - | 474.58 | - | - | - |
| Bill Discounting | - | 199.43 | - | - | - |
| Buyer Credit | - | 103.16 | - | - | - |
| **Axis Bank Ltd.** | | | | | |
| Vehicle Loan | - | - | - | - | 2.70 |
| Cheques issued but not presented for payment | - | - | - | - | 399.60 |
| **Bank Of Baroda- OD** | - | - | - | - | 1.80 |
| **Barclays Bank Ltd.** | | | | | |
| Overdraft | - | - | - | 176.96 | 148.00 |
| WCDL | - | - | - | 1,000.00 | 1,000.00 |
| **Cholamandam Investment and Finance Co. Ltd.- Vehicle Loan** | - | - | - | - | 1.28 |
| **HDFC Bank Limited** | | | | | |
| WCDL | - | - | - | - | 600.00 |
| Vehicle Loan | - | 9.04 | 6.10 | 7.20 | 8.94 |
| Cash Credit | - | - | - | - | 224.71 |
| **ICICI Bank Ltd. -Cash Credit** | - | - | - | 45.53 | 0.18 |
| **IDBI Bank Limited- Cash Credit** | - | - | - | - | 3,008.35 |
| **Punjab National Bank - Cash Credit** | - | - | 255.55 | - | - |
| **State Bank Of Hyderabad - Cash Credit** | - | - | - | 1,470.40 | 3,005.39 |
| **State Bank Of India - Cash Credit** | - | - | 2,356.87 | 3,500.01 | 6,376.31 |
| **State Bank Of Patiala - Cash Credit** | - | - | - | 2,055.22 | 1,651.79 |
| **TOTAL SECURED LOAN** | **596.92** | **1,619.45** | **8,402.80** | **14,162.62** | **21,130.23** |

**LOAN OUTSTANDING AS ON 31ST MARCH 2010**

**(Rs. in lakhs)**

| Particulars | Total Loan Amount | Outstanding as on March 31, 2010 | Rate of Interest (Average) | Repayment Schedule/ Installment Amt | Security |
|---|---|---|---|---|---|
| **VEHICLE LOAN** | | | | | |
| ICICI (LADEL000121119861) | 3.00 | 0.73 | 12.15% | EMI- Rs. 10035 upto Nov 10 | Loan is secured by hypothecation of Car |
| ICICI Loan-LADEL00013569621 | 12.00 | 4.76 | 10.73% | EMI Rs-20787 april-11 | Loan is secured by hypothecation of Car |
| HDFC-10325084 | 6.40 | 0.33 | 11.75% | EMI- Rs. 16762 upto May 2010 | Loan is secured by hypothecation of Car |
| HDFC - 13325475 | 2.44 | 1.05 | 14.50% | EMI-Rs-8300 upto May 11 | Loan is secured by hypothecation of Car |
| HDFC | 3.33 | 1.54 | 14.50% | EMI Rs-11325 upto June 11 | Loan is secured by hypothecation of Car |
| HDFC - 14957802 | 1.75 | 1.27 | 15.50% | EMI Rs-5900 upto april-12 | Loan is secured by hypothecation of Car |
| HDFC-15953817 | 5.15 | 4.74 | 9.50% | EMI Rs-16367 upto Dec 12 | Loan is secured by hypothecation of Car |
| Max Truck Chalamandalam | 2.20 | 1.29 | 15.38% | EMI Rs-10707 upto June-10 | Loan is secured by hypothecation of Vehicle |
| Toyota Innova/ Axis Bank | 8.09 | 2.70 | 7.75% | EMI Rs-25258 upto March 11 | Loan is secured by hypothecation of Vehicle |
| **TERM LOAN FROM BANKS** | | | | | |
| ICICI- ECB TERM LOAN | $84 | 2,661.04 | 6 Monthly LIBOR plus 1.45% | Six Monthly Installment of $8.4 Lakhs upto Dec-2013 | Exclusive Charge on entire Fixed Assets of Sitar Ganj unit and along with Personal Guarantee of Director Mr. Rakesh Jolly. |
| STATE BANK OF MYSORE-CORPORATE LOAN | 1,500.00 | 1,211.98 | SBM PLR minus 0.50 % | Annual Installment of INR 3 Cr upto Oct-2013 | EM on Entire Land and Builing & Hypothetication on Plant and Machinary at Dera Bassi unit and 2nd Pari- Passu charge on entire Fixed Assets of company except sitarganj unit and other assets as mentioned for working capital facility limits along with Personal Guarantee of Director Mr. Rakesh Jolly. |
| **LOAN FROM SCHEDULE BANK** | | | | | |
| Axis Bank | - | 399.60 | - | | Cheque Issued but not presented for payment. |
| Bank of Baroda | - | 1.80 | - | | Interest Component on Settled Cash Credit Limit. |

| Particulars | Total Loan Amount | Outstanding as on March 31, 2010 | Rate of Interest (Average) | Repayment Schedule/ Installment Amt | Security |
|---|---|---|---|---|---|
| Barclays Bank | 200.00 | 148.00 | 12% | Working Capital Limit Repayable on Demand | **Primary Security**: First Pari Passu charge on the entire current assets of the company with other working capital lenders. **Collateral Security**: 1st Pari- Passu on entire Fixed Assets of Kathua unit, and Equitable Mortgage of B-39 (Shanker Garden), GH-13 (Paschim Vihar), BG-8/201-207 (Paschim Vihar) and 2nd Charge on Fixed Assets of Dera Bassi Unit, with other WC lenders along with Personal Guarantee of Director Mr. Rakesh Jolly. |
| Barclays Bank | 1,000.00 | 1,000.00 | 10.00% | WCDL | -Do- |
| HDFC Bank | 200.00 | 224.71 | PLR minus 3.75% | Working Capital Limit Repayable on Demand | -Do- |
| HDFC Bank | 600.00 | 600.00 | 10.75% | WCDL | -Do- |
| IDBI Bank | 3,000.00 | 3,008.35 | BPLR minus 0.50% | Working Capital Limit Repayable on Demand | -Do- |
| State Bank of Hyderabad | 3,110.00 | 3,005.39 | SBHPLR | Working Capital Limit Repayable on Demand | -Do- |
| STATE BANK OF INDIA-30211338572 | 6,500.00 | 6,376.31 | SBAR plus 0.25% | Working Capital Limit Repayable on Demand | -Do- |
| STATE BANK OF MYSORE-54018674129 | 1,140.00 | 822.67 | SBM PLR | Working Capital Limit Repayable on Demand | -Do- |
| State Bank of Patiala | 2,000.00 | 1,651.79 | BPOLR | Working Capital Limit Repayable on Demand | -Do- |
| ICICI BANK-000751000298 | 50.00 | 0.18 | IBAR minus 0.50% | Working Capital Limit Repayable on Demand | **Primary Security**: First Pari Passu charge on the entire current assets of the company with other working capital lenders. **Collateral Security**: 1st Pari Passu charge and Equitable Mortgage of B-39 (Shanker Garden), GH-13 (Paschim Vihar), BG-8/201-207 (Paschim Vihar) along with Personal Guarantee of Director Mr. Rakesh Jolly. |

**Annexure 5(b)**

**STATEMENT OF UNSECURED LOANS**

**(Rs. in lakhs)**

| Particulars | Financial Year Ended 31st March | | | | | Rate of Interest (Avg) | Repayment Schedule / Instalment Amt |
|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | | |
| **From Promoters** | - | 8.50 | - | - | - | NIL | Payable on Demand |
| **From Others** | - | 31.08 | 9.87 | 2.63 | 68.42 | NIL | Payable on Demand |
| **ICICI Bank** (Business Loan against Personal Guarantee Of Directors) | 5.55 | 2.75 | 3.07 | 0.91 | - | - | Loan fully repaid in 2010 |
| **Standard Chartered Bank** (Business Loan against Personal Guarantee Of Directors) | 30.00 | 22.30 | - | - | - | - | Loan fully repaid in 2008 |
| **IDBI LTD** (Business Loan against Personal Guarantee Of Directors) | - | 7.70 | 4.48 | 0.40 | - | - | Loan fully repaid in 2010 |
| **Kotak Mahindra Bank Limited** | - | 33.95 | 42.58 | 30.46 | 13.27 | 18% | EMI Rs-180762 upto Nov -2011 |
| **Kotak Mahindra Bank Limited** | - | - | - | - | 1.96 | 17% | EMI Rs-98670 upto May-2010 |
| **HDFC Bank Ltd** (Business Loan against Personal Guarantee Of Directors) | - | 22.50 | 24.44 | 15.00 | 4.03 | 15% | EMI Rs-104010 upto July-2010 |
| **HDFC Bank Loan** | - | - | 5.90 | 4.24 | 0.36 | 19% | EMI Rs-36160 upto April-2010 |
| **ABN AMRO BANK** | - | - | 23.92 | 16.75 | 8.26 | 17% | EMI Rs-89132 upto Jan-2012 |
| **Barclays Bank** | - | - | 27.88 | 16.82 | 3.66 | 17.50% | EMI Rs-31235 upto June-2010 |
| **Cholamandalam Dbs Finance** | - | - | 11.17 | 6.28 | 0.52 | 16.50% | EMI Rs-53115 upto April-2010 |
| **Development Credit Bank** | - | - | 10.98 | 6.24 | 0.53 | 19% | EMI Rs-53505 upto April-2010 |
| **India Bulls Credit Service** | - | - | 20.53 | 8.17 | - | - | Loan fully repaid in 2010 |
| **Reliance Capital Limited** | - | - | 28.72 | 20.20 | 10.00 | 18% | EMI Rs-108458 upto Jan-2011 |
| **Standard Chartered Bank Business Loan** | - | - | 12.51 | 1.04 | - | - | Loan Settled in 2010 |
| **Standard Chartered Bank Loan** | - | - | - | - | 3.81 | 17% | EMI Rs-98885 upto July- 2010 |
| **Standard Chartered Bank Loan** | - | - | 14.68 | 10.43 | 4.02 | 17% | EMI Rs-53479 upto Oct-2010 |
| **Bajaj Auto Finance Ltd.** | - | - | - | 23.40 | 17.11 | 19% | EMI Rs-109980 upto Sep-2011 |
| **Tata Capital Ltd.** | - | - | - | 17.68 | 4.87 | 18% | EMI Rs-124825 upto June-2010 |
| **Magma Fincrop Ltd.** | - | - | - | - | 36.98 | 16% | EMI Rs-243766 upto Aug-2011 |
| **Total Unsecured Loan** | **35.55** | **128.78** | **240.73** | **180.65** | **177.80** | | |

Annexure 6

**STATEMENT OF LOANS & ADVANCES**

(Rs. in lakhs)

| | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| **Particulars** | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Other then related party** | | | | | |
| i) Advances Recoverable in cash or in kind or for value to be received or pending adjustments. | 22.73 | 76.30 | 508.19 | 531.39 | 662.84 |
| ii) Security Deposits | - | - | 13.75 | 45.30 | 45.96 |
| iii) Other Advances | 179.20 | 30.29 | 346.83 | 187.42 | 447.16 |
| iv) Advance to Suppliers | - | - | 1,215.44 | 375.65 | 377.43 |
| v) Duties & Taxes | - | - | - | 72.88 | - |
| vi) TDS/ TCS Receivables | 1.26 | 4.40 | 17.24 | 56.05 | 623.07 |
| **Total** | 203.19 | 110.99 | 2,101.45 | 1,268.69 | 2,156.47 |
| **Recoverable from Related Party** | | | | | |
| Rakesh Jolly | - | 8.50 | - | - | - |
| **Grand Total** | **203.19** | **119.49** | **2,101.45** | **1,268.69** | **2,156.47** |

**Annexure 7**

**STATEMENT OF SUNDRY DEBTORS**

**(Rs. in lakhs)**

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Unsecured Considered Good** | | | | | |
| - Less Then 6 months | 6.44 | 1818.35 | 4224.91 | 11007.7 | 15870.32 |
| - More Then 6 months | 622.68 | 94.02 | 456.52 | 529.08 | 599.80 |
| **Total** | **629.12** | **1912.37** | **4681.43** | **11536.78** | **16470.12** |

Note: None of the debtors is related to Directors, Promoters, Group Companies, Subsidiaries & Associate.

Annexure 8

**STATEMENT OF INVESTMENTS**

(Rs. in lakhs)

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Unquoted** | | | | | |
| **Short Term** | | | | | |
| Equity Share of M/s RP Banaspati Ltd | - | 10.00 | - | - | - |
| Equity Share of Marline Enterprises Pvt. Ltd. | 15.00 | - | - | - | - |
| Equity Share of Parekh Electrawire Pvt. LTd. | - | - | 163.12 | - | - |
| **Quoted** | | | | | |
| **Long Term** | - | - | - | - | - |
| SBI Capital Protection Oriented Fund | - | - | 2.00 | 2.00 | 2.00 |
| **Total Investment** | **15.00** | **10.00** | **165.12** | **2.00** | **2.00** |

Annexure 9

**STATEMENT OF CURRENT LIABILITIES & PROVISIONS**

(Rs. in lakhs)

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **CURRENT LIABILITIES** | | | | | |
| Trade Creditors | 15.82 | 88.82 | 801.53 | 2109.52 | 1,483.05 |
| Advance from Customers | 0 | 0 | 357.69 | 7.28 | 377.47 |
| Other liabilities | 38.02 | 13.34 | 343.4 | 118.56 | 1,757.37 |
| Total (A) | 53.84 | 102.16 | 1502.62 | 2235.36 | 3,617.90 |
| **PROVISIONS** | | | | | |
| For Taxation | 45 | 65 | 125 | 178.96 | 640.00 |
| For Fringe Benefit Tax | 0 | 0 | 1.65 | 8.08 | 7.91 |
| Total (B) | 45 | 65 | 126.65 | 187.04 | 647.91 |
| **Total ( A+B )** | 98.84 | 167.16 | 1629.27 | 2422.4 | 4,265.81 |

Annexure 10

**STATEMENT OF OTHER INCOME**

(Rs. in lakhs)

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Interest From Fixed Deposits with Scheduled Banks | 0.31 | 1.56 | 11.47 | 32.87 | 50.50 |
| Interest From Others | 7.17 | 1.98 | 6.86 | 0.31 | 0.00 |
| Income From Dividend | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 |
| Miscellaneous Income | 0.01 | 60.09 | 5.14 | 7.79 | 3.54 |
| Exchange Fluctuation | 0.00 | 0.00 | 0.00 | 0.00 | 4.88 |
| Profit on sale of Non Trade Investments | 0.22 | 6.59 | 0.00 | 0.00 | 0.00 |
| Discount Received | 0.48 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Income (Duty Refund etc) | 0.00 | 0.00 | 0.00 | 153.89 | 25.90 |
| **Total** | **8.36** | **70.22** | **23.47** | **194.86** | **84.82** |

**Annexure 11**

**DETAILS OF CONTINGENT LIABILITIES**

**(Rs. in lakhs)**

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Contingent Liabilities not provided for in respect of :** | | | | | |
| 1 - Counter guarantees given in respect of Guarantees given by the company's bankers | 12.75 | 26.00 | 1825.10 | 4030.40 | 10575.55 |
| 2 - Bonds/ Undertaking given by company for Concessional duty/ Custom duty exemption | 0 | 0 | 0 | 1.64 | 45.60 |
| 3 - Duties & tax liabilities disputed by the company | | | | | |
| Income Tax Act | 0 | 0 | 34.32 | 34.42 | 39.49 |
| Central Excise Act | 0 | 15.16 | 15.16 | 7.75 | 15.25 |
| VAT | 0 | 0 | 0 | 33.81 | 33.81 |
| 4 - Claims against the company not acknowledge as debts | 0 | 0 | 0 | 24.77 | 24.77 |
| **Total** | **12.75** | **41.16** | **1874.58** | **4132.79** | **10734.47** |

**Annexure 12**

**STATEMENT OF ACCOUNTING RATIOS**

**(Rs. in lakhs)**

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Net Worth | 835.97 | 1,378.18 | 4,950.07 | 7,701.73 | 11,794.82 |
| Restated Earning Attributable to Shareholders | 474.27 | 528.06 | 953.76 | 1,393.17 | 3,093.53 |
| Weighted Avg no of Equity Shares Outstanding during the year | 72,93,238 | 73,32,800 | 74,07,128 | 1,22,60,056 | 1,50,72,390 |
| No of Equity Share Outstanding at the end of the period | 18,11,700 | 36,23,400 | 85,98,800 | 1,50,71,100 | 1,55,42,000 |
| **Earning Per Shares (EPS) Face value Rs 10 each** | | | | | |
| Basic Earning Per Share (in Rs.) | 6.50 | 7.20 | 12.88 | 11.36 | 20.52 |
| Diluted Earning Per Share (in Rs.) | 6.50 | 7.20 | 12.88 | 11.36 | 20.52 |
| Return on Net Worth (%) | 56.73% | 38.32% | 19.27% | 18.09% | 26.23% |
| Net Assets Value Per Share (in Rs.) | 46.74 | 91.28 | 112.91 | 51.10 | 75.89 |

1. Formulas for Accounting Ratio

(i) Earning Per Share (Rs.)= $\dfrac{\text{Net Profit attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding during the year}}$

(ii) Net Assets Value = $\dfrac{\text{Net Worth}}{\text{No. of Equity Shares}}$

(iii) Return on Net Worth = $\dfrac{\text{Net Profit after Tax}}{\text{Net Worth Excluding Revaluation Reserve}}$

2. Restated Net Profit, as appearing in restate statement of profits and losses (Annexure 2) and Net worth as appearing in statement of restated assets and liabilities (Annexure 1), has been considered for the purpose of computing the above ratios.

3. Earning Per Share calculations are done in accordance with Accounting Standard 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Annexure 13

**TAX SHELTER STATEMENT**

(Rs. in lakhs)

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Profit / (Loss) Before Tax as per Audited Accounts (A)** | 530.29 | 600.65 | 1,093.37 | 1,781.49 | 4,068.15 |
| Effective Rate OF Income Tax | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 |
| **Tax at Normal Tax Rate (B)** | 178.50 | 202.18 | 371.64 | 605.53 | 1,382.76 |
| **Adjustments** | | | | | |
| Permanent Difference | | | | | |
| U/s 80-IB | 506.68 | 539.32 | 1,004.73 | 918.29 | 397.03 |
| **Total Permanent Difference ( C )** | 506.68 | 539.32 | 1,004.73 | 918.29 | 397.03 |
| Timing Difference | | | | | |
| Difference Between Comp Act & IT Act Depreciation | (30.76) | (19.46) | (38.12) | 514.24 | 896.41 |
| Disallowance under Sec 40(a)/43B | - | - | - | - | 55.91 |
| **Total Timing Difference (D)** | (30.76) | (19.46) | (38.12) | 514.24 | 952.32 |
| **Net Adjustments (C+D)** | 475.92 | 519.86 | 966.61 | 1,432.53 | 1,349.35 |
| **Tax Savings Theron** | **160.19** | **174.98** | **328.55** | **482.19** | **454.19** |

Annexure 14

**CAPITALISATION STATEMENT**

**(Rs. in lakhs)**

| **Paarticulars** | **Pre - issue as on 31-03-10** | **Post - Issue*** |
|---|---|---|
| **Borrowings** | | |
| **Long Term Borrowings** | | |
| Secured Loans | 19,768.60 | |
| Unsecured Loans | 80.69 | |
| Total Long Term Borrowings | 19,849.29 | |
| **Short Term Borrowings** | | |
| Secured Loans | 1361.63 | |
| Unsecured Loans | 97.1 | |
| Total Short Term Borrowings | 1458.73 | |
| **Total Outside Borrowings** | 21,308.02 | |
| **SHARE HOLDERS FUND** | | |
| Equity Share Capital | 1,554.20 | |
| Reserve & Surplus | 5,734.58 | |
| Profit & Loss Account | 5,594.03 | |
| Less: Revaluation Reserve | 1,087.99 | |
| **Total Equity** | 11,794.82 | |
| Debt/ Equity Ratio | 1.81 | |
| Long Term Debt/ Equity Ratio | 1.68 | |

**Notes:**
1. Short Term Debts represent which are due within 12 months, excluding Working Capital Finance which were considered Long Term.
2. Long Term Debts represent debts other then short term Debts as defined above.
3. Shareholder's funds post issue can be calculated only on the conclusion of the book building process.

**Annexure 15**

**RELATED PARTY DISCLOSURES**

a) Related parties Relationships pursuant to Accounting Standard - 18

| | |
|---|---|
| **1. Holding Company** | NIL |
| **2. Subsidiary Company** | Pareekh Electrawire Industries Limited (From 31-03-08 to 01-04-08) |
| **3. Associates** | |
| | Aravali Smelters Ltd. (Since Inception) |
| | Shivalik Organics Ltd. (Since Inception) |
| | Sreedeb Comercial Pvt Ltd. (Since Feb 2007) |
| | Aravali Energy Private Limited (Since Inception) |
| **4. Key Personnel Management** | |
| | Mr. Rakesh Jolly (Promoter) (Since Incorporation) |
| | Mr. R.Narayanan (Since 30-04-08 till date) |
| | Mr. Mohinder Kansal (Since 13-08-07 till date) |
| | Mr. R.K. Pandey (Since 01-09-08 till date) |
| | Mr. Ankur Sarin (Since 01-09-03 till 30-04-08) |
| **5. Relative of Key Management Personnel** | |
| | Ms. Ritu Jolly (Wife of Rakesh Jolly) (Since Incorporation) |
| | Ms Kanta Jolly (Mother of Rakesh Jolly) (Since Incorporation) |
| | Ms Parnika Jolly (Daughter Of Rakesh Jolly) (Since Incorporation) |
| | Ms Arushi Jolly (Daughter Of Rakesh Jolly) (Since Incorporation) |
| | Mr. Ravi Khosla (Brother in Law of Rakesh Jolly) (Since Incorporation) |
| | Ms.Tarang Khosla (Sister of Rakesh Jolly) (Since Incorporation) |
| | Mrs. Shakun Narang (Sister of Rakesh Jolly) (Since Incorporation) |
| | Mr. Mukesh Narang (Brother in Law of Rakesh Jolly) (Since Incorporation) |
| | Mrs. Umang Sarin (Sister of Mr. Rakesh Jolly) (Since Incorporation) |
| | Mr. Ramiah Jairam (Brother of Mr R Narayan) (Since 30-04-08 till date) |
| | Mr. Vijay Ramaiah (HUF) (Brother of Mr R Narayan) (Since 30-04-08 till date) |
| | Mrs. Madhu Ramaiah (Wife of Mr. Vijay Ramaiah) (Since 30-04-08 till date) |
| **6. Enterprises owned and significantly influenced by Key** | |
| **Management Personnel of their relative** | Shivalik Organics Ltd. (Since Incorporation) |
| | Sreedeb Comercial Pvt Ltd. (Since Feb 2007) |
| | Aravali Energy Private Limited (Since Incorporation) |
| | Vidushi Enterprise (From February' 1995 to 26-03-07) |

b) Transactions with Related Parties

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| | Associates Concerns, KMP & Their Relatives | Associates Concerns, KMP & Their Relatives | Associates Concerns, KMP & Their Relatives | Associates Concerns, KMP & Their Relatives | Associates Concerns, KMP & Their Relatives |
| **SALES** | - | - | - | - | - |
| **PURCHASES** | - | - | - | - | - |
| Vidushi Enterprises | 32.67 | 258.90 | - | - | - |
| ***Closing Balance*** | 0.64 | 0.00 | | | |
| **LOAN GIVEN** | - | - | - | - | - |
| Shivalik Organic Limited | - | 41.00 | - | - | - |
| ***Closing Balance*** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Kanta Jolly | 0.50 | 1.75 | - | - | - |
| ***Closing Balance*** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ritu Jolly | 0.10 | 1.25 | - | - | - |
| ***Closing Balance*** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **LOAN TAKEN** | - | - | - | - | - |
| Rakesh Jolly | - | 8.50 | (8.50) | - | - |
| ***Closing Balance*** | 0.00 | 8.50 | 0.00 | 0.00 | 0.00 |
| **SHARE APPLICATION IN THE COMPANY** | - | - | - | - | - |
| Aravali Smelters Limited | 20.00 | 110.00 | 264.90 | 71.50 | 821.45 |
| Shivalik Organic Limited | 0.00 | 49.00 | 405.00 | 45.00 | - |
| Sreedeb Commercial Pvt Ltd. | - | 51.00 | 613.38 | 79.00 | - |
| Rakesh Jolly | - | 65.00 | - | - | - |
| ***Closing Balance*** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **SALARIES** | | | | | |
| Rakesh Jolly | 2.76 | 2.89 | 4.00 | 8.19 | 24.30 |
| Ankur Sarin | 2.07 | 2.82 | 2.86 | 0.25 | - |
| R. Narayanan | - | - | 1.15 | 4.21 | 4.75 |
| Tarang Khosla | - | - | 0.00 | 0.22 | - |

**Annexure 16**

**SEGMENT REPORTING**

**(Rs. in lakhs)**

| Particulars | Financial Year Ended 31st March | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **REVENUE** | | | | | |
| **External Sales** | | | | | |
| Non Ferrous Metal & Alloys | 3,032.83 | 5,521.16 | 7,235.29 | 5,583.91 | 5,943.98 |
| Transmission & Distribution | 0 | 0 | 2056.32 | 23546.47 | 27692.51 |
| Civil Work | 0 | 0 | 0 | 0 | 22078.07 |
| Unallocated Exp | 0 | 0 | 0 | 0 | 0 |
| Consolidated Total | 3032.83 | 5521.16 | 9291.61 | 29130.38 | 55714.56 |
| **Internal Sales** | | | | | |
| Non Ferrous Metal & Alloys | 0 | 0 | 0 | 0 | 0 |
| Transmission & Distribution | 0 | 0 | 0 | 0 | 0 |
| Civil Work | 0 | 0 | 0 | 0 | 0 |
| Unallocated Exp | 0 | 0 | 0 | 0 | 0 |
| Consolidated Total | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 3032.83 | 5521.16 | 9291.61 | 29130.38 | 55714.56 |
| Reportable Segment | Yes | Yes | Yes | Yes | Yes |
| RESULT | | | | | |
| **Segment Result** | | | | | |
| Non Ferrous Metal & Alloys | 511.47 | 523.82 | 1141.64 | 651.25 | 450.82 |
| Transmission & Distribution | 0 | 0 | 221.32 | 2116.53 | 3530.64 |
| Civil Work | 0 | 0 | 0 | 0 | 2017.86 |
| Unallocated Exp | 0 | 0 | 0 | 0 | 0 |
| Consolidated Total | 511.47 | 523.82 | 1362.96 | 2767.78 | 5999.32 |
| Unallocated Corporate Expense | | | 6.78 | 11.96 | 11.17 |
| Interest Expense | | | 284.59 | 995.4 | 1970.5 |
| Interest Income | 7.48 | 1.56 | 11.47 | 21.07 | 50.5 |
| Income Taxes | 45.56 | 65.98 | 141.31 | 388.32 | 974.62 |
| Profit From Ordinary Activities | 473.39 | 459.4 | 941.75 | 1393.17 | 3093.5294 |
| Other Income | 0.88 | 68.66 | 12.01 | 0 | 0 |
| **Net Profit** | **474.27** | **528.06** | **953.76** | **1393.17** | **3093.53** |
| **OTHER INFORMATION** | | | | | |
| **Segment Assets** | | | | | |
| Non Ferrous Metal & Alloys | 1579.16 | 652.38 | 4907.48 | 3703.82 | 4737.86 |
| Transmission & Distribution | 0 | 1683.2 | 5658 | 21416.71 | 29313.12 |
| Civil Work | 0 | 0 | 0 | 0 | 3692.43 |
| Unallocated Exp | 0 | 0 | 0 | 0 | 0 |
| Consolidated Total | 1579.16 | 2335.58 | 10565.48 | 25120.53 | 37743.41 |
| Unallocated Assets | | 1251.48 | 5141.22 | 326.31 | 157.26 |
| **Total Assets** | **1579.16** | **3587.06** | **15706.70** | **25446.84** | **37900.67** |
| **Segment Liabilities** | | | | | |
| Non Ferrous Metal & Alloys | 743.19 | 114.73 | 188.88 | 246.84 | 159.82 |
| Transmission & Distribution | 0.00 | 9.17 | 3783.15 | 1701.53 | 15723.76 |
| Civil Work | 0.00 | 0.00 | 0.00 | 0.00 | 591.29 |
| Unallocated Exp | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Consolidated Total | 743.19 | 123.90 | 3972.03 | 1948.37 | 16474.87 |
| Unallocated Liabilities | 0.00 | 1809.98 | 6332.22 | 15016.24 | 9630.98 |
| **Total Liabilities** | **743.19** | **1933.88** | **10304.25** | **16964.61** | **26105.85** |

| **Particulars** | **Financial Year Ended 31st March** | | | | |
|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Capital Expenditure** | | | | | |
| Non Ferrous Metal & Alloys | 51.43 | 9.07 | 61.57 | 0.32 | 0.00 |
| Transmission & Distribution | 0.00 | 1681.14 | 5303.62 | 5626.53 | 1274.82 |
| Civil Work | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unallocated Exp | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Consolidated Total** | **51.43** | **1690.21** | **5365.19** | **5626.85** | **1274.82** |
| **Depreciation** | | | | | |
| Non Ferrous Metal & Alloys | 13.23 | 15.01 | 14.25 | 14.84 | 14.62 |
| Transmission & Distribution | 0.00 | 0.00 | 16.72 | 117.55 | 254.20 |
| Civil Work | 0.00 | 0.00 | 0.00 | 0.00 | 12.79 |
| Unallocated Exp | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Consolidated Total** | **13.23** | **15.01** | **30.97** | **132.39** | **281.61** |
| **Non-Cash Expense other than Depreciation** | **2.53** | **1.93** | **1.33** | **0.00** | **0.00** |

## FINANCIAL INDEBTEDNESS

**The principal terms of loans and assets charged as security as on August 31, 2010**

(Rs. in lakhs)

| Name of Lender | Purpose | Sanction Amount | Rate of interest | Securities offered | Re-payment | Moratorium | Outstanding |
|---|---|---|---|---|---|---|---|
| **Secured Loans** | | | | | | | |
| State Bank of India | Working Capital – Fund based | 9300.00 | 12.00% | Primary Security: First Pari Passu charge on the entire current assets of the company with other working capital lenders. Collateral Security: 1st Pari- Passu on entire Fixed Assets of Kathua unit and Nadiad, and Equitable Mortgage of B-39 (Shanker Garden), GH-13 (Paschim Vihar), BG-8/201-207 (Paschim Vihar) and 2nd Charge on Fixed Assets of Dera Bassi Unit, with other WC lenders along with Personal Guarantee of Director Mr. Rakesh Jolly. | On Demand | Nil | 7567.64 |
| | Working Capital – Non Fund based | 8500.00 | 1.65% | | On Demand | Nil | 6109.24 |
| State Bank of Hyderabad | Working Capital - Fund based | 3110.00 | 12.25% | -do- | On Demand | Nil | 3007.45 |
| | Working Capital - Non Fund based | 3800.00 | 2.06% | | On Demand | Nil | 2629.02 |
| State Bank of Mysore | Working Capital – Fund based | 2500.00 | 12.25% | -do- | On Demand | Nil | 1072.67 |
| | Working Capital – Non Fund based | 3000.00 | 1.00% | | On Demand | Nil | 829.81 |
| | Corporate Loan | 1500.00 | 11.75% | | Annual Instal. of Rs. 300 lakhs upto Oct-2013 | Revised from 12 months to 21 months | 1200.00 |
| State Bank of Patiala | Working Capital – Fund based | 2000.00 | 12.25% | -do- | On Demand | Nil | 1919.31 |
| | Working Capital – Non Fund based | 2000.00 | 2.06% | | On Demand | Nil | 881.44 |
| Standard Chartered Bank | Working Capital – Fund based | 1000.00 | 12.00% | -do- | On Demand | Nil | 489.63 |
| | Working Capital – Non Fund based | 2000.00 | 1.35% | | On Demand | Nil | 443.49 |
| Barclays Bank PLC | Working Capital – Fund based | 1740.00 | 12.00% | -do- | On Demand | Nil | 1033.08 |
| | Working Capital – Non Fund based | 2010.00 | 1.00% | | On Demand | Nil | 835.46 |
| IDBI Bank Ltd | Working Capital – Fund based | 3000.00 | 12.25% | -do- | On Demand | Nil | 2721.38 |

| Name of Lender | Purpose | Sanction Amount | Rate of interest | Securities offered | Re-payment | Moratorium | Outstanding |
|---|---|---|---|---|---|---|---|
| | Working Capital – Non Fund based | 3000.00 | 1.65% | | On Demand | Nil | 2820.16 |
| HDFC Bank | Working Capital –Fund based | 1000.00 | 12.00% | -do- | On Demand | Nil | 753.00 |
| | Working Capital – Non Fund based | 200.00 | 1.00% | | On Demand | Nil | 162.60 |
| Axis Bank | Working Capital –Fund based | 2000.00 | 12.25% | -do- | On Demand | Nil | 639.28 |
| | Working Capital – Non Fund based | 2500.00 | 1.25% | | On Demand | Nil | 2101.44 |
| Dena Bank | Working Capital –Fund based | 2500.00 | 12.25% | -do- | On Demand | Nil | - |
| | Working Capital – Non Fund based | 5000.00 | 2% | | On Demand | Nil | - |
| ICICI Bank Limited | Working Capital –Fund based | 50.00 | 12.00% | Primary Security: First Pari Passu charge on the entire current assets of the company with other working capital lenders. Collateral Security: 1st Pari- Passu on Equitable Mortgage of B-39 (Shanker Garden), GH-13 (Paschim Vihar), BG-8/201-207 (Paschim Vihar) along with Personal Guarantee of Director Mr. Rakesh Jolly. | On Demand | Nil | (3.65) |
| | Working Capital – Non Fund based | 2000.00 | 0.5% | | On Demand | Nil | 509.03 |
| | Term Loan - ECB | 3288.54 (USD 84.00 Lakhs) | 6 Monthly LIBOR plus 1.45% | | Six Monthly Installment of $8.4 Lakhs each upto Dec-2013 | 18 months | 2301.98 |
| **Unsecured Loans** | | | | | | | |
| Kotak Mahindra Bank Limited | Business loan | 50.00 | 18% | Nil | EMI Rs-180762 upto Nov -2010 | Nil | 5.06 |
| Abn Amro Bank | -do- | 25.00 | 17% | Nil | EMI Rs-89132 upto Jan-2011 | Nil | 4.27 |
| Reliance Capital Ltd. | -do- | 30.00 | 18% | Nil | EMI Rs-108458 upto Jan-2011 | Nil | 5.18 |
| Standard Charatered Bank | -do- | 15.00 | 17% | Nil | EMI Rs-53479 upto Feb-2011 | Nil | 1.34 |
| Bajaj Auto Finance Ltd. | -do- | 30.00 | 19% | Nil | EMI Rs-109980 upto Sep-2011 | Nil | 12.82 |
| Magma Fincrop Ltd. | -do- | 50.00 | 16% | Nil | EMI Rs-243766 upto Sep-2011 | Nil | 26.92 |

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

*You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear in the Draft Red Herring Prospectus on page 99 of the Draft Red Herring Prospectus. You are also advised to read the Section titled "Risk Factors" on page (x) of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows.*

**OVERVIEW OF THE BUSINESS**

Our Company is a diversified company engaged in providing Engineering, Procurement and Construction services (EPC) for Power (Transmission & Distribution) Sector and Civil Infrastructure (Roads & Bridges) and is having manufacturing facilities of Transmission Tower Parts, Aluminium Overhead Conductors and Aluminum Alloys for Automobile Industry.

We have over the years emerged as an integrated organization for construction of Power Transmission Lines (upto 765 KV), Distribution Projects and Sub-stations under Turnkey Projects. We have also manufacturing capacity of 70,000 MT per annum for Transmission Towers & 45,000 MT per annum for Aluminum Overhead Conductors. Our manufacturing units are located at Sitarganj (Uttrakhand), Dera Bassi (Punjab) & Nadiad (Gujarat).

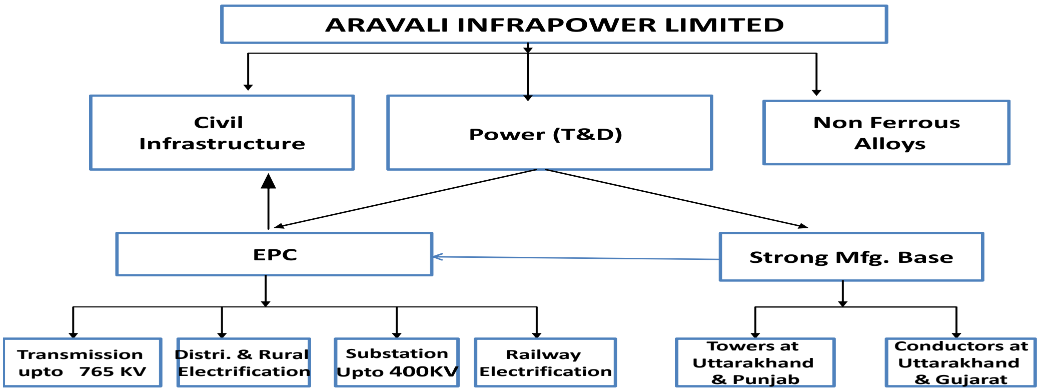
We are executing the projects in power transmission and distribution sector in India for public sector utilities such as Power Grid Corporation of India Limited (PGCIL) and state power utilities like UP Power Transmission Corporation Limited, Dakshin Haryana Bijli Vitran Nigam, Delhi Transco Limited, Madhya Pradesh Power Transmission Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, Himachal Pradesh State Electricity Board, West Bengal State Electricity Transmission Company Limited, etc. We have diversified our presence in international market and have been awarded contracts in Nepal, Ethiopia and Yemen for Power Transmission, Distribution & Sub-station.

We have established an integrated EPC (Engineering, Procurement & Construction) division by acquisition as a going concern of M/s Pioneer Construction Company, Lucknow (engaged in construction of transmission lines), M/s Techno Engineering Company, Chandigarh (engaged in manufacturing of transmission towers and parts) and M/s Parekh Electrawire Industries Limited, Nadiad, Gujarat (engaged in production of aluminium overhead conductors) in financial year 2007-08 to undertake the Power T&D Projects right from the surveys to the charging of the line. We have positioned ourselves as an integrated Company in India in Power Transmission Sector covering EPC expertise in transmission lines, sub station and rural electrification backed by manufacturing facilities for galvanized EHV Tower and overhead Aluminium Conductors. Recently in 2010 we have also entered into the railway electrification segment & sub-station by acquiring M/s Progressive Enterprises, Kolkata and in railway signalling and telecommunication by acquiring M/s Sachin Construction Company, Kolkata. Most of the work in our Turnkey Projects in power transmission and sub-stations is won on a competitive bidding basis and, in most cases, the client is a public sector entity or a government entity. In fiscal 2009-10, the income from EPC business as per restated financial statement was Rs. 27,692.51 lakhs comprising of 49.40% of our total revenue for the year.

The civil construction business was started by us in 2009-10 and revenue from civil construction business at Rs. 22,078.07 Lakhs in FY 2009-10 was 39.39% of our total revenue as per restated financial statements. Major client in civil construction is RWD (Rural Works Department), Bihar Government. In addition, we have production facility of Aluminum Alloys based at Kathua (J&K) which is supplied to various automobile component manufacturers.

As on August 31, 2010, we are executing 37 major works for our clients with contract value of Rs. 100,583.73 Lakhs which includes 29 EPC projects and 4 Civil Construction Projects. The details of the projects with contract value of more than 40 Lakhs are under.

The details of our Business verticals are as under:




Our revenues has grown at a CAGR of 115.30% for the period fiscal year 2006-07 to 2009-10 and our net profit after tax has grown at a CAGR of 80.27% over the same period. In FY 2009-10, as per restated financials, our total revenue was Rs. 55,799.39 Lakhs and we earned a net profit after tax of Rs. 3,093.53 Lakhs.

**Our Strengths:** We believe our principal competitive strengths are as follows:

**Diversified portfolio of projects across various infrastructure sectors and geographic locations**
Our infrastructure business is diversified across turnkey projects in power transmission, erection of sub-stations, railway electrification, rural electrification and supply of transmission towers, aluminium overhead conductors and supply of aluminium alloys. We have undertaken projects in different locations in India. We are also executing Road construction project in the state of Bihar. In India, our projects are geographically dispersed across various states and outside India in Ethiopia, Nepal and Yemen. We have a full-fledged international marketing division to explore the opportunities in the international markets. Through this sectoral and geographical diversity, we are able to mitigate the risks associated with operations in specific sectors/projects in India and abroad.

**Experience and track record for Construction of transmission lines**
We have experience, track record and reputation for efficient project management and execution of projects in the sector. We believe that our expertise in successful implementation of projects provide us with significant competitive advantage. Further this enables us to better position ourselves to deal with numerous risk attached to this line of business. We believe we have good working relationships with sub-contractors across our various service regions. Such relationships facilitate the efficient execution of projects. Some of the Power Transmission projects executed by us include projects of Uttar Pradesh Power Corporation Limited, Delhi Transco Limited, L&T limited, West Bengal State Electricity Board, Bihar State Electricity Board and Power Grid Corporation of India Limited.

We are presently capable of executing transmission lines upto 765KV, Sub-Stations upto 400KV and Railway electrification, signalling and telecommunication.

**Track record of manufacturing & supplying of Materials to Power Sector**
We have been supplying sub-station structures, transmission towers and aluminium conductors for several years. Some of the major clients include Power Grid Corporation of India Limited, RRVPNL (Rajasthan Rajya Vidyut Vitaran Nigam Limited), JDVVNL (Jodhpur Vidyut Vitaran Nigam Limited), ABB Limited, Reliance Energy Ltd., BHEL, Punjab State Electricity Board, Madhya Pradesh State Electricity Board,

Siemens Ltd., Haryana Vidyut Prasaran Nigam Limited, Gujarat State Electricity Board, and Dakshin Haryana Bijli Vitaran Nigam Limited etc.

**Ability to meet pre-qualification credentials**

The entry barriers in the power transmission sector are high in terms of technical pre-qualification requirements needed for participating in Government projects. We believe we can meet the qualification requirements of the Central and State Governments for a majority of their infrastructure projects across sectors, in terms of having the requisite experience, technical know-how, and financial resources, either in our own right or as a partner in a joint venture. Our credentials enable us to enter into joint ventures and partnerships with reputable partners which, in turn, enable us to bid for large and complex projects. We have acquired these technical bidding capabilities through acquisitions of various companies and firms as going concerns.

- Pioneer Construction Company engaged in execution and erection of transmission projects.
- Techno Engineering Company engaged in production of transmission towers & sub-station structures for Power Industry.
- Parekh Electrawire Industries Ltd was engaged in Power conductor manufacturing business.
- Progressive Enterprises engaged in construction of Electrical Sub-Stations & Railway Electrification.
- Sachin Construction Company engaged in Railways (Signalling & Telecommunication)

**Professionally managed company with an experienced management and a qualified employee base**

We are a professionally managed company with a qualified and experienced workforce of 518 employees as on August 31, 2010. Our management team is well qualified and experienced in the industry and is responsible for the growth in our business operations. In addition, our Board, with a strong combination of managerial acumen as well as entrepreneurial spirit, is equipped to handle both domestic and international business situations. We believe that a motivated and empowered employee base is essential for maintaining the competitive advantage. We are dedicated to the professional development of our employees and continue to invest in them to ensure that they possess all the necessary skills. We regularly conduct Training and Skill Enhancement Programs with the objective of attracting, training and deploying skilled employees in our construction projects on an ongoing basis.

**Integrated Company**

We believe that in-house construction capabilities, distinguish us from pure project developers and enhance our competitiveness. EPC contracts for power transmission sector are now increasingly being awarded on turnkey basis. Aluminium conductors and Transmission towers are the major components for construction of transmission lines. EPC contractors have to rely substantially on the suppliers of these items to complete their projects. In many cases, due to delayed performance of these suppliers, the project gets delayed, resulting in loss due to repetitions of delays and also financial losses to the EPC contractors. We have manufacturing capacity of 70,000 MT for transmission towers and 45,000 MT for aluminium overhead conductors which not only increases our profitability but also helps us to complete the EPC projects in T&D. In addition, our capabilities allow us to tender / bid for projects requiring unique expertise. Our company is one of the companies in India which are fully integrated.

**MANUFACTURING FACILITIES**

Our operations are spread across four production facilities in four different States in India as per details given below:

| **Location** | **Installed Capacity (in MT p.a.)** | | |
|---|---|---|---|
| | **Towers** | **Aluminium Conductors** | **Aluminum Alloys** |
| **Kathua (J & K State) Unit** | **-** | **-** | 10,650 |
| **Sitarganj (Uttarakhand) Unit** | 40,000 | 36,000 | - |
| **Derabassi (Punjab) Unit** | 30,000 | - | - |
| **Nadiad (Gujarat) Unit** | - | 9,000 | - |
| **Total** | **70,000** | **45,000** | **10,650** |

**SUMMARY OF FINANCIAL RESULTS**

**(In Rupees Lakhs)**

| | Financial Year Ended 31st March [1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Particulars** | **2007** | | **2008** | | **2009** | | **2010** | |
| | **Amount** | **%age** | **Amount** | **%age** | **Amount** | **%age** | **Amount** | **%age** |
| **Direct Income:** | | | | | | | | |
| Sale of Products manufactured | 5,718.50 | | 7,517.84 | | 13,934.09 | | 13,098.04 | |
| Sale of Products traded in | 607.54 | | 1,746.79 | | 3,520.44 | | 5,397.66 | |
| Works Contract | - | | 999.43 | | 12,205.03 | | 37,559.56 | |
| Gross Turnover | 6,326.04 | | 10,264.06 | | 29,659.56 | | 56,055.26 | |
| Less Excise Duty | 804.88 | | 972.45 | | 529.18 | | 340.70 | |
| **Net Turnover** | **5,521.16** | **100.00%** | **9,291.61** | **100.00%** | **29,130.38** | **100.00%** | **55,714.56** | **100.00%** |
| Other Income | 70.22 | 1.27% | 23.48 | 0.25% | 194.86 | 0.67% | 84.83 | 0.15% |
| **Total Income** | **5,591.38** | **101.27%** | **9,315.09** | **100.25%** | **29,325.24** | **100.67%** | **55,799.39** | **100.15%** |
| | | | | | | | | |
| **Expenditure** | | | | | | | | |
| Cost of Goods sold [2] | 4,557.43 | 82.54% | 7,189.79 | 77.38% | 23,475.06 | 80.59% | 46,561.52 | 83.57% |
| Establishment, other manufacturing and operating expenses | 223.11 | 4.04% | 545.38 | 5.87% | 2,229.96 | 7.66% | 2,097.07 | 3.76% |
| Administration Expenses | 33.56 | 0.61% | 108.87 | 1.17% | 263.76 | 0.91% | 441.00 | 0.79% |
| Selling Expenses | 25.64 | 0.46% | 11.91 | 0.13% | 13.66 | 0.05% | 1.37 | 0.00% |
| Financial Expenses | 135.38 | 2.45% | 339.78 | 3.66% | 1,400.96 | 4.81% | 2,348.63 | 4.22% |
| Preliminary & Deferred Revenue Exp Written Off | 0.60 | 0.01% | 0.60 | 0.01% | 19.29 | 0.07% | - | 0.00% |
| Dep. On Fixes Assets | 15.01 | 0.27% | 25.39 | 0.27% | 141.06 | 0.48% | 281.65 | 0.51% |
| **Total Expenditure** | **5,027.54** | 91.06% | **8,405.91** | 90.47% | **29,074.46** | 99.81% | **58,344.26** | 104.72% |
| **Profit Before Tax** | **600.65** | 10.88% | **1,093.37** | 11.77% | **1,781.49** | 6.12% | **4,068.15** | 7.30% |
| **Extra Ordinary Items** | **-** | | **-** | | **-** | | **-** | |
| Provision For Taxation | 65.00 | 1.18% | 125.00 | 1.35% | 178.96 | 0.61% | 640.00 | 1.15% |
| FBT For the Year | 0.98 | 0.02% | 1.65 | 0.02% | 8.08 | 0.03% | - | 0.00% |
| Short Provision for Tax in Earlier Year | - | 0.00% | - | 0.00% | 33.80 | 0.12% | - | 0.00% |
| Deferred Tax | 6.61 | 0.12% | 12.96 | 0.14% | 167.48 | 0.57% | 334.62 | 0.60% |
| **Profit After Tax** | **528.06** | 9.56% | **953.76** | 10.26% | **1,393.17** | 4.78% | **3,093.53** | 5.55% |

[1] All percentages are calculated on net turnover

[2] Cost of goods sold = Raw Material & Consumables Consumed - Increase / (Decrease) in Stock

**Comparison of Financial Year 2009-10 with Financial Year 2008-09.**

**Income**

Our net turnover increased from Rs. 29130.38 Lakhs during the financial year 2008-09 to Rs. 55714.56 Lakhs for the financial year 2009-10, registering a growth of 91.26%. This substantial increase in business was due to execution of civil infrastructure contracts by our Company for a value of Rs. 22078.07 Lakhs.

**Other income**

Other income of recurring nature are interest income from fixed deposit and other interest received in the normal course of business decreased from Rs. 194.86 Lakhs during the financial year 2008-09 to Rs. 84.83

Lakhs during the financial year 2009-10. Decrease in other income was mainly due to lower amount of excise duty refund received during the financial year 2009-10 for the Kathua unit.

**Raw Material and Consumables**
Raw material and consumables increased from 80.59% in financial year 2008-09 to 83.57% in financial year 2009-10. In absolute terms, the same increased from Rs. 25005.77 Lakhs in financial year 2008-09 to Rs. 53174.54 Lakhs in financial year 2009-10. The increase was mainly due to higher input cost of metals.

**Establishment, Other Manufacturing & Operating Expenses**
Establishment, other Manufacturing and operating has decreased from 7.66% in financial year 2008-09 to 3.76% in financial year 2009-10. In absolute terms it decreased from Rs. 2,229.96 Lakhs in the financial year 2008-09 to Rs. 2,097.07 Lakhs in the financial year 2009-10 as a result of cost savings in establishment expenses and economies of scale of operations.

**Administrative Expenses**
Administrative Expenses has decreased from 0.91% in financial year 2008-09 to 0.79% in financial year 2009-10. In absolute terms it increased from Rs. 263.76 Lakhs in financial year 2008-09 to Rs. 441.00 Lakhs in financial year 2009-10. The marginal decrease in the administrative expenses was as a result of higher scale of operations.

**Selling Expenses**
Selling Expenses in absolute terms decreased from Rs. 13.66 Lakhs in financial year 2008-09 to Rs. 1.37 Lakhs in financial year 2009-10.

**Financial Expenses**
Financial Expenses decreased marginally from 4.81% in financial year 2008-09 to 4.22% in financial year 2009-10. In absolute terms it increased from Rs. 1400.96 Lakhs in financial year 2008-09 to Rs. 2348.63 Lakhs in financial year 2009-10 because of increased working capital limits and utilisation.

**Depreciation and Other Non- Cash Expenses**
Depreciation and Other Non- Cash Expenses was reduced marginally from 0.55% in financial year 2008-09 to 0.51% in financial year 2009-10. In absolute terms it increased from Rs. 160.35 Lakhs in financial year 2008-09 to Rs. 281.65 Lakhs in financial year 2009-10 as a result of increase in Fixed Assets.

**Profit after Tax:**
Profit after tax has increased from 4.78% in financial year 2008-09 to 5.55% in financial year 2009-10. In absolute terms it increased from Rs. 1393.17 Lakhs in financial year 2008-09 to Rs. 3093.53 Lakhsin financial year 2009-10.

**Comparison of Financial Year 2008-09 with Financial Year 2007-08.**

**Income**
Our net turnover increased from Rs. 9291.61 Lakhs in financial year 2007-08 to Rs. 29130.38 Lakhs in financial year 2008-09, registering a growth of 213.51% as a result of commencement of commercial production of ACSR Conductors at Sitarganj unit and higher level of production at Dera Bassi unit.

**Other income**
Other income of recurring nature are interest income from fixed deposit & other interest received in the normal course of business as well as refund of excise duty from Kathua unit. Our other income increased from Rs. 23.48 Lakhs in financial year 2007-08 to Rs. 194.86 Lakhs in financial year 2008-09. The increase was mainly due to refund of excise duty received during the financial year 2008-09 for the Kathua unit and increase in interest income.

**Raw Material and Consumables**
Raw material and consumables increased from 77.38% in financial year 2007-08 to 80.59% in financial year 2008-09. In absolute terms, the same increased from Rs. 7189.79 Lakhs in financial year 2007-08 to

Rs. 23475.06 Lakhs in financial year 2008-09. The cost of input materials for Transmission and Distribution segment is higher. Since we commenced commercial production of ACSR Conductors at Sitarganj unit and increased the production at Dera Bassi unit, our manufacturing cost was higher.

**Establishment, Other Manufacturing & Operating Expenses**
Establishment, other Manufacturing and operating expenses has increased from 5.87% in financial year 2007-08 to 7.66% in financial year 2008-09. In absolute terms it increased from Rs. 545.38 Lakhs in the financial year 2007-08 to Rs. 2,229.96 Lakhs in the financial year 2008-09 as a result of higher establishment and other manufacturing expenses and higher input cost.

**Administrative Expenses**
Administrative Expenses reduced marginally from 1.17% in financial year 2007-08 to 0.91% in financial year 2008-09. In absolute terms, it increased from Rs. 108.87 Lakhs in financial year 2007-08 to Rs. 263.76 Lakhs in financial year 2008-09. The marginal decrease in administrative expenses was as a result of increased level of business operations.

**Selling Expenses**
Selling Expenses in absolute terms increased marginally from Rs. 11.91 Lakhs in financial year 2007-08 to Rs. 13.66 Lakhs in financial year 2008-09.

**Financial Expenses**
Financial Expenses increased from 3.66% in financial year 2007-08 to 4.81% in financial year 2008-09. In absolute terms it increased from Rs. 339.78 Lakhs in financial year 2007-08 to Rs. 1400.96 Lakhs in financial year 2008-09 because of increased working capital limits and utilisation and higher interest cost.

**Depreciation and Other Non- Cash Expenses**
Depreciation and Other Non- Cash Expenses increased from 0.28% in financial year 2007-08 to 0.55% in financial year 2008-09. In absolute terms it increased from Rs. 25.99 Lakhs in financial year 2007-08 to Rs. 160.35 Lakhs in financial year 2008-09 as a result of increase in Fixed Assets.

**Profit after Tax:**
Profit after tax has reduced from 10.26% in financial year 2007-08 to 4.78% in financial year 2008-09. In absolute terms it increased from Rs. 953.76 Lakhs in financial year 2007-08 to Rs. 1393.17 Lakhs in financial year 2008-09. The reduction in profits was as a result of higher turnover in Transmission and distribution segment, which has a lower margin as compared to non ferrous metal and alloys. During the year we commenced commercial production of ACSR Conductors at Sitarganj unit and increased the production at Dera Bassi unit, which resulted in fall in consolidated margin of all business segments.

**Comparison of Financial Year 2007-08 with Financial Year 2006-07.**

**Income**
Our net turnover increased from Rs. 5521.16 Lakhs during the financial year 2006-07 to Rs. 9291.61 Lakhs for the financial year 2007-08, registering a growth of 68.29%. The increase in net turnover was due to higher utilisation of capacity.

**Other income**
Other income of recurring nature is interest income from fixed deposit & other interest received in the normal course of business. Our other income has decreased from Rs. 70.22 Lakhs in financial year 2006-07 to Rs. 23.47 Lakhs in financial year 2007-08. The decrease was mainly due to decrease in miscellaneous income.

**Raw Material and Consumables**
Raw material and consumables decreased from 82.54% in financial year 2006-07 to 77.38% in financial year 2008-09 due to lower input cost of metal. In absolute terms, the same increased from Rs. 4557.43 Lakhs in financial year 2006-07 to Rs. 7189.79 Lakhs in financial year 2007-08.

**Establishment, Other Manufacturing & Operating Expenses**
Establishment, other Manufacturing and operating expenses has increased from 4.04% in financial year 2006-07 to 5.87% in financial year 2007-08. In absolute terms it increased from Rs. 223.11 Lakhs in the financial year 2006-07 to Rs. 545.38 Lakhs in the financial year 2007-08 as a result of higher establishment and other manufacturing expenses.

**Administrative Expenses**
Administrative Expenses increased from 0.61% in financial year 2006-07 to 1.17% in financial year 2007-08. In absolute terms, it increased from Rs. 33.56 Lakhs in financial year 2006-07 to Rs. 108.87 Lakhs in financial year 2007-08. The marginal decrease in administrative expenses was as a result of increased level of business operations.

**Selling Expenses**
Selling Expenses in absolute terms decreased from Rs. 25.64 Lakhs in financial year 2006-07 to Rs. 11.91 Lakhs in financial year 2007-08. The same was as a result of decrease in selling expenses.

**Financial Expenses**
Financial Expenses increased from 2.45% in financial year 2006-07 to 3.66% in financial year 2007-08. In absolute terms it increased from Rs. 135.38 Lakhs in financial year 2006-07 to Rs. 339.78 Lakhs in financial year 2007-08 because of increased working capital limits and utilisation and higher interest cost.

**Depreciation and Other Non- Cash Expenses**
Depreciation and Other Non- Cash Expenses remained at the level of 0.28% in financial year 2007-08. In absolute terms it increased from Rs. 15.61 Lakhs in financial year 2006-07 to Rs. 25.99 Lakhs in financial year 2007-08.

**Profit after Tax:**
Profit after tax increased from 9.56% in financial year 2006-07 to 10.26% in financial year 2007-08. In absolute terms it increased from Rs. 528.06 Lakhs in financial year 2006-07 to Rs. 953.76 Lakhs in financial year 2007-08. The increase in profits was as a result of lower manufacturing cost.

**MATERIAL DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**
In the opinion of our Board except the acquisition of Sachin Construction Company (a properitorship firm) engaged in providing Railway Signaling and Railway Telecom which will broaden and strengthen in our railway sector b adding the pre qualification criteria, there have not arisen since the date of the last financial statements i.e. March 31, 2010, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

**RELATED PARTY TRANSACTIONS**
For details please refer to the discussion in the section titled “Financial Statements - Related Party Disclosures” on page 122 of the Draft Red Herring Prospectus.

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

***Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company (in the name of cour Company and / or entities which were acquired by our Company), our Directors, our Promoter, Promoter group companies and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits, other unclaimed liabilities against our Company or Directors or Promoter or Promoter group companies and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors and our Promoter. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated with those litigation(s).***

A. Criminal Proceedings - Against our Company

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 1. | 910/09 & 909/09 dated 21.04.2010 | DFO (Mahindergarh, Haryana) Vs.Aravali Infrapower Limited | ACJ cum Presiding Officer, Special Environment Court, Faridabad | Complaints against the Company under The Indian Forest Act, 1927 read with Wild Life (Protection) Act, 1972 alleging wrongful felling of trees, etc | Penalty which may be imposed by the Ld. ACJ cum Presiding Office. | Listed on March 07, 2011 for further proceedings |
| 2. | 276/10, 277/10, 278/10, 279/10 & 280/10 all dated 19.08.2010 | DFO (Faridabad, Haryana) Vs. Aravali Infrapower Limited | ACJ cum Presiding Officer, Special Environment Court, Faridabad | Complaints against the Company under Indian Forest Act, 1927 | Penalty which may be imposed by the Ld. ACJ cum Presiding Office. | Listed for March 16, 2011 |
| 3. | 2/2010 dated January 12, 2010 | State of Haryana Vs. Amit Jain (Manager of our Company) and others | Judicial Magistrate, Rewari | A case has been filed against our Company on account of accidental death of one of our worker at our project site at Rewari u/s 336, 304A and 34 of Indian Penal Code. | Imprisonment and / or fine as may be imposed by the Court | Next date of hearing is September 28, 2010 |

B. Criminal Proceeding - Against our Promoter / ManagingDirector

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 1. | 608/2010 dated 22/02/2010 | State of Uttarakhand Vs.Managing Director of our Company & Manager | Sub Judicial Magistrate, Khatima, Udham Singh Nagar | On 22.05.2009 a heavy storm had hit the entire Pant Nagar region. As a result of this storm, the plant located at D-7, E.S.I.P-II, Sitarganj, Uttrakhand was also damaged resulting in collapse of one of the sheds situated at the back side of the plant leading to death of three labourers. Accordingly an FIR bearing no. 87/09 dated 22.05.2009 under Section 304A IPC was filed. | The Company has already paid compensation with respect to its deceased laborers. | Listed on 22.10.2010 |

C. Civil Cases against our Company

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 1. | OMP. 392/06 dated 10.07.2006 | UB Engineering Limited VS Pioneer Construction Company | High Court of Delhi | A dispute arose regarding payment relating to a previous business relationship. Both parties in order to resolve the dispute, referred the matter for Arbitration on 12.11.2004. On 12.12.2005 the arbitrator had passed an award in favour of Pioneer Construction Company. However UB Engineering Limited filed an appeal before the High Court of Delhi against the Arbitration Award | Rs. 28, 91,955.00/- alongwith interest @ 12% p.a. on said amount w.e.f. 1.12.1999 till the date of payment and cost amounting to Rs. 4.00 Lakhs. | The next date of hearing in the matter is 19.12.2010 |
| 2. | CS(OS). 443 of 2008 dated 05.01.2008 | S.S.V. Fincorp Vs.Aravali Infrapower Limited | High Court of Delhi | Civil suit under Order 37 CPC (summery proceedings) was filed against us for recovery of a sum amounting to Rs. 24,77,200/- alongwith pendente lite and future interest, on the account of providing professional services for arrangement of debts from Bank for the Company. However, after hearing both the parties, and being convinced with the contentions raised by Issuer the Hon'ble High Court was pleased to grant unconditional leave to contest the suit and to file the written statement in the matter. | Rs. 24,77,200/- | The next date of hearing in the matter is 27.09.2010 |
| 3. | 44/2010 dated 02/03/2010 | M/s R.G Structures Vs.Aravali Infrapower Limited | Civil Judge (Sr. Division) Derabassi | Civil suit for recovery of Rs. 93,75,808 /- along with interest against us against the supply of galvanizing plant along with power press. We are submitting written statement on the next date | Rs. 93,75,808 /- plus interest @15% | Next date of hearing in the matter is 24.09.2010 |
| 4. | 754/2010 dated 02/03/2010 | R.B. Gupta Vs. Aravali Infrapower Limted | Civil Judge (Sr. Division) Chandigarh | A suit has been filed by R.B Gupta seeking decree of declaration to the effect that Sale Deed dated 28.02.2008, Deed of Assignment of possession dated 28.02.2008, be declared void. | Not ascertainable | The next date of hearing is 28.09.2010 |
| 5. | 45/2010 dated 02/03/2010 | R.B. Gupta versus Aravali Infrapower & Ors. | Civil Judge (Sr. Division) Derabassi. | R.B Gupta has filed suit for Declaration seeking the relief that the registered sale deed dated 19.09.2008 land at Derabassi to be declared null and void | Not ascertainable | The next date of hearing in the matter is 11.11.2010 |

D. Civil Cases filed by our Company

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 1. | 207/09 | Techno Engineering Co. Vs. Bassi Mubarakpur Truck Operators Union | ACJ/Sr. Division, Dera Bassi | Suit for permanent injunction restraining the defendant not to interfere in movement of our trucks and any other truck hired by us. Interim injunction awarded till next date of hearing. | Nil | Next date of hearing September 28, 2010 |

E. Industrial Dispute

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 1. | 466/2002 dated 18.11.2002 | Sh. Sunil Kumar Srivastva V/s M/s Pioneer Construction Company | Presiding officer, Industrial Tribunal 2, Uttar Pradesh | Regarding termination of services of Sh. Sunil Kumar Srivastva with effect from 26.01.2002 | The Company has to reinstate/ pay the employee with full benefits and wages from the date of removal (Salary at the time of removal was Rs. 2350 p.m.) | The case is listed on 25/10/2010. |

E. Income Tax / Central Excise /VAT and Sales Tax Cases and Notices

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 1. | ITAT NO. 35 PAT/09 dated 28/01/2009 | Pioneer Construction Company vs. Dy. Commissioner of Income-Tax, Circle-5, Patna. | Income Tax Appellate Tribunal (ITAT) | A demand notice dated 04/03/05, for Rs. 5,07,043/- including interest U/s 234B for Rs. 98,960/- has been issued by the Income Tax Department (Dy. Commissioner of Income- Tax, Circle-5, Patna) to the Pioneer Construction U/s 144 read with Section 143(3) for the Previous year 2001-02 (AY 2002-03) These amounts have already been deposited by the Company under protest. Appeal filed before appellate commissioner was rejected. Against this Order, an Appeal has been filed by the Company with the ITAT (Income Tax Appellate Tribunal). | Rs. 5,07,043/- including interest U/s 234B for Rs. 98,960/- | The last date of hearing was 14th July 2010. The next date of hearing is yet to be fixed |
| 2. | ITAT NO. 36 PAT/09 dated 28/01/2009 | Pioneer Construction Company Vs. CIT (A) II Patna. | Income Tax Appellate Tribunal (ITAT) | A demand notice dated 26/12/2006, for Rs. 34,32,496/- has been issued by the Income Tax Department to the Pioneer Construction Company u/s 144 read with S 143(3) for the previous year 2003-04 (A.Y. 2004-05) A penalty has also been imposed by the department U/s 271(1)(b) amounting to Rs. 10,000 in the said notice. Appeal filed before apellate commissioner was rejected. Against this order of Commissioner of appeal, another appeal has been filed by the Company with the ITAT. We had deposited the amount under protest. | Rs. 34,32,496/- along with penalty of Rs. 10,000 | The last date of hearing was 14th July 2010. The next date of hearing is yet to be fixed |

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 3. | 275-280/ATVAT /07-08 dated 19/01/2007 | Aravali Infrapower Vs. Commissioner of VAT Delhi. | Value Added Tax Tribunal | Department of Value Added Tax, Government of NCT of Delhi has issued several demand notices totalling to Rs. 15,32,632/- dated 20-12-06 against the Company for making default in calculation of Tax & Interest under CST Act, 1956 for the period from 01.06.06 to 31.08.06. Against this an appeal was filed by us with the Tribunal which was decided in our favor on 11/06/2008. However against this order, an appeal has been filed by the VAT department in the Delhi High Court on 18/08/2008where the matter was again referred to Tribunal for consideration. Accordingly, Tribunal ordered to make an interim deposit of a total of Rs. 3,00,000/- against all the default assessment & Rs. 50,000/- against all the penalties. Matter is still pending with the Tribunal. We have deposited Rs. 3, 50,000. | Rs. 15,32,632/- with interest | Next date of hearing is 21 October 2010 |
| 4. | E/199, 202, 203, 213 & 225/2008 dated 25/01/2008 | M/s Aravali Infrapower Ltd Vs. Commissioner of Central Excise Rohtak | Custom, Excise & Service Tax Appellate Tribunal. (at Pricipal Bench) | A Demand cum Show Cause Notice was issued by the Office of the Commissioner of Central Excise, (Delhi-V) Rohtak, dated 17/02/2005 for Rs. 15,15,515/- plus interest under Rule 12 of CENVAT Credit Rules 2002 read with Section 11A of the Central Excise Act, 1944, against the Aravali Zinc And Alloys.<br>On 26/09/2006 Joint Commissioner of Central Excise had confirmed the abovesaid demand and ordered for recovery of the samewith penalty of Rs.10,000 upon Sh. Rakesh Jolly our Managing Director Against this Order, an appeal has been filed by Aravali Zinc And Alloys and also by Mr. Rakesh Jolly to the Commissioner Central Excise (Appeals) dated 15/11/2006.<br>On 25/10/2007 Office of the Commissioner Central Excise (Appeals) had rejected the said appeals.<br>Against this Order, an appeal dated 25/01/2008 has been filed to the Custom, Excise & Service Tax Appellate Tribunal.<br>On 2nd February 2007, Rs. 750,000/- was deposited with the department. | Rs. 15,15,515/- plus interest | Balance demand has been stayed by the Tribunal. Next date of hearing is yet to be fixed. |

| Sr. No. | Case No. | Name of Parties | Authority | Details of the case | Amount involved | Present status |
|---|---|---|---|---|---|---|
| 5 | 562/10 dated 17.08.2010 | Pioneer Construction Company v/s Dy. Commissioner, Commercial Tax, Lucknow | Addl commissioner, Grade II, Commercial Taxes, Lucknow | Dy. Commissioner commercial tax, Lucknow issued a demand notice/ order for the F.Y. 2006-2007 for Rs. 4,15,325/- on dated 26.03.2009. Against this order the company filed an appeal under section 22 before the Dy. Commissioner, Div. 19, Commercial Tax, Lucknow on 17.08.2010. Against this appeal,the Commisioner allowed only Rs. 29418/- in favour of the company. And directed company to pay the balance of 385907/- in which we have already deposited 253240/- and filed an appeal for Rs. 132672/- before Addl commissioner, Grade II, appeals-5 commercial taxes, Lucknow. The company has deposited amount of Rs. 132672/- under protest. | Rs. 1,32,672/- | Date of hearing is yet to be Fixed |

**MATERIAL DEVELOPMENT**

In the opinion of our Board, there have not arisen since the date of the last financial statements i.e. March 31, 2010, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

**AMOUNT OWED TO SMALL SCALE INDUSTRIAL UNDERTAKINGS**

There are no outstanding dues payable to Small scale industries which are more than 30 days old.

## GOVERNMENT AND OTHER APPROVALS

**The Company has the following licenses, permits and registrations for conducting its business.**

**(a) Incorporation:**

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Registrar of Companies | U27109DL2002PLC118032 | Companies Act, 1956 | Certificate of Incorporation | Valid from 29.01.2007 Valid till Cancelled / surrendered |

**(b) Central Excise and Service Tax**

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Superintendent, Central Board of Excise and Customs | AAECA1132CST001 | Finance Act, 1994 read with Service Tax Rules, 1994 | Centralized Registration for more than one premises | Valid from May 19, 2010 Valid till Cancelled/surrendered |
| 2 | Asst Comm. Central Excise Division-1, Rajendra Place, New Delhi. | AAECA1132CXD001 | Central Excise Act, 1944 | Registration for operating as a dealer of excisable goods at Samaipur, Delhi-42 | Valid from November 18, 2009 Valid till Cancelled/surrendered |
| 3 | Asst Comm. Central Excise Division, Derabassi. Punjab | AAECA1132CXM006 | Central Excise Act, 1944 | Registration for manufacturing of excisable goods at Derabassi, Mohali | Valid from October 08, 2010 Valid till Cancelled/surrendered |
| 4. | Asst Comm. Central Excise Division Jammu | AAECA1132CXM003 | Central Excise Act, 1944 | Registration for manufacturing of excisable goods at Kathua, J&K. | Valid from April 11, 2007 Valid till Cancelled/surrendered |
| 5. | Asst Comm. Central Excise Division Nadiad, Gujarat | AAECA1132CEM007 | Central Excise Act, 1944 | Registration for operating as manufacturer of excisable goods at Gujarat | Valid from November 16, 2009 Valid till Cancelled/surrendered |
| 6 | Jt. Director General of Foreign Trade | 0504017462 | Foreign Trade (Development &Regulation) Act | Certificate of Importer-Exporter Code (IEC) | Valid from June 11, 2004 Valid till Cancelled/surrendered |
| 7 | EEPCINDIA | EPC/D/RMC-13788/ENGG.(ME) & (LS) | –N.A. | RCMC Certificate | Valid from September 11, 2009 till 31.03.2014 subject to revaliadtion every year |

**(c) Commercial/Sales Tax**

| Sr. No. | Authority Granting Approval | Approval/Registration Number/TIN No. | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Department of Commercial Taxes-UP | 09550016000 | UPVAT-XI, Rule 32 of UPVAT Rules, 2007 & The Central Sales Tax (Registration and Turnover) Rules, 1957 | Registration of CST/ VAT / TIN | Valid from May 10, 2010 till Cancelled / surrendered |
| 2 | Sales Tax Officer-Delhi | 07600281054 | Delhi VAT Act | Registration of CST/ VAT / TIN | Valid from December 15, 2004 till Cancelled / surrendered |
| 3. | Asst Comm. Deptt. Of Commercial Taxes-Gujarat | 24160700174 | Gujarat VAT Act-2003 | Registration of CST/ VAT / TIN | CST Certificate vaild from July 30, 1972. VAT Certificate Valid from July 01, 2002 Valid till Cancelled/surrendered |
| 4. | Deptt. Of Excise & Taxation Derabassi. | 03041108159 | Central Sales Tax Act, 1956 & Punjab Value Added Tax Act, 2005 | Registration of CST/ VAT / TIN | Valid from November 18, 2009 till Cancelled / surrendered |
| 5. | Assessing Authority, Rohtak | 06611701824 | Haryana General Sales Tax Act, 1973 & Central Sales Tax Act 1956 | Registration of CST/ VAT / TIN | Valid from August 26, 1996 till Cancelled / Surrendered |
| 6. | Commercial Tax Officer, Deptt. Of Commercial Tax-Rajasthan | 08210953559 | Rajasthan VAT Act , 2003 & Central Sales Tax Act, 1956 | Registration of CST/ VAT / TIN | VAT certificate Valid from December 01, 2009<br>CST certificate Valid from December 29, 2009<br>Valid till Cancelled/Surrendered |
| 7. | Commercial Tax Officer, Deptt. Of Commercial Tax-MP | 23897103853 | MP VAT Act, 2002 & Central Sales Tax Act, 1956 | Registration of CST/ VAT / TIN | Valid from October 13, 2008 till Cancelled / Surrendered |
| 8 | Asst Comm. Deptt of Commercial Tax-Khatima, Uttrakhand | 05007110998 | UK VAT Act 2003 & CST Act, 1956 | Registration of CST/ VAT / TIN | Valid from April 1, 2007 till Cancelled / Surrendered |

| Sr. No. | Authority Granting Approval | Approval/Registration Number/TIN No. | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 9 | Sales tax officer-Behala, West Bengal | 19621608094 | West Bengal VAT Act & Central Sales Tax Act, 1956 | Registration of CST/ VAT / TIN | Valid from January 29, 2007 till Cancelled / Surrendered. |
| 10 | Commissioner of Com. Taxes-Bangalore | 29380804515 | Karnataka VAT Act, 2003 & Central Sales Tax Act, 1956 | Registration of CST/ VAT / TIN | Valid from June 01, 2008 till Cancelled / Surrendered |
| 11. | Commercial Tax Deptt-J&K | 01921100918 | Central Sales Tax Act, 1956 | Registration of CST | Valid from May 29, 2004 till Cancelled / Surrendered |
| 12 | Commercial Tax Deptt-J&K | 01921100918 | Jammu & Kashmir VAT Act 2005 | Registration under VAT | Valid from April 19, 2010 till March 31, 2015 |
| 13 | Assessing Authority, Nahan, Dis. Sirmour, Himachal Pradesh | 02040500508 | Himachal Pradesh Value Added Tax Act, 2005 & Central Sales Tax Act, 1956 | Registration of CST/ VAT / TIN | Valid from July 08, 2010 till Cancelled / Surrendered |

**(d) Income Tax**

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Commissioner of Income Tax | AAECA1132C | Income Tax Act, 1961 | PAN | Valid till Cancelled / Surrendered |
| 2 | Income Tax Department | DELA12679C | Income Tax Act, 1961 | Tax Deduction Account No. | Valid till Cancelled / Surrendered |

**(e) SIA / DIC Registration**

| SIA Acknowledgement Number | Date | NIC Item Code | Item Description | Capacity MT/MW |
|---|---|---|---|---|
| 734/SIA/IMO/2007 | 07/03/2007 | 3409 | Galvanised Steel Structure /Towers/ Tower Parts accessories etc | 40,000 M.T. |
| 734/SIA/IMO/2007 | 07/03/2007 | 3499 | Manufacture of other metal products N.E.C. | 36,000 M.T. |
| 24/016/11/01307 | 08/01/2010 | - | 1.A.C.S.R. Conductors<br>2. A.A.A.C. Conductor | 9,000 M.T. |

| SIA Acknowledgement Number | Date | NIC Item Code | Item Description | Capacity MT/MW |
|---|---|---|---|---|
| NSIC/GP/RS/PMT/GUJ/A-321/2010-2011/A-25 | 23/07/2010 | - | All Aluminium Alloy conductor & Aluminium conductor steel reinforced (IS 398 Part 2 & 4) | 400 MT Valid upto May 2012 |
| 030181200739 | 26/08/2010 | - | Lattice Tower parts & Sub-station structure | 30,000 MT |

**(f) Industrial Approvals**

| Sr. No | Authority Granting Approval | Approval/Registration Number | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Director of Factories Uttrakhand | U.S.N. - 1275 | Factories Act, 1948 | Factory License | Valid till 31.12.2010 |
| 2 | Assistant Director, Industrial Safety & Health, Nadiad | 094678 | Factories Act, 1948 | Factory License | Valid till December31, 2010 |
| 3 | Chief Inspector of Factory, Punjab | 12/361 | Factories Act, 1948 | Factory License | Valid till 31.12. 2010 |
| 4 | Punjab Pollution Control Board | ZO-I/MHL/APC /2009/F-427<br><br>ZO-I/MHL/WPC /2009/F-430 | Air (Prevention & Control of Pollution) Act, 1981<br><br>Water (Prevention and Control of Pollution) Act, 1974; | Consent to Operate the plant | Valid till 30-09-2010 |
| 5 | Gujarat Pollution Control Board | PC/NOC/KH-490/21309 | Environmental (Protection) Act,1986 ; Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention & Control of Pollution) Act, 1981 | Certificate of Exemption from NA/NOC. Factory is a Non-Polluting Unit | Valid till cancelled / surrendered |
| 6 | Fire Deptt., Derabassi, Punjab | 214 | Factories Act 1948 | NOC form Fire Department | Valid till cancelled / surrendered |
| 7 | Chief Inspector of Factory, Punjab | 54/361 | Factories Act, 1948 | Factory License | Valid till December31, 2010 |
| 8 | GM distt. Industries Centre | 07/05/01331/PMT/SSI | District Industries Centre J&K. | SIDC / NON SIDC Industries | Valid till Cancelled / surrendered |
| 9 | Regional (Central) labour Commissioner, Lucknow | License no. is LKO.46(1-61)/2010-RLC dated 29th July 2010 | Contract Labour (Regulation & Abolition) Act | Registration | Valid from 29/7/2010till cancelled / surrendered |
| 10 | Assistant Labour Commissioner, Panchkula, Haryana | 46(L-58)/2010/ACH/HP dated 10th June 2010 | Contract Labour (Regulation & Abolition) Act | Registration | Valid from 10/06/2010 valid till 09.06.2011 |

**(g) Electricity Act**

| Sl No | Authority Granting Approval | Approval/Registration Number | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Electrical Inspector, Government of Uttarakhand, Haldwani. | USN-51 | Electricity Act , 2003 | Electrical contractors License for Sitargunj, Uttrakhand | Valid from 01.04.2010 till 31.03.2011 |
| 2 | Director ,Industrial Safety, UP | LW-2211 | Electricity Act , 2003 | Electrical contractors License for UP | Valid from 27.04.2010 till 31.03.2011 |
| 3 | Chairman, MP Licensing Board | US/3221-A | Electricity Act , 2003 | Electrical contractors License for MP | Valid from 24.09.2009 till 31.12.2011 |
| 4 | Chief Electrical Inspector-Bangalore | 28721-I-BNG | Electricity Act , 2003 | Electrical contractors License for Karnataka | Valid from 01.06.2010 till 31.05.2011 |

**(h) Labour Laws**

| Sl No | Name of Department | Approval / Registration Number/Code | Applicable law | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Provident Fund Code, New Delhi | DL/36893 | Employees Provident Funds and Miscellaneous Provisions Act 1952 | Registration | Valid from 01.11.2007 till cancelled/ surrendered |
| 2 | ESICode, New Delhi | 11-40-103310-1001 | ESI Act 1948 | Registration | Valid from 21.02.2008 till cancelled/ surrendered |
| 3 | Labour Department, New Delhi | 2010000343 | Delhi Shop & Establishment Act 1954 | Registration | Valid from 21.01.2010 till cancelled/ surrendered |
| 4 | Provident Fund Code, West Bengal | WB/28417 | Employees Provident Funds and Miscellaneous Provisions Act 1952 | Registration | Valid from 08.02.1993 till cancelled/ surrendered |
| 5 | ESICode, West Bengal | 41-22261-102 | ESI Act 1948 | Registration | Valid from 27.08.1993 till cancelled/ surrendered |
| 6 | Labour Department, West Bengal | 28187/93 | West Bengal Shop & Establishment Act 1963 | Registration | Valid from 20.08.1993 till cancelled/ surrendered |
| 7 | Labour Department, Chandigarh | 57(R-6)/2009/ACH(Pb) | Building and other construction workers (RE&CS) Act 1996 | Registration | Valid from 30.08.2010 till cancelled/ surrendered |

**UNIT-WISE APPROVALS:**

**Sitarganj Unit, Uttrakhand**

1. The company is registered under Contract Labour (Regulation & Abolition) Act and has Registration Certificate No. 264/2008 dated 25.09.08 from RLC, Haldwani, Nainital

**Dera Bassi Unit, Punjab**

1. The Company is registered with, the Office of Regional Provident Fund Commissioner, Chandigarh, Punjab. The PF code being PB/CH/20608 dated 30.08.1999.
2. The Company is registered with the ESIC Regional Office , Sector-19A, Chandigarh. The ESIC code being 12/11076/55 dated 23.11.1998.
3. The Company is registered under Contract Labour (Regulation & Abolition) Act and has Registration Certificate No. R-263/2009 dated 08.06.2009 from ALC, SAS Nagar, Mohali, Punjab.

**Nadiad Unit, Gujarat**

1. The Company is registered under Contract Labour (Regulation & Abolition) Act and has Registration Certificate 2/2010 dated 17/02/2010
2. The Company is registered with the Regional Provident Fund commissioner, Ahemdabad, Gujarat. The PF code being GJ/7360.

**Kathua Unit, Jammu**

1. The Company is registered under Contract Labour (Regulation & Abolition) Act and has Registration Certificate No. 62/CA/2007 dated 28/12/07 from the Registering Officer, ALC, Kathua.
2. The Company is registered with the Office of Regional Provident Fund commissioner, Delhi. The PF code JK/J-2917.
3. The Company is registered with Regional Office, ESIC, Shastri Nagar, Jammu. The ESIC code being 19/4049/56 dated 16.11.2005.

**List of approvals applied for but not yet received for the existing Project**

1. Application for renewal of Factory License for the Kathua Factory under the Factories Act, 1948 for the year 2010 has already been submitted but not yet received.
2. Application has been made for the renewal of Consent to Operate the industrial unit at Sitarganj from Uttarakhand Pollution Control Board.
3. Application has been made for the renewal of Consent to Operate the industrial unit at Kathua from J&K State Pollution Control Board.
4. Application has been with the labour department Jaipur, Rajsthan for labour license.

We undertake that the activities proposed by us in view of the present approvals and approvals which have been applied by us, no further approvals from any Government Authorities / RBI are required by us to undertake the proposed activities.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue**
This Issue has been authorised by the resolution passed by the Board of Directors in their meeting held on July 02, 2010 and special resolution passed pursuant to section 81(1A) of the Companies Act, at the extra ordinary general meeting of the shareholders of our Company held on August 02, 2010.
Our Company has received in-principle approvals from the BSE and NSE for the listing of Equity Shares pursuant to letters dated [●] and [●], respectively. BSE is the Designated Stock Exchange.

**Prohibition by SEBI, the RBI or Governmental Authorities**
Our Company, our Promoter, our Directors, our subsidiary companies and companies with which our directors are associated as directors or Promoter, have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI or any other authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

Further, our Company, our Promoter, their relatives, our Directors, our subsidiary companies and companies with which our directors are associated as Directors or Promoter have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

**Eligibility for the Issue**
We are an unlisted Company incorporated under the Companies Act, 1956 and are complying with the eligibility criteria as specified under Regulation 26(1) of SEBI ICDR Regulations. The conditions prescribed are as under:

- Our Company has net tangible assets of at least Rs. 300 lakhs in each of the preceding full years (of 12 months each), of which not more than fifty percent are held in monetary assets;
- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three of the immediately preceding five years;
- Our Company has a net worth of at least Rs. 100 lakhs in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the Issue size is not expected to exceed five times the pre-issue net worth of our Company.

The summary of our distributable profits, net worth, net tangible assets and monetary assets are as under:

(Rs. in lakhs)

| Particulars | March 31, 2010 | March 31, 2009 | March 31, 2008 | March 31, 2007 | March 31, 2006 |
|---|---|---|---|---|---|
| Net Tangible Assets | 1,480.32 | 3,419.90 | 14,077.43 | 22,986.29 | 33,594.26 |
| Monetary Assets | 19.84 | 62.42 | 2,020.76* | 748.08 | 1,423.04 |
| Monetary Assets as a % of Net Tangible Assets | 1.34% | 1.83% | 14.35% | 3.25% | 4.24% |
| Distributable Profit | 474.27 | 528.06 | 953.76 | 1,393.17 | 3,093.53 |
| Net Worth | 835.97 | 1,378.18 | 4,950.07 | 7,701.73 | 11,794.82 |

* This includes the amount of Rs. 1600.80 lakhs lying in the Bank account as ECB Funds for which firm commitments for utilization were already made. The percentage of monetary assets to net tangible assets excluding ECB funds from monetary assets is 1.85%.

Notes:
1. Net tangible assets means the sum of all net assets of our Company, excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India.

2. An intangible asset is an identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or servicesm for rental to others, or for administrative purposes.
3. Monetary assets comprises of cash and bank balances and non-trade marketable investments.
4. Distributable profits have been defined in terms of Section 205 of the Companies Act, 1956
5. Net Worth has been defined as the aggregate of equity share capital and reserves excluding revaluation reserve.

In accordance with the Regulation 26(4) of SEBI ICDR Regulations, we ensure that the number of allottees in the proposed Issue shall be atleast 1,000; otherwise, we shall forthwith refund the entire subscription amount received. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e.from the date of refusal or within 10 working Days from the Bid Closing date, whichever is earlier), our Company and every officer in default will, on and from expiry of eight days, be liable to repay such application money with interest rate of 15% per annum, as prescribed under Section 73 of the Companies Act.

**DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI.**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, SPA MERCHANT BANKERS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENTARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, SPA MERCHANT BANKERS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 24, 2010 WHICH READS AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

**(a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
**(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
**(c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES**

**WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - NOT APPLICABLE**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (a) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
    (b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH**

**THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."**

**Disclaimer from Our Company, our Directors and the BRLM**

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and that anyone placing reliance on any other source of information, including our website, www.aravaliinfrapower.com, would be doing so at his or her own risk.

**Caution**

The BRLM accept no responsibility, save to the limited extent as provided in the Agreement dated September 15, 2010 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLM and the Underwriters to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in house research or sales reports, at bidding centres or elsewhere. Neither our Company nor any member of the syndicate would be liable to bidders for any failure in downloading the Bids due to default in any software / hardware system or otherwise.

The BRLM and its associates and affiliates may engage in transactions with and perform services for our Company and associates of our Company in the ordinary course of business and have engaged, or may in future engage, in investment banking transaction with our Company and associates of our Company for which they have received and may in future receive, compensation.

Investors / Bidders 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 our Equity Shares and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, 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 of our Company.

**Disclaimer In Respect of Jurisdiction**

This issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission if any), trust registered under the Societies Registration Act, 1860, as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares), permitted insurance companies, pension funds and to NRIs , FIIs, Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. The 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 the Draft Red Herring Prospectus comes is required to inform himself / herself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of appropriate courts at Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with the SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the 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 the 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 the company since 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 1933 (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 in reliance on Rule 144A under 233 the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

**Disclaimer Clause of BSE**
As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. The Disclaimer Clause as intimated by BSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

**Disclaimer Clause of NSE**
As required, a copy of the Draft Red Herring Prospectus has been submitted with National Stock Exchange of India Limited (hereinafter referred to as NSE). The Disclaimer Clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

**Filing**
A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the RoC and a copy of Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana, IFCI Tower, Nehru Place, New Delhi - 110 019.

**Listing**
Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity shares are not listed on any stock exchange in India. BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non-Institutional portion and Retail portion.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our company shall forthwith repay, without interest all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our company becomes liable to repay it (i.e. from the Date of Refusal or within 10 working days from the date of 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 expiry of 8 days, will be jointly and severally liable to repay such application money with interest at the rate of15% per annum on application money as prescribed under Section 73 of the Companies Act.

Our Company together with the assistance of the BRLM shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 working days of the Bid Closing Date.

**Impersonation**
Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

***"Any person who:***
***(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
***(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name***
***shall be punishable with imprisonment for a term which may extend to five years."***

**Consents**

Consents in writing of (a) our Promoter, Directors, Company Secretary and Compliance Officer, (b) the Auditors, (c) Legal Advisor, (d) Bankers to our Company, (e) Book Running Lead Manager, (f) Registrar to the Issue, (g) Bankers to the Issue,(h) Syndicate Members and (i) IPO Grading Agency to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, NCT of Delhi & Haryana as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn upto the time of delivery of the Red Herring Prospectus for registration with the RoC, NCT of Delhi & Haryana. Consents in writing of the underwriters will be obtained and filed along with the final prospectus and other relevant documents required to be filed under Section 60 of the Companies Act with RoC, NCT of Delhi & Haryana.

M/s KRA & Co., Chartered Accountants, our Statutory Auditors have also given their written consent for inclusion of their report in the form and context in which it appears on page 99 in the Draft Red Herring Prospectus and such consent and report have not been withdrawn upto the time of delivery of a copy of the Red Herring Prospectus for registration with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

**Expert Opinion**

Except as stated (a) in the section titled "Financial Statements" on page 99, (b) the "Statement of Tax Benefits" appearing on page 36, (c) the report provided by [●], IPO Grading Agency and given in annexure on page [●] furnishing the rationale for its IPO Grading, we have not obtained any other expert opinion.

**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 advertising expenses and listing fees. The estimated Issue expenses are as follows:

| Particulars | Amount Rs. Lakhs* | % of Issue Size* | % of Issue Expenses* |
|---|---|---|---|
| BRLM / Syndicate member fee | [●] | [●] | [●] |
| Underwriting & Selling Commission | [●] | [●] | [●] |
| Advertising & Marketing expenses | [●] | [●] | [●] |
| Registrar fee | [●] | [●] | [●] |
| Printing, Stationary, Dispatch | [●] | [●] | [●] |
| Other expenses (including listing fee, SEBI filing fee, IPO Grading expenses, Legal Counsel fee, Depository charges, Auditor's fee, etc.) | [●] | [●] | [●] |
| **Total** | [●] | [●] | [●] |

* Will be incorporated after finalisation of the issue price at the time of the Prospectus.

**Fees Payable to the BRLM**

The fees payable to the BRLM (including underwriting commission and selling commission) for the Issue will be as per the engagement letter from our Company to the BRLM and the Agreement dated September 15, 2010 executed between us and BRLM, copy of which are available for inspection at our registered office.

**Fees Payable to the Syndicate Members**
The fees payable to the Syndicate Members (including underwriting commission and selling commission) for the Issue will be as per the engagement letter dated from our Company to the Syndicate Members copy of which is available for inspection at our registered office.

**Fees Payable to the Registrar to the Issue**
The fees payable to the Registrar to the Issue will be as per the Agreement between Registrar to the Issue and our company dated September 13, 2010, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue by our Company to enable them to send refund orders or Allotment advice by registered post / under certificate of posting.

**Previous Public / Rights Issues**
Our Company has not made any public or rights issue of Equity Shares/Debentures since incorporation.

**Issue of Shares otherwise than for Cash**
Except as per details given below, our Company has not issued any Equity Shares for consideration other than cash since incorporation.

| Date of allotment | No. of shares allotted | Nature of allotment | Particulars |
|---|---|---|---|
| March 14, 2003 | 1,40,000 | Other than cash | Consideration for the acquisition of Partnership Firm viz. Aravali Zinc & Alloy |
| March 31, 2007 | 18,11,700 | Bonus | Issued by utilizing the amount lying to the credit of Securities Premium, General Reserve and Profit & Loss Account |
| June 07, 2007 | 86000 | Other than cash | Consideration for the acquisition of Partnership Firm viz. Pioneer Construction Company |
| December 19, 2007 | 37,09,400 | Bonus | Issued by utilizing the amount lying to the credit of General Reserve |
| Febuary 29, 2008 | 10000 | Other than cash | Consideration for the acquisition of Properitorship Firm viz. Techno Engineering Company |

**Commission and Brokerage on Previous Equity Issues**
Since this is the Initial Public Issue of our Equity Shares, no sum has been paid or is payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

**Promises v/s Performance**
Neither we, nor any of our Subsidiaries and Promoter Group Companies have made any public issue in past. Hence Promise v/s Performance is not applicable.

**Listed Ventures of Promoter**
Our promoter does not have any listed ventures.

**Outstanding Debenture or Bond Issues**
As on the date of filing of the Draft Red Herring Prospectus with SEBI, our Company does not have any outstanding Debentures or Bonds.

**Outstanding Preference Shares**
As on the date of filing of the Draft Red Herring Prospectus with SEBI, our Company does not have outstanding Preference Shares.

**Stock Market Data for Our Equity Shares**
This being an initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and hence no stock market data is available.

**Mechanism for Redressal of Investor Grievances**
The Agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of atleast one year from the date of closing of this Issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details including name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, demat account number and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Our Company has constituted "Corporate Governance and Investor Grievances Committee" to look into the redressal of shareholder / investor complaints such as Issue of duplicate / split / consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer / transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Our Management - Corporate Governance' on page 85 of the Draft Red Herring Prospectus.

As on the date of filing of the Draft Red Herring Prospectus with SEBI, no investor complaints are pending with us.

**Disposal of Investor Grievances**
We estimate that the average time required by us or the Registrar to the Issue or the SCSBs in case of ASBA Bidders for the redressal of routine investor grievances shall be 10 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Niraj Kumar, Company Secretary as the Compliance Officer and he may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

**Company Secretary and Compliance Officer**
Mr. Niraj Kumar, Company Secretary & Compliance Officer
Aravali Infrapower Limited
G - 29, 3rd Floor
Vardhaman Tower, Near PVR Sonia
Vikas Puri, New Delhi - 110 018
Tel.: +91 11 2854 1826 - 8
Fax: +91 11 2854 1823
Website : www.aravaliinfrapower.com
Email : ipo@aravaliinfrapower.com

**Changes in Auditors during the last five years**
Following are the details of change in our Auditors during the last five years.

| Sr No. | Name of the Auditor Firm | Date of Appointment | Date of Resignation | Reason |
|---|---|---|---|---|
| 1 | M/s. Mahalwala & Co., Chartered Accountants, 53, Sector-29, Faridabad | 25.08.2003 | 14.07.2009 | Resignation |

| Sr No. | Name of the Auditor Firm | Date of Appointment | Date of Resignation | Reason |
|---|---|---|---|---|
| 2 | M/s. B. Kakkar and Associates, Chartered Accountants, 72-A, First Floor, Sant Nagar, East of Kailash, New Delhi-110065 | 20.07.2009 | 30.04.2010 | Resignation |
| 3 | M/s. K.R.A. & Co. Chartered Accountants, H-1/109,Garg Tower, Netaji Subhash Place, Pitampura, New Delhi-110034 | 05.05.2010 | - | - |

**Capitalisation of Reserves or Profits**

We have issued bonus shares on March 31, 2007 and December 19, 2007, details of which are mentioned under 'Notes to Capital structure' appearing on page 18 of the Draft Red Herring Prospectus.

**Revaluation of Assets**

We have revalued our property located at plot no D-7, Phase II Eldeco Sidcul Industrial Park, Sitarganj, Uttrakhand. The said property was revalued at Rs. 1421.07 lakhs with revaluation amount of Rs. 1,104.15 Lakhs as per the report of Mr. M. Choudhary & Associates, Chartered Valuer and Chartered Engineer dated November 01, 2007.

Parekh Electrawire Industries Limited was merged in our Company pursuant to a scheme of arrangement approved by the Hon'ble High Court of Delhi and Gujarat dated March 23, 2009 and August 31, 2009 respectively with appointed date being April 1, 2008. Parekh Electrawire Industries Limited had a revaluation reserve of Rs. 21.06 Lakhs in its books of accounts on account of revaluation of Plant and Machinery and the said revaluation was carried in the books of our Company subsequent to the merger.

## TERMS OF THE ISSUE

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

**Ranking of Equity Shares**
The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including rights in respect to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by our Company after the date of Allotment.

**Mode of Payment of Dividend**
We shall pay dividend to our shareholders as per the provisions of the Companies Act, the ICDR Regulations and the provision of the Equity Listing Agreements.

**Compliance with SEBI ICDR Regulations**
Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Face Value and Issue Price**
The Equity Shares having a face value of Rs. 10/- each are being issued in terms of the Draft Red Herring Prospectus at the Price of [●] per Equity Share at the lower end of the Price Band and [●] per Equity Share at the upper end of the Price Band. The issue price will be determined by the Board of Directors of our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares issued by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

**Rights of the Equity Shareholders**
Subject to applicable laws the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting rights unless prohibited by law;
- Right to vote on poll either personally or by proxy;
- Right to receive offer for rights shares and the allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Subject to applicable law including and RBI rules and regulations, right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, terms of the listing agreements with the Stock Exchanges(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to among other things, voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled "Articles of Association of our Company" on page 188 of the Draft Red Herring Prospectus.

**Market Lot and Trading Lot**
In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialised mode, the tradeable lot is one Equity share. Allocation and allotment of Equity Shares through this issue will be done only in electronic form in multiple of one Equity Share subject to minimum Allotment of [●] equity shares to the successful bidders.

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

**Nomination Facility to Investor**
In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by 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 our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

**Application by Eligible NRIs, FIIs registered with the SEBI and FVCIs registered with the SEBI**
It is to distinctly understood that there is no reservation for NRIs and FIIs registered with the SEBI or FVCIs registered with the SEBI.

**Jurisdiction**
Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in New Delhi, India.

**Minimum Subscription**
If we do not receive the minimum subscription of 90% of the Issue including the Employee Reservation Portion and devolvement of the Underwriters within 60 days from the Bid Closing Date, we shall within 70 days of the Bid Closing Date refund the entire subscription amount received. If there is a delay beyond 8

days after we become liable to pay the amount, we shall repay the money with interest at the rate of 15% per annum prescribed under Section 73 of the Companies Act, 1956.

Further in terms of Regulation 26(4) of the ICDR Regulations, our Company shall ensure that the number os prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

**Arrangements for Disposal of Odd Lots**

Since, our Equity Shares will be traded in dematerialised form only; the marketable lot is one (1) Equity Share. Therefore, there are no arrangements for disposal of odd lots.

**Restrictions, If Any on Transfer and Transmission of Equity Shares/ Debentures and on their Consolidation/ Splitting**

Except for the lock-in of the Equity Shares held by the Promoter as detailed in “Capital Structure” and as mentioned under the heading “Transfer of Securities” under section titled “Articles of Association of Our Company” on page 188 of the Draft Red Herring Prospectus, there are no restrictions on transfer / transmission on our Equity Shares.

**Investors should note that in terms of Section 68B of the Companies Act, the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

**Withdrawal of Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two Working Days of the Bid Closing Date, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

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

**Period of Subscription**

The subscription list for public issue shall remain open for atleast 3 working days and not more than 10 working days.

## OFFERING INFORMATION

*This section applies to all Bidders. All Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders have to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.*

**Book Building Procedure**
The Issue is being made through the Book Building Process wherein upto 50% of the Net Issue shall be allocated to QIBs on a proportionate basis. Further, not less than 15% and 35% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, 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 BRLM and the Designated Stock Exchange.

Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

All Bidders, other than ASBA Bidders are required to submit their Bids through the members of Syndicate or their sub-syndicate members. ASBA Bidders are required to submit their Bids to the SCSBs.

**Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges.**

**Bid cum Application Form**
Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered and the date and time shall be stamped at the Bidding centres and such form shall be signed by the Bidder and countersigned by the relevant member of the Syndicate. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. 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 multiple Bids.

On the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be treated as a valid application form. Upon completion and submission of the Bid cum Application Form to a member of the Syndicate (and in the case of an ASBA Bid cum Application Form, to the SCSB), the Bidder shall be deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required under the ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

All Bidders can participate in this Issue by way of the ASBA process.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category | Colour of Bid cum Application Form |
|---|---|
| Resident Bidders including Eligible NRIs applying on a non-repatriation basis, excluding Eligible Employees Bidding in the Employee Reservation Portion | White |
| Non-Resident Bidders including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis, excluding Anchor Investors | Blue |
| Eligible Employees Bidding in the Employee Reservation Portion | Pink |
| Anchor Investors* | White |

** The Bid cum Application Forms for Anchor Investors will be made available at our Registered Office and the members of the Syndicate.*

**Who can Bid?**

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, under the QIB Portion;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture capital funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- 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 respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of Rs. 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Multilateral and Bilateral Development Financial Institutions; and
- Eligible Employees.

*Note: As per existing regulations, OCBs cannot participate in 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.**

**Participation by associates of the BRLM and the Syndicate Members**
The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients. However, the BRLM shall not be allowed to subscribe to the Anchor Investor Portion.

**Bids by Mutual Funds**
As per the ICDR Regulations, 5% of the QIB Portion (excluding the Anchor Investor Portion), has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

**As per the current regulations, the following restrictions are applicable for investments by mutual funds:**
No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

**Multiple applications**
In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

**Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis**
There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

**Bids by Eligible NRIs**
1. Bid cum Application Forms for Eligible NRIs (blue in colour) will be available at our Registered Office, with the members of the Syndicate.

2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("**NRO**") accounts or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts should use the application form meant for Resident Indians (white in color).

Bids by Eligible NRIs for a Bid Amount of upto Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Bids by FIIs**
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 our post-Issue issued capital (i.e. 10% of [●] Equity Shares). 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 our total issued capital in case such sub-account is a foreign corporate or an individual. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding in our Company can go upto 100%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the ICDR Regulations. Associates and affiliates of the Underwriters, including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company.

**Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**
As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of the Venture Capital Fund or FVCI. However, venture capital funds or FVCIs may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

**Bids by Eligible Employees**
For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

(a) A permanent and full time employee of our Company or our Subsidiaries as on the date of filing of the Red Herring Prospectus with the RoC and based, working and present in India as on the date of submission of the Bid cum Application Form.
(b) A director of our Company, whether a whole time director, part time director or otherwise, except any Promoters or an immediate relative of a Promoter, as on the date of filing of the Red Herring Prospectus with the RoC and based and present in India as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/first Bidder shall be the Eligible Employee as defined above.

- Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed Rs. 1,00,000.
- Eligible Employees who Bid for Equity Shares in the Employee Reservation Portion can apply at Cut-off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid by an Eligible Employee cannot exceed Rs. 1,00,000.
- Bids by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any unsubscribed portion in any reserved category shall be added to the Net Issue to the public.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "Offering Information - Basis of Allotment" on page 179 of the Draft Red Herring Prospectus.

**Bids by Anchor Investors**

Our Company may consider participation by Anchor Investors in the QIB Portion for upto 30% of the QIB Portion in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

(a) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at our Registered Office and with the members of the Syndicate.
(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount equals to or exceeds Rs. 1,000 lakhs. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 1,000 lakhs.
(c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
(d) The Bidding for Anchor Investors shall open one Working Day before the Bid Opening Date and shall be completed on the same day.
(e) Our Company, in consultation with the BRLM and, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:
    - two, where the allocation under Anchor Investor Portion is upto Rs. 25,000 lakhs; and
    - five, where the allocation under Anchor Investor Portion is over Rs. 25,000 lakhs.

(f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid Opening Date.
(g) Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.
(h) In the event the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.
(i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
(j) None of the BRLM shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLM and shall be made available as part of the records of the BRLM for inspection by SEBI.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in **[•]**, an English national newspaper and **[•]**, a Hindi national newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2,500 lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 lakhs 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 of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a). With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
(b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form.
(c). With respect to Bids made by provident funds with minimum corpus of Rs. 2,500 lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLM may deem fit.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Our Company, the BRLM do not accept any responsibility for the completeness and accuracy of the information stated above.**

**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 Share thereafter, so as to ensure that the Bid Amount 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. If 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 the option to be Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, 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 QIBs excluding Anchor Investors):** 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 thereafter. 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.
In case of revision in Bids, 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. If 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 QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid Closing Date.**

(c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(d) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is equal to or exceeds Rs. 1,000 lakhs and in multiples of [•] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.**

**Information for the Bidders:**

(a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid Opening Date.
(b) Copies of the Bid cum Application Form and the Red Herring Prospectus will be available with the Syndicate and our Registered Office. ASBA Bid cum Application Forms can be obtained by Bidders from the SCSBs and electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.
(c) Copies of ASBA Bid cum Application Forms will also be available for downloading and printing, from website of the Stock Exchanges (which provide electronic interface for ASBA facility). A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges.
(d) Bidding by QIBs will close one Working Day prior to the Bid Closing Date, provided that Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders.
(e) The Syndicate and the Designated Branches of the SCSBs shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement, provided that the BRLM shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.
(f) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLM or the Syndicate Members or their authorized agents to register their Bids. Eligible Bidders can approach the Designated Branches of the SCSBs to register their Bids under the ASBA process.
(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms (other than ASBA Bid cum Application Forms) should bear the stamp of the members of the Syndicate. Bid cum Application Forms (other than ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate, will be rejected.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bids and revisions of Bids must be:

a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate

and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.
d) For Retail Individual Bidders (including Eligible NRIs) and Eligible Employees submitting Bids in the Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of 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 Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders and Eligible Employees indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [•] Equity Shares thereafter. Anchor Investors must ensure that their Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 1,000 lakhs. Bids cannot be made for over the Issue size.
f) Bids by Eligible NRIs, FVCIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of such FIIs, respectively, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
g) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
i) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

**Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms (other than with respect to ASBA Bidders) duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the 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.

**GENERAL INSTRUCTIONS**

***Dos:***

(a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations;
(b) Ensure that you have Bid within the Price Band;
(c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), the Non-Resident Bid cum Application Form (blue in colour), the Anchor Investor Bid cum Application Form (white in colour) or the Employee Bid cum application Form (pink in colour) as the case may be;
(d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be 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 (other than with respect to ASBA Bidders);

(f) With respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for Bidding has a bank account. Further, ensure that the ASBA Bid cum Application Form is signed by the account holder if the Bidder is not the account holder;
(g) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
(h) With respect to ASBA Bidders, ensure that you have funds equal to the Bid Amount in your bank account of the respective Designated Branch of the SCSB;
(i) With respect to ASBA Bidders, instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
(j) Ensure that you request for and receive a TRS for all your Bid options;
(k) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;
(l) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Bid cum Application Forms in which the PAN is not mentioned are liable to be rejected;
(m) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If 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 submit a Bid without payment of the entire Bid Amount;
(c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
(d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the Designated Branch of an SCSB;
(e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
(f) Do not send Bid cum Application Forms by post; instead submit the same to the Syndicate or a Designated Branch of an SCSB, as applicable;
(g) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
(h) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;
(i) Do not submit more than five ASBA Bid cum Application Forms per bank account;
(j) Do not Bid for amount exceeding Rs. 1,00,000 in case of a Bid by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion;
(k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**Method and Process of Bidding**
(a) Our Company and the BRLM shall declare the Bid Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with the RoC and shall also publish it in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date.
(b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper each with wide circulation, at least two Working Days prior to the Bid Opening Date.
(c) The BRLM shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, *i.e.* one Working Day prior to the Bid Opening Date. Bidders, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bidding Period. The members of the

Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(d) The Bidding Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the days for which the Issue is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bidding Period will be published in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation, together with an indication of such change on the websites of the BRLM and SCSBs and at the terminals of the Syndicate Members.

(e) Each Bid cum Application Form will give the Bidder the choice to Bid for upto three optional prices (for details see "***Bids at Different Price Levels***" below, 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/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(f) Except in relation to the Bids received from the Anchor Investors, the Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**"), for each price and demand option and shall, on demand, give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.

(g) With respect to ASBA Bidders, on receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "**Offering Information - Payment Instructions**" on page 170 of the Draft Red Herring Prospectus.

**Bids at Different Price Levels and Revision of Bids**

(a) The Price Band and the minimum Bid lot size shall be decided by our Company in consultation with the BRLM and advertised at least two Working Days prior to the Bid Opening Date, in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date.

(b) Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move upward or downward to the extent of 20% of the floor price disclosed at least two Working Days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

(c) In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation and also by indicating the change on the websites of the BRLM, the SCSBs and at the terminals of the Syndicate Members.

(d) Our Company in consultation with the BRLM can finalize the Issue Price and Anchor Investor Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to the Bidders.

(e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders Bidding at Cut-off Price (other than QIBs and Non-Institutional Bidders), the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion 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 and Eligible Employees in the Employee Reservation who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s) or the excess funds shall be unblocked from their ASBA Accounts, as the case may be.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion, if the Bidder wants to continue to Bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 1,00,000 for Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion Bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s) or the excess funds shall be unblocked from their ASBA Accounts, as the case may be.

**Bidder's Depository Account and Bank Account Details**

Bidders should note that on the basis of Bidder's PAN, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate and the SCSBs, as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf ('**Demographic Details**'). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders, CANs and allocation advice. Hence, Bidders are advised to immediately update their bank account details and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the Syndicate or the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same.

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS PROVIDED TO THE DEPOSITORY. IF THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN**

**THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, on request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund Orders (where refunds are not being made electronically)/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. Any such delay shall be at the Bidders sole risk and neither our Company nor Escrow Collection Banks nor the Syndicate 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 of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidders PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company and the Syndicate shall open Escrow Accounts with the Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

Bidders should note that the escrow mechanism is not prescribed by the SEBI and has been established as an arrangement by and among our Company, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

**Payment into Escrow Account(s) for Bidders other than ASBA Bidders**

Each Bidder (other than ASBA Bidders) shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the entire Bid Amount as per the following terms:

(a) The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.

(b) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
- In case of Resident QIB Bidders: "Escrow Account - AIPL Public Issue - QIB - R"

- In case of Non Resident QIB Bidders: "Escrow Account - AIPL Public Issue - QIB - NR"
- In case of Resident Retail and Non-Institutional Bidders: "Escrow Account - AIPL Public Issue - R"
- In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account - AIPL Public Issue - NR"
- In case of Eligible Employees: "Escrow Account - AIPL Public Issue - Employees"

(c) In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within two Working Days of the Bid Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them (or unblocked in their ASBA Accounts, in case of ASBA Bids).

(d) Our Company, in consultation with the BRLM, in its absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Anchor Investors. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- In case of resident Anchor Investors: "Escrow Account - AIPL Public Issue - Anchor Investor - R"
- In case of non-resident Anchor Investors: "Escrow Account - AIPL Public Issue - Anchor Investor - NR"

(e) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of 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 Account or FCNR Account.

(f) In case of Bids by 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 authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

(g) In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

(h) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.

(i) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

(j) On the Designated Date and no later than 10 Working Days from the Bid Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

(k) Payments should be made by cheque, or a demand draft drawn on any bank (including a cooperative 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 or postal orders will not be accepted.

(l) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

- Except in case of ASBA Bids, Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

**Payment mechanism for ASBA Bidders**
The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account within eight Working Days from the Bid Closing Date and the SCSBs shall unblock the Bid Amount within one Working Day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

**Other Instructions**

**Joint Bids in case of Individuals**
Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

**Multiple Bids**
A Bidder should submit only one Bid cum Application Form (and not more than one) for the total number of Equity Shares required. Two or more Bid cum Application Forms will be deemed to be multiple Bids if the sole or first Bidder is one and the same. It is clarified, however, that 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 multiple Bids.

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. Bids by Eligible Employees can be made also in the Net Issue and such Bids shall not be treated as multiple Bids. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in "—***Build up of the Book and Revision of Bids***" above.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple Bids.
2. Further, in the case of Mutual Fund Bidders and FII sub-accounts, Bids which use the same PAN, the Bid cum Application Forms will be scrutinised for DP ID and Beneficiary Account Numbers. In case such Bid cum Application Forms bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

**'PAN' or 'GIR' Number**

Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, the Bidders, 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. In accordance with the ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

**Any Bid cum Application Form without the PAN is 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**.

**Right to Reject Bids**

In case of Non-Institutional Bidders, Retail Individual Bidders and Bids by Eligible Employees bidding in the Employee Reservation Portion, our Company have a right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. In case of QIB Bidders Bidding in the QIB Portion, our Company, in consultation with the members of the Syndicate, may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. However, our Company, in consultation with the BRLM, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

**Grounds for Technical Rejection**

Bidders are advised to note that Bids are liable to be rejected among other things, on the following technical grounds:

1. Amount paid or, with respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the highest value of the Equity Shares Bid for;
2. Age of First Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors, insane persons;
5. PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price over the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Submission of more than five ASBA Bid cum Application Forms per ASBA Account;
11. Bids for number of Equity Shares which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids as described in the Red Herring Prospectus;
14. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
15. Bids accompanied by cash, stockinvest, money order or postal order;
16. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
17. Bid cum Application Form does not have the stamp of the BRLM, the Syndicate Members or Designated Branches of the SCSBs;
18. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete;
19. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
    ***Bidders may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate or the SCSBs, as the case may be, do not match with the DP ID and Client ID and PAN available in the depository database, the Bid is liable to be rejected.***
21. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
22. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
23. Bids by QIBs (other than QIBs Bidding through ASBA) not submitted through the members of the Syndicate or their specified sub-syndicate members;
24. Bids by OCBs;
25. Bids by persons in the Employee Reservation Portion not qualifying as Eligible Employees;
26. Bids by persons in the United States;
27. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
28. Bids not uploaded on the terminals of the BSE and the NSE;
29. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid Closing Date;
30. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
31. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

32. Bids that do not comply with the securities laws of the Bidders' respective jurisdictions.

**Electronic Registration of Bids**

(a) The members of the Syndicate and the SCSBs will register the Bids received, except Bids received from Anchor Investors, using the online facilities of the Stock Exchanges. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bidding Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.

(c) On the Bid Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Monday to Friday (excluding any public holiday).

(d) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bidding Period.

(e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the Bidder in the electronic system:
- Name of the company.
- Bid cum Application number.
- Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, Eligible Employee etc.
- Numbers of Equity Shares Bid for.
- Bid Amount and the price option.
- Depository Participant Identity ("**DP ID**") and Client Identification Number of the beneficiary account of the Bidder.
- PAN.
- Cheque amount and cheque number.

(f) A system generated TRS will, on demand, 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 or Designated Branches of the SCSBs**. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) In case of QIB Bidders (other than QIBs Bidding through ASBA), the Syndicate and the specified sub-Syndicate members have a right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, Bids may be rejected except on technical grounds. Further, the SCSBs shall have no right to reject Bids except on technical grounds.

(i) The permission given by the Stock Exchanges 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 and/or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate shall be given one additional day after the Bid Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between the BSE or the NSE and the Syndicate or the SCSBs, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned. If a member of the Syndicate finds any discrepancy in the PAN, DP ID and the Beneficiary Account Number, it will correct the same and the send the data to the Registrar to the Issue for reconciliation and Allotment of Equity Shares.

**Build up of the book and revision of Bids**

(a) Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bidding Period.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in 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 such Bidder 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 revised, in the Revision Form. The members of the Syndicate and the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive revised TRS from the Syndicate or SCSBs, as applicable. 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.

**Price Discovery and Allocation**

(a) Based on the demand generated at various price levels, our Company, in consultation with the BRLM, shall finalize the Issue Price.

(b) Allocation to Anchor Investors shall be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid Opening Date.

(c) 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 BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. Further, not less than 15% and 35% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. 50,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price and such reservation not exceeding 5% of the Issue size. Any unsubscribed portion in the Employee Reservation Portion shall be added to the Net Issue.

(d) The Allocation under the Employee Reservation Portion shall be on a proportionate basis, in the manner specified under the ICDR Regulations and the Red Herring Prospectus, subject to valid Bids being received at or above the Issue Price, and is approved by the Designated Stock Exchange.

(e) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.

(f) The BRLM, in consultation with our Company shall notify the Syndicate of the Issue Price and allocations to Anchor Investors, where the full Bid Amount has not been collected from the Anchor Investors due to the Issue Price being higher than the Anchor Investor Issue Price.

(g) Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. In terms of the ICDR Regulations, QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.

(h) The Basis of Allotment details, which the Stock Exchanges shall approve within eight Working Days of the Bid Closing Date, shall be posted on the website of the Registrar to the Issue.

**Signing of Underwriting Agreement and RoC Filing**

(a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

**Pre Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the ICDR Regulations, in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation.

**Advertisement regarding Issue Price and Prospectus**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in **[●]**, an English national newspaper and **[●]**, a Hindi national newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of this Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

**Issuance of Confirmation of Allocation Note ("CAN")**

(a) On approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment 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 and Bids from Eligible Employees bidding in the Employee Reservation Portion. However, our Company shall ensure that instructions for the demat credit of the Equity Shares to all Bidders in this Issue shall be delivered on the date of Allotment (which shall be the same date for all Bidders in this Issue). For Anchor Investors, see "***Offering Information - Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs***."

(b) The Registrar to the Issue will then dispatch a CAN to the Bidders who have been allocated Equity Shares in this Issue.

(c) Bidders who have been allocated Equity Shares shall receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account.

(d) The issuance of CANs is subject to the following:

**Notice to Anchor Investors: Allotment Reconciliation and Revised CANs**

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company and the BRLM, selected Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the physical application being valid in all respect along with receipt of stipulated documents, (b) the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price, and (c) Allotment. In the event of a technical rejection or in the event the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay any additional amount, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two Working Days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

**Notice to QIBs: CANs**

After the Bid Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids uploaded on the Stock Exchange systems. This shall be followed by a physical book prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received.

**Designated Date and Allotment of Equity Shares**

- ur Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder's depository account will be completed within 11 Working Days of the Bid Closing Date.

- In accordance with the ICDR Regulations, 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 so Allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/Allotted to them pursuant to this Issue.**

**Basis of Allotment**

**A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis upto a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

**B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue Size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis upto a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment refer below.

**C. For Employee Reservation Portion**

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price,

the allocation shall be made on a proportionate basis subject to a minimum of [●] Equity Shares either on a firm basis or as per the drawal of lots, if any, approved by the Designated Stock Exchange. For the method of proportionate basis of allocation, refer below.

- Only Eligible Employees are eligible to apply under Employee Reservation Portion.

**D. For QIBs in the QIB Portion (excluding the Anchor Investor Portion)**

- 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 Allotment to all successful QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be determined as follows:

(b) In the event Mutual Fund Bids exceed 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the QIB Portion (excluding Anchor Investor Portion).

(c) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding the Anchor Investor Portion), then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

(d) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below.

(e) In the second instance Allotment to all QIBs shall be determined as follows:

(f) In the event of oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the Net QIB Portion.

(g) Mutual Funds which 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 (excluding the Anchor Investor Portion).

(h) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

**E. For Anchor Investor Portion**

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:

(i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
(ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
(iii) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 25,000 lakhs and a minimum number of five Anchor Investors for allocation more than Rs. 25,000 lakhs.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM before the Bid Opening Date by intimating the Stock Exchanges. The method of proportionate basis of Allotment is stated below.

**Illustration regarding allotment to QIBs and Mutual Funds other than Anchor Investors**

(1) **Issue Details**

| S. No. | Particulars | Issue details |
|---|---|---|
| 1 | Issue size | 20,000 lakhs equity shares |
| 2 | Portion available to QIBs* | 10,000 lakhs equity shares |
| 3 | Anchor Investor Portion | 3,000 lakhs |
| 4 | Portion available to QIBs* other than anchor investors [(2) – (3)] | 7,000 lakhs equity shares |
| | Of which | |
| a. | Reservation to MF (5%) | 350 lakhs equity shares |
| b. | Balance for all QIBs including MFs | 6,650 lakhs equity shares |
| 5 | No. of QIB applicants | 10 |
| 6 | No. of shares applied for | 50,000 lakhs equity shares |

** Where upto 50% of the Issue Size is required to be allotted to QIBs.*

(2) **Details Of QIB Bids**

| S. No. | Type of QIB bidders | No. of shares bid for (in lakhs) |
|---|---|---|
| 1 | A1 | 5,000 |
| 2 | A2 | 2,000 |
| 3 | A3 | 13,000 |
| 4 | A4 | 5,000 |
| 5 | A5 | 5,000 |
| 6 | MF1 | 4,000 |
| 7 | MF2 | 4,000 |
| 8 | MF3 | 8,000 |
| 9 | MF4 | 2,000 |
| 10 | MF5 | 2,000 |
| **TOTAL** | | **50,000** |

A1-A5 (QIB bidders other than MFs)
MF1-MF5 (QIB bidders which are MFs)

(3) **Details of Allotment to QIB Bidders**

*(No. of equity shares in lakhs)*

| Type of QIB bidders | Equity shares bid for | Allocation of 350 lakhs equity shares to MFs proportionately (See Note 2) | Allocation of balance 6,650 lakhs equity shares to QIBs proportionately (See Note 4) | Aggregate allocation to MFs |
|---|---|---|---|---|
| A1 | 5000 | 0 | 665.00 | 0 |
| A2 | 2000 | 0 | 266.00 | 0 |
| A3 | 13000 | 0 | 1,729.00 | 0 |
| A4 | 5000 | 0 | 665.00 | 0 |
| A5 | 5000 | 0 | 665.00 | 0 |
| MF1 | 4000 | 70 | 532.00 | 602.00 |
| MF2 | 4000 | 70 | 532.00 | 602.00 |
| MF3 | 8000 | 140 | 1,064.00 | 1,204.00 |

| Type of QIB bidders | Equity shares bid for | Allocation of 350 lakhs equity shares to MFs proportionately (See Note 2) | Allocation of balance 6,650 lakhs equity shares to QIBs proportionately (See Note 4) | Aggregate allocation to MFs |
|---|---|---|---|---|
| MF4 | 2000 | 35.00 | 266.00 | 301.00 |
| MF5 | 2000 | 35.00 | 266.00 | 301.00 |
| | **50000** | **350.00** | **6650.00** | **3010.00** |

**Notes:**

(1) The illustration presumes compliance with the provisions of Regulation 50(1) pertaining to minimum allotment.
(2) Out of 7,000 lakhs equity shares allocated to QIBs, 350 lakhs (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 20,000 lakhs equity shares in QIB category.
(3) The balance 6,650 lakhs equity shares [i.e. 7000 – 350 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 50,000 lakhs equity shares (including 5 MF applicants who applied for 20,000 lakhs equity shares).
(4) The figures at Col. No. IV are arrived as under :
   (a) For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e. Col II) X 66.5 / 496.5
   (b) For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e. Col II) less shares allotted (i.e., col. III )} X 665 / 4,965
   (c) The numerator and denominator for arriving at allocation of 6,650 lakhs shares to the 10 QIBs are reduced by 350 lakhs shares, which have already been allotted to mutual funds at Col. No. (III).

**Method of Proportionate Basis of Allotment in the Issue (for other than Anchor Investors)**

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders will be categorized according to the number of Equity Shares applied for.

(b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.

(e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.50 or higher. If that number is lower than 0.50, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the BRLM.

**Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated ●] between NSDL, our Company and the Registrar to the Issue;
- Agreement dated ●] between CDSL, our Company and the Registrar to the Issue.

Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
(b) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
(g) Equity Shares in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
(h) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.

**Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, PAN, Bidders depository account details, 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 or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branch of the SCSB.

**Impersonation**

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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."***

**PAYMENT OF REFUND**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, PAN, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Mode of making Refunds for Bidders other than ASBA Bidders**

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS - Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories. The payment of refunds is mandatory for Bidders having a bank account at any of the abovementioned centres, except where the Bidder, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit - Bidders having bank accounts with the Refund Bank(s), as mentioned in the Bid cum Application Form 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 our Company.

3. RTGS - Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 10 lakhs, have the option to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code ("IFSC") code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS.

Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Bidder's bank receiving the credit would be borne by the Bidder.

4. National Electronic Fund Transfer ("NEFT") - Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their 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 Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

5. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto 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 Refund Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

**Mode of making refunds for ASBA Bidders**
In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid Closing Date.

**Disposal of Applications and Application Moneys and Interest in Case of Delay**
With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 10 Working Days of the Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid Closing Date.

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

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 10 Working Days of the Bid Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 Working Days of the Bid Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within eight days from the Bid Closing Date; and

- Our Company shall pay interest at 15% p.a. for any delay beyond the 10 Working Days' time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay (i.e. 10 Working Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

**Letters of Allotment or Refund Orders or instructions to the SCSBs**
Bidders residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only, except where the Bidder is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value upto Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 Working Days of the Bid Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them of the mode of credit of refund within 10 Working Days of the Bid Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

**Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue**
Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 10 Working Days of the Bid Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 10 Working Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

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

**Undertakings by Our Company**
Our Company undertakes that:

- No further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc;

- 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 12 Working Days of the Bid Closing Date;

- The complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily. Our Company has authorized our Company Secretary as the Compliance Officer to redress all complaints, if any, of the investors participating in this Issue;

- The funds required for making refunds or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;

- The certificates of the securities/ refund orders to the eligible NRIs or FIIs shall be dispatched within the specified time;

- The refund instruction shall be given or Allotment advice to the successful Bidders shall be dispatched within specified time;

- Where the refunds are made through electronic transfer of funds, suitable communication shall be sent to the applicants within 10 Working Days of the Bid Closing Date giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund;

- Adequate arrangements shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment;

- Our Company shall not have recourse to the proceeds of the Fresh Issue until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

**Withdrawal of the Issue**
Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two Working Days of the Bid Closing Date, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

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

In the event our Company, in consultation with the BRLM, withdraws the Issue after the Bid Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering.

**Utilisation of Issue Proceeds**
The Board of Directors certifies that:

- All monies received in the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and

- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

## MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### SHARE CAPITAL

3. The Authorised Share Capital of the company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force on that behalf with the powers to divide the share capital. Whether original or increased or decreased into several classes and attach there to respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law. The minimum paid up capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lakhs).

4. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such time as they think fit and with full power to give any persons the option to call of or be allotted shares of the Company of any class, either at a premium or at par or at a discount and for such time and for such consideration as the Board of Directors think fit (subject to the provisions of Section 78 and 79 of the Act), provided that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting. The Board shall cause to be made the returns as the allotment provided for in Section 75 of the Act.

5. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares, therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of the Articles, be a member.

6. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class.

   (2) Subject to the provisions of Section 170 (2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

8. (1) The Company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section.

   (2) The rate of commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the case of debentures 2-1/2% (two and a half percent) of the price at which the debentures in respect whereof the same is paid are issued or an amount equal to 2-1/2% (two and a half percent) of such price, as the case may be.

   (3) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

(4) The Company may also, on any issue of shares, pay such brokerage as may be lawful.

10 (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the registration of transfer is received by the Company.
(a) one certificate for all his shares without payment, or
(b) several certificates, each for one or more of his shares, provided that any subdivision, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges.

(2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.

(3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

11. The Company agrees, that it will not charge any fees exceeding those which may be agreed upon with the Stock Exchange.
(i) for issue of new certificate in replacement of those that are torn, out defaced, lost or destroyed.
(ii) for sub-division and consolidation of shares and debenture certificates and for sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading".

12. The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the Board thinks fit as to the period within the fractional certificates are to be converted into share certificates.

13. If any share stands in the names of two or more persons, the person first named in the register of members shall as regards receipts of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

**LIEN**

14 (1) The Company shall have a first and paramount lien upon every share (not being fully paid up share) for all money (whether presently payable or not) called or payable at a fixed time is respect or that share. Unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien if any, on such shares. The Directors may at any time declare any shares be wholly or in part to be exempt from the provisions of this article.
(2) The Company's lien, if any, on a share shall extend to all dividend payable thereon subject to section 205 A of the Act.

15. The company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien provided that no sale shall be made:
(a) Unless a sum in respect of which the lien exists is presently payable; or
(b) Until the expiration of thirty days after a notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable, have been given to the registered holder for the time being of the share of the person entitled thereto by reason of his death or insolvency and stating that amount so demanded if not paid within the period specified at the Registered office of the Company the said shares shall be sold.

17. (1) The proceeds of the sale shall be received by the Company and applied in payment of the whole or a part of the amount in respect of which the lien exist as is presently payable.
(2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares as the date of sale, be paid to the person entitled to the shares at the date of the sale.

**CALLS ON SHARES**

18. (1) The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
(2) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares.
(3) A call may be revoked or postponed at the discretion of the Board.

19. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed. Call money may be required to be paid by instalments.

20. The joint holders of a share shall be jointly and severally liable to pay all call in respect thereof.

21 (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine.
(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

22 (1) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
(2) In case of non-payment of such sum, relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duty made and notified.

23. Subject to the provisions of Section 92 and 292 of the Act, the Board:-
(a) may, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and
(b) if it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the member paying the sums or advances, Money so paid in advance shall not confer a right to dividend or to participate in profits.

24. On the trial or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who resolved to make any call, nor that a quorum of Directors was present at Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

25. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

**TRANSFER AND TRANSMISSION OF SHARES**

26. (a) The Company shall keep a "Register of Transfer" and therein shall fairly and distinctly enter particulars of every transfer of transmission of any share.
(b) The Company shall use a common form of transfer.

27. (1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.

(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

28. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.

29. Unless the Director decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the Directors shall give notice by letter sent by registered acknowledgement due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the positing of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.

**TRANSFER OF SHARES**

30. The Board of Directors may, subject to the right of appeal conferred by Section 111A of the Companies Act, 1956, decline to register the transfer of a share not being a fully paid up share, to a person of whom they do not approve, provided that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever.

31. The Board may also decline to recognise any instrument of transfer unless;

(a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(b) the instrument is in respect of only one class of shares.

32. All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine. Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.

33. (1) the registration of transfers may be suspended at such times and for such period as the Board may, from time to time, determine:

Provide that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.

(2) There shall be no charge for:

(a) registration of shares or debentures;

(b) sub-division and/or consolidation of shares and debentures certificates and sub-division of Letters of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading;

(c) sub-division of renouncible Letters of Right;

(d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised;

(e) registration of any Powers of Attorney, Letter of Administration and similar other documents.

**TRANSMISSION OF SHARES**

34. (1) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognised by the Company as having any title to his interest in the shares.

(2) Nothing in Clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

35. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly by required by the Board and subject as hereinafter provided elect, either:

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the shares as the deceased or insolvent member could have made.

(2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.

36. (1) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executive a transfer of the share.

(3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

37. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter with hold payment (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares as the date of sale, be paid to the person entitled to the shares at the date of the sale.

38. Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act, 1953 of the death of any member or of debenture holder in the Company, it shall furnish to the Controller within the meaning of such section, the prescribed particulars in accordance with that Act and the rules made thereunder and it shall not be lawful for the Company to register the transfer or any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or a certificate from the Controller is produced before the Company to the effect that the Estate Duty in respect of such shares and debentures has been paid or will be paid or that none is due, as the case may be.

39. The Company shall incur liability whatever in consequence of its registering or giving effect, to any transfer of share 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 of interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable rights, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

**FORFEITURE OF SHARES**

40. If a member fails to pay any call or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

41. The notice aforesaid shall:

(a) name of further day (not earlier than the expiry of 30 (thirty) days from the date of service of notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made, will be liable to be forfeited.

42. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.

43 (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(2) At any time before a sale or disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.

44. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at the rate of 9% (nine) percent per annum.

(2) The Liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.

45. (1) A duty verified declaration in writing that the declarant is a director or the secretary of the Company and that a share in the company has 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 share.

(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.

(3) The transfer shall thereupon be registered as the holder of the share.

(4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale of disposal of the share.

47. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those rights as by these Articles are expressly saved.

48. Upon any sale, after forfeiture or for enforcing a lien in purported exercise of powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity, of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damaged only and against the Company exclusively.

49. Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, 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. When any shares, under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered upto the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.

## CONVERSION OF SHARES INTO STOCK

51. The Company may, by an ordinary resolution:

(a) convert any paid-up shares into stock; and

(b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.

53. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage

(except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

**Dematerialization of Shares**

54A.1. **Definition**: For the purpose of this article **'Beneficial owner'** means a person or persons whose name is recorder as such with a depository:

**'SEBI'** means the securities and Exchange Board of India,

**'Depository'** means a company formed and registered under the companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act,1992, and

**'Security'** means such security as may be specified by SEBI from time to time.

2.**Dematerialization of securities:** Notwithstanding anything contained in these articles, the company shall be entitled to dematerialize its securities in dematerialized form pursuant to the Depositories Act, 1996

3.**Option for investors:** Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a Depository.

If a person opts to hold its securities with a Depository, the company shall intimate such depository the details of allotment of securities, and on receipt of information, the Depository shall enter in its record the name of allotee as the beneficial owner of the security.

A person who is the Beneficial owner of the securities can at time opt out of a Depository, if permitted by law, in respect of any security, in the manner provided by the Depository Act, and the company shall, in the manner and within the time prescribed, issue to the Beneficial owner the required certificates of securities.

4. **Securities in Depository to be in fungible form**: All securities held by Depository shall be dematerialized and be in fungible form. Nothing contained in the section 153 and section 372A of the Act shall apply to a Depository in respect or securities held by it on behalf of beneficial owners.

5. **Rights of Depositories and Beneficial owners:**

(a) Notwithstanding any things to the contrary contained in the Act or these articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of beneficial owner.

(b) save as otherwise provided in (a) above, the Depository as such the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the company and whose name is entered as the Beneficial owner in records of the depository shall be deemed to be a member of the company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of securities which are held by the Depository.

6. **Services of documents:**

Notwithstanding anything to the contrary, where securities are held in a Depository, the records of the Beneficial owners may be served by such Depository on the company by means of electronic mode or by delivery of floppies or discs.

7. **Transfer of Securities:** Nothing contained in section 108 of the Act or these articles, shall apply to transfer of securities affected by a transferor and transferee both of them are entered as beneficial owner in the records of a depository.
8. **Allotment of securities dealt with in a Depository**: Notwithstanding anything in the Act or these articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the Depository immediately on allotment of such securities.

9. **Distinctive number of securities held in a Depository:** Nothing contained in the Act or these articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.

10. **Register and index of Beneficial owners:** The register and index of beneficial owners maintained by a depository under the Depository Act, 1996, shall be deemed to be the register and index of members and security holders for the purpose of these articles".

**ALTERATION OF CAPITAL**

59. The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify.
60. The Company may, by ordinary resolution in general meeting:
    (a) Consolidate and divide all or any of its capital into shares of larger amounts than its existing shares;
    (b) sub-divide its shares or any of them, into shares of similar amounts than is fixed by the Memorandum of Association, so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced shares in derived;
    (c) Cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
61. The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share captial and any capital reserve fund or share premium account.
62. The Company shall have power to establish Branch Offices, subject to the provisions of Section 8 of the Act or any statutory modifications thereof.
63. The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant for the Company in accordance with the provisions of Sections 208 of the Act.
64. The Company, if authorised by a special resolution passed at General Meeting may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate, subject however to the provisions of Section 391 to 394 of the Act.

**GENERAL MEETING**

65. All General Meetings other than the Annual General Meetings of the Company shall be called Extra-ordinary General Meetings.
66. (1) The Board, may, whenever it thinks fit may call in Extraordinary General Meeting.
    (2) If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manners, as nearly as possible, to that in which such a meeting may be called by the Board.

**CONDUCT OF GENERAL MEETINGS**

67. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.

68. (1) No business shall be transacted to any general meeting, unless quorum or members is present at the time when the meeting proceeds to business.

(2) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. 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.

**CONDUCT OF MEETINGS**

69. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.

70. If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting. 71. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the appointed for holding meeting, the members present shall choose one of their members to be the Chairman of the meeting.

72. No business shall be discussed at any general meeting except the election of a chairman whilst the chair is vacant.

73. (1) The chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
(2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place.
(3) When a meeting is adjourned for thirty days or more, fresh notice of the adjourned meeting shall be given as in the case of an original meeting.
(4) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

74. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes places or at which the poll is demanded, shall be entitled to a second or casting vote.

75. Any business other than that upon which a poll has been demanded, may be proceeded, with, pending the taking of the poll.

**VOTES OF MEMBERS**

76. Subject to any rights or restrictions for the time being attached to any class or classes of shares.
(i) on a show of hands, every member present in person shall have one vote and
(ii) on a poll, the voting rights of members shall be as laid down in Section 87 of the Act.

77. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.

79. No member shall be entitled to vote at any general meeting unless all calls, and other sums presently payable by him in respect of shares in the Company or in respect of shares on which the Company has exercised any right of lien, have been paid.

80. (1) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.
(2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

81. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting of adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated valid.

83. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of insanity of the principal or the revocation of the proxy of the authority under which the proxy are executed or the promoter of the shares in respect of which the proxy is given, if no intimation in writing of such death insanity, revocation or transfer shall have been received by the Company at its office before commencement of the meeting or adjourned meeting at which the proxy is used.

**BOARD OF DIRECTORS**

84. The number of Directors of the Company shall not be less than three and not more than twelve.

85. The following shall be the first Directors of the Company:
1. Mr. Rakesh Jolly 2. Mrs. Ritu Jolly

86. At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Section 256 of the Act.

87. (1) [1] Each director shall be entitled to be paid out of the funds of the company for attending meetings of the Board or a committee thereof, such sum as sitting fees, as shall be determined from time to time by the Board of Directors, but not exceeding a limit as prescribed under the Companies Act, 1956 or rules made there under from time to time, for each meeting to be attended by the Director.

(2) Subject to the provisions of Section 309, 310 and 314 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in General meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination shall be divided among the Directors equally of is so determined paid on a monthly basis.

(3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.

(4) Subject to the provisions of Sections 198, 269 read with schedule XIII, 309, 310 and 314 of the Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit otherwise and may allow such Directors at the cost and expense of the Company such facilities or amenities (such as rent free house, free medical aid and free conveyance) as the Board may determine from time to time.

(5) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with Company's rules to be made by the Board all traveling, hotel and other expenses properly incurred by them:

(a) in attending an returning from meetings or adjourned meeting of the Board of Directors or any committee thereof; or

(b) in connection with the business of the Company.

88. The Directors shall not be required to hold any qualification shares in the Company.

89. The Board of Directors shall have power to appoint additional Directors in accordance with the provisions of Sections 260 of Act.

90. If it is provided by any 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 debentures, the 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 a 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 may be appointed in his place. A Debenture Director shall not be liable to retire by rotation, but he, shall be counted in determining the number of retiring Directors.

92. Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

93. A Director may be or become a director of any company promoted by the company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director, before receiving or enjoying such benefits in cases in which the provisions of Section 314 of the Act are attracted will ensure that the same have been complied with.

94. Every nomination, appointment or removal of a Special Direcor shall be in writing and accordance with the rules and regulations of the government, corporation or any other institution. A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director of the Company.

95. The office of a Director shall become vacant:

(i) on the happening of any of the events provided for in Section 283 of the Act:

(ii) on contravention of the provisions of Section 314 of the Act, or any statutory modifications thereof;

(iii) if a person is a Director of more than twenty Companies at a time;

(iv) in the case of alternate Director on return of the original Director of the State, in terms of Section 313 of the Act; or

(v) on resignation of his office by notice in writing and is accepted by the Board.

## POWERS OF BOARD OF DIRECTORS

97. The Board of directors may pay all expenses incurred in the formation, promotion and registration of the Company.

98. The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seal for used abroad and such powers shall be vested in the Board.

99. The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Section) make and very such regulations as it may think fit with respect to the keeping of any such register.

100. The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the Act being made wherever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangement.

## BORROWING POWER

101. Subject to the provisions of Sections 58A, 292 and 293 of the Act, and the Regulations thereunder and Direction issued by the RBI the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

102. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circulation) by the issue of debenture or debenture stock of the Company, charged upon all or any of the property of the Company (both present and future), including its uncalled capital for the time being.

103. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General meeting.

## PROCEEDINGS OF THE BOARD

105. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that to say, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.

106. If a meeting of the Board could not be held for want of quorum, whatever number of Directors not being less than two, shall be present at the adjourned meeting, notice where of shall be given to all the Directors, shall form a quorum.

107. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote.
(2) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

108. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General meeting of the Company, but for no other purpose.

109. (1) Save as provided in Article 93, the Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such.
(2) If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.

110. Subject to the restrictions contained in Section 292 and 293 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it thinks fit and it may, from time to time, revoke such delegation and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

111. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so for as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Articles.

115. Subject to Section 289 of the Act and except a resolution which the Act requires specifically to the passed in any board meeting, a resolution in writing, signed by the majority members of the Board or of a committee thereof; for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

## MANAGING DIRECTOR (S) AND WHOLE TIME DIRECTOR (S)

116. Subject to provisions of Section 197A, 269, 198 and 309 of the Act, Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Directors or whole time Directors for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subejct to retirement by rotation but his appointment shall be automatically determine if the ceases to be a Director. However he shall be counted in determining the number of retiring Directors. 117.
The Board may entrust and confer upon Managing Director/s or whole time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and

conditions and with such restrictions as the Board may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time revoke, withdraw, alter or very all or any of such powers.

**SECRETARY**

118. (1) Subject to section 383A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.
(2) A Director may be appointed as a Secretary.

**THE SEAL**

120. (1) The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel and same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.
(2) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the Company shall not be affixed to any Instrument except by authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of atleast one Director and of such other person as the Board may appoint for the purpose or of two Directors who shall sign every instrument to which the seal of the Company is so affixed in their presence. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.
(3) The Board 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. The Company shall, however, comply with Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

**DIVIDENDS AND RESERVES**

121. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
122. The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits by the Company.
123. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
(2) The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.
124. (1) Subject to the rights of the persons, if any holding shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.
(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as having been paid on the share.
(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
125. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company subject to section 205A of the Act.
126. (1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder or in

case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the first named holder or joint holders may in writing direct.

(2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

129. (a) No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

(b) There shall be no forfeiture of unclaimed dividend before the claim become barred by law.

**CAPITALISATION OF PROFITS**

133. (1) The Company in General Meeting may, upon the recommendation of the Board resolve:

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Profit and Loss Account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in caluse (3) either in or towards: (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) Partly in the way specified in sub-clause (i) and partly in that is specified in sub-clause (ii).

(3) Any share premium account and any capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

134. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and allotment and issue of fully paid shares, if any; and

(b) do all acts and things required to give effect thereto.

(2) The Board shall have full power:

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise it thinks fit in the case of shares becoming distributable in fractions; and also

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares of which that may be entitled upon such capitalisation or (as the case may require) for the payment by the company on their behalf by the application thereto of their respective proportions of the profit, resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall effective and binding on all such members.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Draft Red Herring Prospectus), which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated from 10.00 a.m. to 02.00 p.m. on working days from the date of the filing of this Red Herring Prospectus until the Bid / Issue Closing Date.

**A. Material Contracts**

1. Agreement dated September 15, 2010 between our company and the BRLM.
2. Agreement dated September 13, 2010 between our company and the Registrar to the Issue,
3. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate members,
4. Escrow Agreement dated [●] between the Company, BRLM, Syndicate members, Escrow collection Banks and Registrar to the Issue
5. Underwriting Agreement dated [●] between the Company and Underwriters.
6. Agreement dated [●] for appointment of [●] as the IPO Grading Agency.

**B. Documents for Inspection**

1. Original Certificate of Incorporation dated December 13, 2002 and Fresh Certificate of Incorporation dated January 29, 2007.
2. Memorandum and Articles of the Company.
3. Tripartite agreements dated [●] and [●] with NSDL and CDSL respectively.
4. Copy of the Board Resolution dated July 02, 2010 approving this Issue.
5. Copy of resolution passed in the extra-ordinary general meeting of the Company held on August 02, 2010 approving the Initial Public Offering.
6. Consents of the Promoter, Directors, Auditors, Bankers to the Company, Book Running Lead Manager, Legal Counsel, IPO Grading Agency, Registrar, Syndicate Members, Bankers to the Issue and Company Secretary and Compliance Officer, in their respective capacities.
7. Shareholders Resolution for appointment of Statutory Auditors.
8. Shareholders resolution for appointment and remuneration of Managing Director and Whole Time Director
9. Certificate dated September 15, 2010 from Auditors regarding the statement of tax benefits.
10. Report of the Auditors dated September 15, 2010 on restated financial statements for the last five financial years.
11. Annual Reports of the Company for the last five Financial Years.
12. In-principle listing approval for this Issue dated [●] and [●] from BSE and NSE respectively.
13. Due Diligence Certificate dated September 24, 2010
14. IPO Grading Report dated [●]
15. SEBI Observation Letter No. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

No statement made in the Draft Red Herring Prospectus contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions, etc. issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in the Draft Red Herring Prospectus are true and correct.

**Signed by the Board of Directors of our Company**

**Mr. Rakesh Jolly**
**Chairman and Managing Director**

**Mr. Ramaiah Narayanan**
**Director**

**Mr. Nitya Nand Singh**
**Director**

**Mr. Sanjay Chaudhary**
**Director**

**Signed by:**
**Vice President - Finance & Accounts**

**Mr. Inder Prakash Saboo**

**Company Secretary & Compliance Officer**

**Mr. Niraj Kumar**

Date: September 24, 2010
Place: New Delhi