

## ARAVALI INFRAPOWER LIMITED

(Incorporated as 'Aravali Aluminium Private Limited' on December 13, 2002 under the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana. On January 13, 2007 the name of the Company was changed to 'Aravali Infrapower Private Limited' and was subsequently changed to 'Aravali Infrapower Limited' on January 29, 2007.)

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Registered with Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019

**PUBLIC ISSUE OF [ \* ] EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF Rs. [ \* ] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [ \* ] PER EQUITY SHARE) AGGREGATING Rs. 10000 LACS ("THE ISSUE") BY ARAVALI INFRAPOWER LIMITED ("THE COMPANY" OR "ISSUER" OR "ARAVALI") COMPRISING OF, [ \* ] EQUITY SHARES OF FACE VALUE OF RS.10/- AGGREGATING TO RS. 400 LACS RESERVED FOR THE EMPLOYEES OF THE COMPANY (HEREINAFTER REFERRED TO AS THE "EMPLOYEES RESERVATION PORTION") AND A NET OFFER TO THE PUBLIC OF [ \* ] EQUITY SHARES OF RS.10/- EACH AGGREGATING TO RS. 9600 LACS (HEREINAFTER REFERRED TO AS THE "NET OFFER TO THE PUBLIC".) THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE [ \* ] % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY. Our Company is considering a Pre-IPO placement of up to [ \* ] Equity Shares aggregating Rs. [ \* ] lacs with certain investors, ("Pre-IPO Placement"). If the Pre-IPO placement is completed before the filing of the RHP with RoC, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post-issue paid up Equity Share Capital being offered to the public.**

**PRICE BAND: Rs. [ \* ] TO Rs. [ \* ] PER FULLY PAID UP EQUITY SHARE OF FACE VALUE Rs 10/- EACH.**

**THE OFFER PRICE IS [ \* ] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [ \* ] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the 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 Bombay Stock Exchange Ltd. ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM") and at the terminals of the Syndicate.

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net offer to the public shall be allocated on proportionate basis to Qualified Institutional Buyers (including 5% for Mutual Funds). Further, not less than 15% of the Net offer to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net offer to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Aravali Infrapower Limited (the "Company"), there has been no formal market for the securities of the Company. **The face value of the shares of the Company is Rs.10/- per share and the Issue Price is [ \* ] times of the face value.** The issue price (has been determined and justified by the Lead Merchant Banker and Aravali Infrapower Limited as stated herein under the section "Basis of Issue price" given on page no. [ \* ] to [ \* ] of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document.

**Specific attention of the investors is invited to the statement of Risk Factors on Page No [ \* ] of the Draft Red Herring Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

Aravali Infrapower Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue; that the information contained in 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 omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### IPO GRADING

The Company proposes to obtain a grading for the proposed issue in terms of clause 2.5A of the SEBI DIP Guidelines. For more information on IPO Grading please refer to page no. [ \* ] of the DRHP.

### LISTING ARRANGEMENTS

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange and The National Stock Exchange of India Ltd. (NSE). The In-principle approvals have been received from these Stock Exchanges for listing of the Equity Shares vide BSE's letter dated [ \* ] and NSE's letter dated [ \* ] respectively.

<p><b>BOOK RUNNING LEAD MANAGER TO THE ISSUE</b></p>  <p><b>Chartered Capital and Investment Limited</b> SEBI Regn No.- INM000004018 13, Community Centre, East of Kailash New Delhi - 110 065 Tel: 011 26218274, 26419079 Fax: 011 26219491 Website: www.charteredcapital.net, Email: charteredcapital@gmail.com Contact Person: <b>Mr. HEEMADRI MUKERJEA</b></p>	<p><b>REGISTRAR TO THE ISSUE</b></p>  <p><b>MAS Services Limited</b> SEBI Registration. No.: INR0000000049 AB-4, Safdarjung Enclave, New Delhi - 110 029 Ph: (011) 2610 4142, 2610 4326, 2610 4292, Fax: - 2618 1081 Website: www.masserv.com, E-mail:- info@masserv.com Contact Person: Mr. N.K.RASTOGI</p>
<b>ISSUE PROGRAMME</b>	
<b>ISSUE OPENS ON: [ * ]</b>	<b>I</b>
<b>ISSUE CLOSES ON: [ * ]</b>	

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## SECTION I- GENERAL

### DEFINITIONS / ABBREVIATIONS

#### CONVENTIONAL AND GENERAL TERMS

<b>TERM</b>	<b>DESCRIPTION</b>
Beneficiary Account	The demat account of the successful allottee to whom the shares are allocated
Companies Act/Act	The Companies Act, 1956, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FY / Fiscal /Financial Year	Period of twelve months ending March 31 unless otherwise stated
Indian GAAP	Generally Accepted Accounting Principles in India
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
Non-Resident Indians	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
OCB/Overseas Corporate Body	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

#### ISSUE RELATED TERMS

<b>Terms</b>	<b>Description</b>
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted

Application Supported by Blocked Amount (ASBA)	means an application for subscribing to an issue containing an authorisation to block the application money in a bank account.)
ASBA Investor	means an Investor who intends to apply through ASBA process and <ul style="list-style-type: none"> <li>❖ is a "Resident Retail Individual Investor";</li> <li>❖ is bidding at cut-off, with single option as to the number of shares bid for;</li> <li>❖ is applying through blocking of funds in a bank account with the <ul style="list-style-type: none"> <li>❖ SCSB;</li> <li>❖ has agreed not to revise his/her bid;</li> <li>❖ is not bidding under any of the reserved categories.</li> </ul> </li> </ul>
ASBA Forms	Bid cum Application form for Resident Retail Individual Investor intending to subscribe through ASBA
Banker(s) to the Issue	The bankers with whom the escrow accounts for the Issue shall be opened.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to purchase the Equity Shares of the Company at a price within the Price Band including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper and a regional newspaper
Bid Opening Date/Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper and a regional newspaper
Bid-cum-Application Form/Bid Form	The form in terms of which the bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Bidding Period /Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of Process which the Issue is made BRLM Book Running Lead Manager to the Issue, in this case being Chartered Capital And Investment Ltd.
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated equity shares in the Book Building Process
Cap Price	The high end of the Price Band, Rs. [*] per Equity Share in the Issue, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	Cut-off Price refers to any price within the Price Band. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Designated Date	The date on which funds are transferred from the escrow account (s) to the public issue account after the Prospectus is filed with the ROC, following which the allotment will be made to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus,	Means the Draft Red Herring Prospectus dated [*] issued in

"DRHP"	accordance with section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a prospectus and will be filed with ROC at least three days before the opening of the Issue. It will become a prospectus after filing with RoC after the pricing and allocation
Eligible Employees	All employees on the payroll of the Company as on the cut off date i.e [*]
Employee Reservation Portion	Issue of [*] Equity Shares reserved for eligible employees of our Company on competitive basis, aggregating to Rs. 400 Lacs. However, the Promoters, Directors and Promoter Group (relatives of Promoters) shall be ineligible to apply in the Employee Reservation Portion.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks in which the Escrow Account of the Company will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, Rs. [*] per Equity Share in the Issue, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/ Issue Size	Issue of [*] Equity Shares of Rs 10/- each at a premium of Rs. [*] per Equity Share aggregating to Rs. 10000 Lacs, offered through the Red Herring Prospectus or the Prospectus
Issue Account	Account opened with the Banker to the issue to receive monies from the Escrow Accounts on the Designated Date
Issue Management Team	The team managing the Issue as set out in the section titled "General Information" on page no. [*] of the Draft Red Herring Prospectus
Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus or the Prospectus as determined by the Company in consultation with the BRLM on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid
Members of the Syndicate	The BRLM and the Syndicate Members
Net Issue to Public	The portion of the Issue being a minimum of [*] Equity Shares available aggregating to Rs. 9600 Lacs for allocation to Retail Individual Investors, Non-Institutional Bidders and Qualified Institutional Investors
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being [*] Equity Shares available for allocation to Non-Institutional Bidders
Pay-In-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means (i) with respect to Bidders whose margin has not been waived by the members of the Syndicate and are therefore

	required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose margin has been initially waived by the members of the Syndicate and are therefore not required to pay the maximum Bid Amount into the Escrow Account on or prior to the Bid Closing Date, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price of Rs. [*] per Equity Share (Floor Price) and the maximum price of Rs. [*] per Equity Share (Cap Price) (both inclusive), which will be advertised by the Company prior to the Bid Opening Date, including revisions thereof
Pricing Date	Means the date on which the Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The Prospectus dated [*] filed with the RoC containing, inter-alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	A public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a mutual fund registered with the Board; a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual; a multilateral and bilateral development financial institution; a venture capital fund registered with SEBI; a foreign venture capital investor registered with SEBI; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); a provident fund with minimum corpus of Rs. 25 crores; a pension fund with minimum corpus of Rs. 25 crores); 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.
QIB Portion	Upto 50% of the net issue to public, i.e upto 2400000 Equity Shares available for allocation to QIBs
Red Herring Prospectus, "RHP"	Red Herring Prospectus dated [*] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and size of the Issue. The Red Herring Prospectus would be filed with the RoC at least three days before the opening of the Bid/ Issue and will become a Prospectus after filing with the RoC after the pricing and allocation
Registrar/Registrar to the Issue	Registrar to the Issue being M/s MAS Services Limited having their office at AB-4, Safdarjung Enclave, New Delhi – 110 029
Reserved Categories	Means reservation for allocation to Employees Reservation Portion., Retail Individual Bidders, Individual Bidders (including HUFs and NRIs) who apply or bid for Equity Shares of or for a value of not more than Rs. 1,00,000 in any of the bidding options in the Issue
Resident retail individual investor	means a Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999.
Retail Portion	The portion of the Issue being a minimum of 1680000 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity

	Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank (SCSB)	is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board)
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	BRLM and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate and the Company
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM
Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement among the Syndicate and our Company to be entered into on or after the Pricing Date

### COMPANY AND INDUSTRY RELATED TERMS

Terms	Description
"ARAVALI " or "the Company" or "our Company" or "we" or "us" or "our" or "Issuer"	Aravali Infrapower Limited, a public limited company incorporated under the Companies Act, 1956
Articles/Articles of Association/AoA	Articles of Association of Aravali Infrapower Limited
Statutory Auditors	Statutory auditors of the Company viz. Mahalwala & Co., Chartered Accountants having their office at 53, sector-29, Faridabad, Haryana
Board/ Board of Directors	Board of Directors of Aravali Infrapower Limited
BOO	Build Own Operate.
BOQ	Bill of Quantities.
BOOT	Build Own Operate Transfer.
BOT	Build Operate Transfer
COD	Commercial Operations Date.
Director(s)	Director(s) of Aravali Infrapower Limited unless otherwise specified
Employees	<ul style="list-style-type: none"> <li>✓ A permanent employee of our Company working in India or out of India;</li> <li>✓ Director in whole time employment of the Company except for the Directors who are part of the Promoter Group.</li> </ul>
EMD	Earnest Money Deposit.
EPC	Engineering, Procurement and Construction
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Group Companies/Group Associates/Group	Means all ventures and entities promoted by the Promoter(s) of our Company.
Km/km	Kilometer.
kWh	Kilowatt Hour.
LOI	Letter of Intent.
LSTK	Lump Sum Turn Key.
MCMD	Million Cubic Metres per Day
MMSCMD	Million Metric Standard Cubic Meter per Day.
MMTPA	Million Metric Tonne Per Annum.
MW	Mega Watt.
Memorandum/Memorandum of	The Memorandum of Association of Aravali Infrapower Limited

Association/MoA	
O&M	Operations and Maintenance.
PLF	Plant Load Factor.
PPA	Power Purchase Agreement
Promoter Group	The Promoters, the immediate relatives of the Promoters and such entities/ partnership firms as prescribed under Explanation II to Clause 6.8.3.2 of the SEBI DIP Guidelines
Promoters	Mr. Rakesh Jolly
Registered Office of the Company	G-29, 3rd floor, Vardhman Tower, Near-PVR Sonia, Vikas Puri, New Delhi-110018
Registrar of Companies or RoC	Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019
RFP	Request For Proposal
RFQ	Request For Qualification.
ROB	Rail Over Bridge.
SPV	Special Purpose Vehicle.
“we” or “us” and “our”	Unless the context otherwise require, refers to Aravali Infrapower Limited

### ABBREVIATIONS

TERM	DESCRIPTION
AAAC	All Aluminum Alloy Conductors
AAC	All Aluminum Conductors
ABT	Availability Based Tariff
ACSR	Aluminum Conductors Steel Reinforced
APDRP	Accelerated Power Development Reform Program
AGM	Annual General Meeting.
A.Y	Assessment Year
A/C	Account
AS	Accounting Standards as issued by ICAI
BG	Biomass Gasfier
BP	Biomass Power
BSE	Bombay Stock Exchange Limited
Bn/bn	Billion
BRLM	Book Running Lead Manager
BPLR	Benchmark Prime Lending Rate
CAGR	Compounded Annual Growth Rate
CAS	Conditional Access System
CBRLM	Co- Book Running Lead Manager
CCPS	Convertible Cumulative Preference Shares
CDSL	Central Depository Services Limited
CLB	Company Law Board
CST	Central Sales Tax.
C KM	Circuit Kilometer
DCA	Department of Company Affairs
DP	Depository Participant
EGM	Extraordinary General Meeting
EC	Electric Current.
ECB	External Commercial Borrowing.
EOT	Electronic Overhead Travelling Crane
EPS	Earnings per share (EPS=Profit after tax/No. of equity shares)

ESI	Employee State Insurance
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the Rules and Regulations thereunder
FERA	Foreign Exchange Regulations Act, 1973
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
FY	Financial Year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FI	Financial Institutions
GOI	Government of India
HUF	Hindu Undivided Family
HCL	Hydrochloric Acid.
HV	High Voltage
ICAI	Institute of Chartered Accountants of India
IPR	Intellectual Property Rights
KV	Kilo Volt
LC	Letter of Credit
Lac/Lakh	One hundred thousand
LME	London Metal Exchange
MOU	Memorandum of Understanding
Mn/mn	Million
MT	Metric Tonne
MW	Mega Watt
NA	Not Applicable
NAV/BV	Net Asset Value/Book Value
NRE Account	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
N.A.	Not Applicable
p.a.	Per Annum
PAN	Permanent Account Number
PE Ratio	Price Earning Ratio
PF	Provident Fund
PLR	Prime Lending Rate
PVC	Poly Vinyl Chloride
RBI	Reserve Bank Of India
RES	Renewable Sources
ROC	Registrar of Companies, Delhi and Haryana
ROCE	Return on Capital Employed ROCE = (Profit before interest and tax/capital employed)*100
ROE	Return on Equity ROE=(Profit after tax/Equity Capital)*100
RONW	Return on Networth RONW=(Profit after tax/Networth)*100
SAARC	South Asian Association for Regional Cooperation
SCRR	Securities Contracts (Regulation), Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended)

SHP	Small Hydro Project
TPA	Tonne Per Annum
The Act	The Companies Act, 1956 (as amended from time to time)
U & I	Urban & Industrial Water Power
UIN	Unique Identification Number
USEB	Uttarakhand State Electricity Board.
UPS	Uninterrupted Power Supply
VAT	Value Added Tax

## SECTION II- RISK FACTORS

### FORWARD LOOKING STATEMENTS

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

All forward-looking statements are subject to risks, uncertainties and assumptions 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 expectations include, among others:

- ✎ Our ability to successfully implement strategy, growth and expansion plans;
- ✎ Our ability to successfully protect our intellectual property and to obtain intellectual property rights from third parties;
- ✎ Our dependence on key personnel;
- ✎ Government approvals
- ✎ Our ability to comply with the financial conditions and other covenants of our borrowings;
- ✎ Changes in tax exemption policies/availability or in other laws and regulations that apply to our industry;
- ✎ Changes in the Competition landscape;
- ✎ General economic and business conditions in India and other countries;
- ✎ Changes in political conditions in India;
- ✎ Occurrence of natural disasters or calamities affecting our areas of operations;
- ✎ A slowdown in economic growth in India;
- ✎ Changes in the foreign exchange control regulations in India and Fluctuations in foreign exchange rates.
- ✎ Changes in the regulatory framework governing us.
- ✎ Any downgrading of India’s debt rating by an independent agency.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page [\*] of the DRHP. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occur in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of 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.

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

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. Unless stated otherwise, the financial data in the DRHP is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines. We have no subsidiaries.

Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In the DRHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

All references to "India" contained in the DRHP are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page no. [\*] to [\*] of the DRHP. In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page [\*] of the DRHP, defined terms have the meaning given to such terms in the Articles of Association of the Company.

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

## RISK FACTORS

### RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in Equity shares involves a high degree of risk. You should carefully consider all of the information in this DRHP, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and all or part of the investment may be lost. Unless otherwise stated in the relevant risk factors set below, we are not in a position to inspecify or quantify the financial or other implications of any of the risks 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.

### Internal Risk Factors and Risk Relating to Our Business

#### 1) There is a possibility of adverse impact on us in the event of the following litigations are decided against us.

There are certain pending litigations against the Company and its Directors that may have an adverse impact if decided in against the Company/its Directors. Although no liability has been frozen in regard to the cases but in the event some liability does arise there is a possibility of an adverse Financial impact on the Company.

#### Against Company

S.no	Type of case	No. of cases	Brief Facts	Financial Implication
1	Litigations Involving Securities And Economic Laws	8	A demand notice dated 04/03/05, has been issued by the Income Tax Department (Dy. Commissioner of Income- Tax, Circle-5, Patna) to the Pioneer Construction Company U/s 144 read with Section 143(3) for the Previous year 2001-02 (AY 2002-03)	Rs. 507043/- including interest U/s 234B for Rs. 98960/-
			A demand notice dated 26/12/2006, for 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 (AY 2004-05)	Rs. 3432496/- + Penalty of Rs. 10000
			Dispute between UB Engineering Limited and Pioneer Construction Company relating to a previous business relationship between them. Both parties opted for Arbitration. The arbitrator had given award in favour of Pioneer Construction Company. Matter is still pending in the High Court of Delhi.	Rs.5500000/-.
			Department of Value Added Tax , Government of NCT of Delhi has	Rs. 1532632/-

		issued several notices against the Company for making default in assessment of Tax and Interest Under CST Act,1956 for the period from 01.06.06 to 31.08.06.	
		A demand notice dated 20.11.2007, had been issued by Sales Tax Authorities at Chhattisgarh to the Pioneer construction Company. This demand notice has been issued for the Financial Year 2001-02. Matter is still pending.	Rs. 547647/-
		As per letter dated 11/10/2007 issued by the Income Tax department (Deputy Commissioner of Income Tax, Circle 2 (1) ) to the Company in respect of assessment year 2005-06, department has asked Company to deposit some documents by 24/10/2007. The Company has deposited all the required documents. Observations of the department on these documents are still awaited.	Not ascertained
		Dy. Excise & Taxation Commissioner (ST)-cum-Revisonal Authority at Jhajjar had issued notice for recovery from M/s Aravali Zinc & Alloys U/s 40 of the Haryana Govt. Sales Tax Act read with sections 61(2) (a) and (e) of Haryana Value Added Tax Act 2003 and U/s 9(2) of Central Sales Tax Act for the Assessment year 2000-01 vide R.c. No. 1824 dated 04/08/2006.  Against this order an appeal has been filed by the company to the appellate authority.	Rs. 1849079/-
		A Demand cum Show Cause Notice has been issued by the Office of the Commissioner of Central Excise, (Delhi-V) Rohtak vide Demand cum Show Cause Notice No. IV (16) Hqrs AE/D/-III/161/2001 dated 17/02/2005 under rule 12 of CENVAT credit rule 2002 read with Section 11A of the Central Excise Act, 1944, against the Aravali Zinc And Alloys, a partnership firm which has been purchased by Aravali Infrapower Limited after its	Rs. 1515515/- + Penalty of Rs. 1515515/- + Interest

			<p>incorporation.</p> <p>On 26/09/2006 Joint Commissioner of Central Excise (Delhi V) vide Order No. 26/JC/GS/06 had confirmed the abovesaid demand and ordered for recovery of the same Under Section 11 AB of Central Excise Act,1944.</p> <p>Against this order appeal has been filed by Aravali Zinc And Alloys and also by Mr. Rakesh Jolly to the Commissioner Central Excise (Appeal) dated 15/11/2006.</p> <p>On 25/10/2007 vide Final Order No. 458-462/KKG/RKT/2007 dated 24/10/2007 Office of the Commissioner Central Excise (Appeals) had rejected the said appeals.</p> <p>Against this Order an appeal has been filed by the Company and Mr. Jolly to the Custom, Excise &amp; Service Tax Appellate Tribunal dated 25/01/2008.</p> <p>Appeal is under consideration before the honourable tribunal. However Company and Mr. Rakesh Jolly has obtained stay order in this matter vide Stay Order No.304-308 / 08- Ex. dated 27/03/2008.</p>	
2	Litigation Involving Labour Laws	1	<p>Pioneer Construction Company has received a notice for claim dated 06-07-2007 from Asst. Provident Fund Commissioner, Patna under Section 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1979 for not fulfilling its obligations under section 6 of the abovementioned Act. The Company had already sent its objection dated 25.08.2008 against this demand to the concerned department. Presently Company is waiting for reply from the department.</p>	Rs. 168279/-

### Against Promoters

S.no	Type of case	No. of cases		Financial Implication
1	Litigations Involving Securities And Economic Laws	1	<p>A Demand cum Show Cause Notice has been issued by the Office of the Commissioner of Central Excise, (Delhi-V) Rohtak vide Demand cum Show Cause Notice No. IV (16) Hqrs AE/D/-III/161/2001 dated 17/02/2005 under rule 12 of CENVAT credit rule 2002 read with Section 11A of the Central Excise Act, 1944, against the Aravali Zinc And Alloys, a partnership firm which has been purchased by Aravali Infrapower Limited after its incorporation.</p> <p>On 26/09/2006 Joint Commissioner of Central Excise (Delhi V) vide Order No. 26/JC/GS/06 had confirmed the abovesaid demand and ordered for recovery of the same Under Section 11 AB of Central Excise Act,1944.</p> <p>Mr. Rakesh Jolly who was the partner in Aravali Zinc &amp; alloys is Promoter (Director) of Aravali Infrapower Limited .</p> <p>Against this order appeal has been filed by Aravali Zinc And Alloys and also by Mr. Rakesh Jolly to the Commissioner Central Excise (Appeal) dated 15/11/2006.</p> <p>On 25/10/2007 vide Final Order No. 458-462/KKG/RKT/2007 dated 24/10/2007 Office of the Commissioner Central Excise (Appeals) had rejected the said appeals.</p> <p>Against this Order an appeal has been filed by the Company and Mr. Jolly to the Custom, Excise &amp; Service Tax Appellate Tribunal dated 25/01/2008.</p> <p>Appeal is under consideration before the honourable tribunal. However Company and Mr. Rakesh</p>	Rs. 10000/-

			Jolly has obtained stay order in this matter vide Stay Order No.304-308 / 08- Ex. dated 27/03/2008.	
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For further details please refer to page no. [\*] of this DRHP.

**2) Changes in the market prices of aluminium, steel, zinc and copper could adversely affect our results of operations.**

Our basic raw materials are 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. Nonetheless, we cannot assure you that our commodity hedging activities will adequately protect us from price fluctuations. Further, our hedging may at times limit our ability to benefit from favourable price movements.

**Management Perception:** Majority of our contracts have a price variation clause to cover the fluctuations in the prices of these commodities. Further, for fixed price contracts we try to hedge the commodities on the Commodity exchanges.

**3) Our operating results may be affected by movements in exchange rates, particularly between the Rupee and the Euro and the U.S. dollar.**

We currently engage in foreign currency borrowing which exposes us to fluctuations in foreign exchange rates and other potential costs. While majority of principal revenues are in Rupees, we have borrowed funds from outside India in foreign currencies. This exposes us to possible losses due to fluctuations in foreign currency exchange rates which could materially impact our bottomlines. An appreciation of the U.S. dollar against the Rupee could have a negative impact on our results of operations and financial condition. Our presentation currency is the Rupee, while our products are typically priced in Rupees for Indian sales.

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.

**Management Perception:** The company has drawn a risk management policy and under this policy the Company has entered into a SWAP transaction agreement with ICICI Bank for hedging the full principal amount of US\$.8.4 Million, along with interest repayable at different dates, through ISDA master Agreement dated September 10, 2007.

Therefore the management perceives that the loss due to foreign currency fluctuations w.r.t. foreign currency borrowings will be subject to the hedging done by the company and hence safeguarded against the forex fluctuations.

**4) Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised.**

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 project expenditure programs and an increase or decrease in our proposed expenditure for a particular project.

**Management Perception:** Majority of our projects have been funded by various Banks who do their internal appraisal before sanction/disbursement of the loans.

**5) If we become subject to significant legal action, we may incur substantial costs related to litigation. We currently carry no Liability insurance.**

A major part of our current revenues is derived from executing turnkey projects on an EPC basis. This involves setting up of transmission lines for power and passive infrastructure for telecom companies. There are risks of limited liabilities on us in the form of liquidated damages to the

maximum extent of 10% of the contract value in the event of us not being able to execute the project on time. Further, we are engaged in a labour intensive activity. In case of any mishaps in our factories we may have to pay compensation to our workers. All these events, if they happen, may lead to significant adverse impact on our business.

Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business. Our insurance coverage is likely to cover all normal risks associated with our operations but there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected. For further details, see the paragraph titled "Insurance" under chapter "Our Business" on page [\*] of this DRHP.

**Management Perception:** Our Company has taken insurance policies for its workmen at various sites where it is executing its contracts. The details of the same are mentioned in the section 'insurance' on page no. [\*] of this DRHP. This mitigates the risk as mentioned above to a large extent.

**6) Our revenues and expenses vary significantly from period to period, which could cause our share price to decline.**

Our revenues have grown in recent years and may vary significantly in the future from period to period. Therefore, we believe that period-to-period comparisons of our results of operations may not be necessarily meaningful and may not be relied upon as an indication of our future performance. It is possible that in the future some of our results of operations may be below the expectations of market analysts and our investors, which could cause the share price of our Equity Shares to decline significantly.

Factors which affect the fluctuation of our operating results include:

- ❖ the size, timing and profitability of our significant EPC projects;
- ❖ changes in our pricing policies or those of our competitors;
- ❖ the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- ❖ unanticipated cancellations, contract terminations or deferrals of projects; and
- ❖ unanticipated variations in the duration, size and scope of our projects.

In addition, a significant portion of our revenues is dependent upon the timely completion of various project milestones; any delay may cause cost overruns and adversely affect our working capital.

**7) We have certain contingent liabilities as on March 31, 2008 that could have an adverse impact on our business.**

- (a) Company has issued counter indemnity to the banks in respect of Bank Guarantees / letter of credits issued by the Banks totaling to Rs. 1825.10 lacs (approx) (including F.E. Bank Guarantee of \$ 6,06,600 valued Rs. 242.30 lacs). However, the Bank has been provided with margin money of Rs. 178.70 lacs (approx) by way of Fixed Deposit(s).
- (b) The Excise Deptt. has raised a demand of Rs. 15,15,515/- plus penalty of Rs. 15,15,515/- plus interest on the Company, which is being contested by the Company. However, a deposit of Rs. 7,50,000/- has been given by the Company to the Excise Deptt. under protest.
- (c) The Income Tax Deptt. has raised a demand of Rs. 34.32 lacs (including interest) on the firm, which has been taken over by the Company as on 6.6.2007 in respect of A.Y. 2004-05. The Company has filed an appeal against the said demand and pending the disposal of the appeal tax has been deposited to the extent of Rs. 27.82 lacs.

**8) We do not have certain government approvals that could hamper the smooth functioning of our business.**

- a. We do not have the necessary clearance from the pollution control authorities to run our Chandigarh unit.
- b. We do not have the licence to run a factory for our Mohali unit.

**Management Perception:** These two units have recently been taken over by our Company. However, as per one of our objects to the issue we intent to relocate both these units to Dera Basī, Punjab to synergise our operations. That is the reason for not applying for permissions for these two units after their takeover.

**9) Inability to manage our growth could disrupt our business and reduce our profitability.**

We have experienced high growth in recent times and expect our business to grow significantly in view of our expansion plans. We expect this growth to 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:

- ✓ maintaining high levels of customer satisfaction;
- ✓ recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- ✓ adhering to quality and process execution standards that meet customer expectations;
- ✓ preserving a uniform culture, values and work environment in operations within and outside India;
- ✓ developing and improving our internal administrative infrastructure, particularly our financial; and
- ✓ maintaining desired level of operational, communications and other internal systems.

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

**10) Our agreements/work orders with customers expose us to certain risk, which may negatively impact our revenue and profitability.**

In the agreements / work orders with our customers, we are required to deliver the services to the customer within the scheduled time lines. Further, each order is customized to the customer's requirement. Termination of agreement/work order, inadequate performance and/or failure on our part or any third party to meet quality and/or scheduled timelines set by our customers could result in a loss of our business or result in noncompliance with our contractual obligations and could materially or adversely affect our business, profit and results of operation.

Besides, our work orders can be terminated with or without cause and at short notice usually after paying costs incurred by us. Additionally, most of our agreements with our customers are without any commitment to future work. Our business is dependent on the decisions and actions of our customers, and there are a number of factors relating to our customers that are outside our control that might result in the termination of a project or the loss of a customer. Any of these factors may adversely affect our revenues and profitability.

**11) 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. Moreover, if a client defaults in making its payments on a project to which we have devoted resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. 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 or that we will be able to efficiently manage the level of bad debt arising from such payment practice. 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, guarantees and pay dividends.

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.

**12) We may be subject to restrictive covenants under working capital facilities provided to us by our lender(s).**

We have availed certain working capital facilities from our bankers. As per the agreements executed with the bankers, there are certain restrictions imposed on us. As per these restrictions; neither sale of any kind nor mortgage, charge, lien or encumbrance, other than the existing charges shall be made or allowed to be made over the currency of the facility without the banker's prior written consent during the currency of the said working capital facility.

**13) We have incurred a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.**

As of March 31, 2008, we had Rs. 8340.01 Lacs of principal amount of indebtedness outstanding. 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 crossdefaults, 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 declare us in default under the terms of our borrowings, 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.

**14) We may be unable to obtain future financing on favourable terms, or at all, to fund our operations, expected capital expenditure and working capital requirements.**

We require capital for, amongst other purposes, expanding our operations, making acquisitions, managing acquired assets, acquiring new equipment, maintaining the condition of our existing equipment and maintaining compliance with environmental laws and regulations. For details of our planned capital expenditure, see "Management's Discussion and Analysis of Financial Condition and Results of Operation" beginning on page [\*] of this DRHP. To the extent that cash generated internally and cash available under our existing credit facilities are not sufficient to fund our capital requirements, we will require additional debt or equity financing, which may not be available on favourable terms, or at all.

Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on our business and operations. In addition, future debt financing may limit our ability to withstand competitive pressures and render us more vulnerable to economic downturns. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness.

In light of the above, our planned and any proposed future expansions and projects may be adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all, including as a result of any of our existing facilities becoming repayable and we may be unable to improve our technology or address any gaps in our product offerings,. In addition, there can be no assurance that our planned or any proposed future expansions and projects will be completed on time or within budget, which may adversely affect our cash flow.

**15) 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 and its related projects undertaken by government entities and funded by governments or international and 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 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 Transmission business involves significant working capital requirements and delayed collection of receivables could adversely affect the Company's liquidity and financial results.

**16) We face margin pressure as a significant number of our power infrastructure-related contracts and projects are awarded by the GOI and state governments through competitive bidding processes. Growing competition may adversely affect our competitive position and our profitability.**

Most contracts in power transmission projects and supply of material to such projects are awarded by governments' entities through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once prospective bidders clear the technical requirements of the tender, the contract is usually awarded to the most competitive financial bidder. We face competition from companies who may operate on a larger scale than us and so may be able to achieve better economies of scale than us. As a result, the Company's financial results and business prospects may be adversely affected.

In the case of power transmission projects, our margins are susceptible to decline, as contracts in these sectors are increasingly being awarded by government entities to the lowest bidder, causing the Company to accept lower margins in order to be awarded the contract.

We face intense competition from domestic Companies and if we are unable to compete vigorously and effectively in the our business, or if we are unwilling or unable to commit additional resources in order to compete effectively, business and its results of operations could be adversely affected.

Significant additional competition in the markets where we sell products may see market share eroded and further reduction in prices will negatively affect our revenues and profitability.

**17)The Company may be jointly and severally liable for the performance of obligations by joint venture partners.**

We may enter into Joint Venture arrangement with third parties in future. Investments through joint ventures may, under certain circumstances, involve certain risks. In our power transmission business, delay or failure on the part of a joint venture partner to timely perform its obligations could result in delayed payments to the Company, additional liabilities, or termination of a contract. Typically, bid documents provide that the Company is jointly and severally liable to clients for the performance of joint venture partners' obligations.

The inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that, as a result of the Company's joint and several liabilities, it may be required to make additional investments and/or provide additional services to ensure the performance and delivery of the contracted services. In either case, the joint and several obligations could have an adverse effect on the Company's financial results and business prospects. Additionally they may have business interests or goals that may differ from our business interests or goals, or those of our shareholders. Any disputes that may arise between us and our joint venture partners may cause delays in completion or the suspension or abandonment of the project.

**18)We depend on sub-contractors for the timely and successful completion of our EPC related contracts.**

Our Company increasingly sub-contracts different parts of a construction contract to sub-contractors. In those instances, the completion of the contract depends on the performance of such sub-contractors. We cannot assure you that suitable sub-contractors will continue to be available at reasonable rates, or at all. As a result, the Company may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services.

The execution risks the Company faces using sub-contractors include:

- sub-contractors may not be able to complete the project construction on time, within budget or to the specifications and standards that have been set in the contracts with them which could result in increase in the financing costs associated with the construction and cause the Company's forecasted budget to be exceeded or result in delayed payment to the Company by the client, invoke liquidated damages or penalty clauses, or result in termination of the contract;
- sub-contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required to complete construction;
- sub-contractors may not be able to recover the amounts the Company has invested in construction contracts if the assumptions contained in the feasibility studies for these projects do not materialise;
- we may not be able to pass on certain risks to sub-contractors such as unforeseen site and geological conditions which may make the site unsuitable for the project; and
- as we expand geographically, the Company may have to use sub-contractors with whom it is not familiar, which could increase the risk of cost overruns, construction defects and failures to meet scheduled completion dates.

Even when the Company sub-contracts work, it remains responsible for the sub-contracted work which means clients still have recourse to the Company for actions, omissions and defects by sub-contractors. In the case of our business, the Company generally does not receive guarantees or indemnities from sub-contractors as to timely completion, cost overruns or additional liabilities which means that it assumes the risk of delayed or reduced payments, liquidated damages or penalty amounts, or contract termination by the client. The Company also assumes liability for defects in connection with any designs or engineering provided by sub-contractors. In contrast, EPC contractors in our business are generally subject to liquidated damages payments for failure to achieve timely completion or performance shortfalls and they may also give limited warranties in connection with design and engineering work as well as provide guarantees and indemnities as to cost overruns and additional liabilities. However, liquidated damages provisions, guarantees and indemnities may not address all losses, damages or risks or cover the full loss or damage suffered due to construction delays, performance shortfalls, or the entire amount of any cost overruns.

Projects may also suffer losses due to risks not addressed as a co-insured under the insurance policies of EPC contractors. While the Company and our Projects maintain insurance policies to cover business interruption, natural disaster risks, and other insurable risks that are not assigned to subcontractors or contractors, we cannot assure you that any cost overruns or additional liabilities on the Company's part or on the part of our Projects would be adequately covered by such insurance policies. It may also not be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves or the Projects to cover themselves against risks could expose the Company to substantial costs and potentially lead to material losses. The occurrence of any of these risks may also adversely affect the Company's reputation and business adversely.

**19) Our operations could be adversely affected by disputes with employees.**

As of September 23, 2008, the Company employed a work force of approximately 239 full-time employees. In addition, the Company may sub-contract construction work to third parties that hire contract or temporary labour. While we believe we maintain good relationships with employees, there can be no assurance that the Company will not experience future disruptions to its operations due to disputes or other problems with its work force or contract labour employed by independent contractors.

**20) If supply of raw material gets delayed or the material gets stolen it may bring penal consequences and liquidated damages.**

We may become dependent on suppliers for supply of material and if in any circumstances supply gets delayed or material lying at site gets stolen in spite of due care or we may not be able to get right of way in time it may result in delay in completion of project or the suspension or abandonment of the project which may bring liquidated damages and penal action against us. Delay in getting right of way may bring more hardship for us.

**21) If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected.**

In 2006, India's wholesale price inflation index indicated an increasing inflation trend compared to recent years. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other expenses. If this trend continues, we may be unable to reduce our costs or pass our increased costs on to our consumers and our results of operations and financial condition may be adversely affected.

**22) Our new projects and expansion plans are subject to a number of contingencies.**

Our new projects are subject to a number of contingencies, including changes in laws and regulations, governmental action or inaction, delays in obtaining permits or approvals, accidents, natural calamities and other factors beyond our control.

In addition, as part of our growth strategy, we may seek to acquire businesses, technologies and products. We may choose to incur additional debt to fund any such expansion plans. Nevertheless, we may fail to complete such acquisitions, or realize the anticipated benefits of such acquisitions, and may incur unforeseen costs. This could negatively affect our business.

**23) We may face risks associated with potential acquisitions, investments, strategic partnerships or other ventures, including whether we can identify opportunities, complete the transactions and integration of the target companies into our business.**

In the future, the Company may consider making strategic acquisitions of other Power Transmission companies whose resources, capabilities and strategies are complementary to and likely to enhance our business operations. If such an opportunity arises, the Company may not be able to complete the acquisition on terms commercially acceptable to it, or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect the Company's competitiveness or its growth prospects.

If the Company acquires another company it could face difficulties integrating the acquired operations. In addition, the key personnel of the acquired company could decide not to work for the Company. These difficulties could disrupt the Company's ongoing business, distract our management and employees and increase the Company's expenses. There can be no assurance that the Company will be able to achieve the strategic purpose of such an acquisition or operational integration of the Company or any acceptable return on such an investment.

**24) If we are unable to adapt to technological changes and threats prevailing in our external environment our business could suffer.**

Our future success will depend in part on our ability to respond to changes in our external environment, technological advances and emerging power transmission industry standards and practices on a cost-effective and timely basis.

Threats prevailing in external environment e.g. increase in prices of raw material may cause hardship for us. The development and implementation of new technology entails technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our systems to emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

**25) Delay in project implementation may lead to an adverse impact on our business.**

If the proposed project is delayed due to all or any of the reasons mentioned below, it may have an adverse impact on the future of our business and could stunt our growth process. The various reasons for delays that may take place in the project implementation are as follows:

**a) Delay in receipt of funds through the proposed issue**

If the proposed Initial Public Offering of Equity Shares gets delayed it would lead to a corresponding delay in receipt of funds and consequently it may delay the project implementation.

**b) Delay in placing orders of the total plant and machinery**

If there is any delay in the issue process it may lead to undue delays in the implementation of project as the orders for the equipment etc. will be placed only after the receipt of the issue proceeds.

**c) Our project is subject to the risk of cost and time overruns.**

Our project as referred to in the section titled "Objects of the Issue" on page [\*] of this DRHP contains project costs and implementation schedules estimated by us. Our plans are subject to a number of contingencies, including changes in laws and regulations, governmental action, inability to obtain equipment and other supplies at quoted or at acceptable rates, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. Although we have a capability to complete the project within parameters estimated by us, we cannot assure you that the actual costs incurred or time taken for implementation of these plans will not vary from our estimated parameters.

**Management Perception:** Our total project size is 33118 lacs. Out of the same we have already completed 42.41% of the project size. The IPO is to fund only 30.19% of the total project. Our manufacturing units have already been set up in Sitarganj and commercial production also has started. In view of the foregoing we are confident of going ahead with the project, even if on a lower scale as, as it has estimated.

**26) Any inability to attract, recruit and retain skilled personnel could adversely affect our business and results of operations. Further, we are dependent on the management team for our success and the loss of any one of them could lead to adversely affecting our results of operations.**

We are highly dependent on expertise and services of our Directors, senior management team and other key personnel, including skilled project management personnel and our ability to attract and recruit talented and skilled personnel for setting our strategic direction and managing our business, which are crucial to our success and business strategy. We presently do not have employment contracts or non-compete agreements with our Directors, senior management and other key personnel nor do we have "key man" insurance for these individuals. Similarly, the Company is dependent on the availability of a large pool of contract labour. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals as well as the availability of a sufficient pool of contract labour to execute construction contracts. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals, and

engineers in our industry is intense. We may also need to increase our pay structures to attract and retain such personnel, which could affect the Company's profit margins. Further, there can be no assurance that increased salaries will result in a lower rate of attrition. The loss of the services of our directors, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on the Company's financial results and business prospects.

**27) 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.

**28) There was a delay in filing of certain forms with the ROC. Though the same have been filed along with a late fees there is a possibility of action against us in future by the ROC.**

There has been a delay in filing of the following forms with the ROC:

Details of form	Nature	Due Dates	Date of Filing
-	Balance Sheet	30.10.2003	29.01.2004
-	Balance Sheet	30.10.2005	30.10.2005
23 AC	Balance Sheet	30.10.2006	12.01.2007
23 AC	Balance Sheet	30.10.2007	21.01.2008
-	Annual Return	30.11.2003	29.01.2004
20B	Annual Return	30.11.2006	12.01.2007
20B	Annual Return	29.11.2007	03.01.2008
Form 2	Return of Allotment	14.04.2003	20.05.2003
Form 2	Return of Allotment	26.07.2003	14.08.2005
Form 2	Return of Allotment	30.04.2004	01.08.2005
Form 2	Return of Allotment	30.04.2005	21.07.2005
Form 2	Return of Allotment	28.04.2006	21.05.2007
Form 2	Return of Allotment	30.04.2007	17.08.2007
Form 2	Return of Allotment	07.07.2007	14.07.2008
Form 2	Return of Allotment	30.04.2008	27.05.2008
Form 23	Appointment at the place of profit, relative of a director	01.04.2003	06.11.2007
Form 23	Authorisation for creating Mortgage on the property of the Company in favour of ICICI Bank.	26.04.2007	07.11.2007
Form 23	Appointment of Mrs. Tarang Khosla as WTD	29.10.2007	20.12.2007
Form 23	Appointment of Mr. Rakesh Jolly as M.D. of the Company.	05.01.2008	24.01.2008
Form 23	Agreement for taking over the possession of Pioneer Construction Company (With CLB order)	06.07.2007	14.12.2007
Form 23	Issue of Further Equity Shares U/s 81 (1A) and appoint of	04.08.2008	02.09.2008

	Director's relative at the place of profit		
Form 23	Issue of Further Equity Shares U/s 81 (1A)	26.04.2008	09.07.2008
Form 5	Increase in authorized capital from Rs 15,00,000 to Rs 20,00,000	23.07.2003	02.04.2004
Form 5	Increase in authorized capital from Rs 5,00,00,000 to Rs 7,00,00,000	09.06.2007	08.09.2007
Form 5	Increase in authorized capital from Rs 7,00,00,000 to Rs 13,00,00,000	09.06.2007	24.09.2007

Although the forms as tabulated above have been filed alongwith the requisite additional fees for filing the forms, it does not exonerate the Company from the continuing liability for late filing of the documents till date of actual filing.

**29) Our Promoters may have the ability to determine the outcome of any shareholder resolution.**

Mr. Rakesh Jolly is the largest shareholder of the Company, holding 56.75% of the pre-issue equity capital and [\*]% of post-issue equity capital of the company. As significant shareholders, Mr. Rakesh Jolly, may have interests which may affect the interests of shareholders and/or our interests and may have the ability to determine the outcome of any shareholder resolution.

**30) No prior performance indicator**

This is an initial public offering of our equity shares and, thus, there is no other performance indicator besides our financial performance. We may not be able to assure similar performance on stock exchanges where we propose to list our equity shares.

**31) We have issued Equity shares to our promoters in the past 1 year below the proposed Issue price as under:**

The promoter has been allotted Equity shares in the past one year at par while we intend to issue the shares in the present issue at a premium. The details of allotment are as follows:

Name of the Promoter	Date of Allotment/ Acquisition	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Mr. Rakesh Jolly	19.12.2007	2841600	10	Nil	Bonus1:1
	05.09.2008	2870000	10	10	Cash
Aravali Smelters Limited	19.12.2007	445000	10	Nil	Bonus1:1
	31.03.2008	187450	10	200	Cash
	05.09.2008	435000	10	10	Cash
<b>Total</b>		<b>6779050</b>			

**EXTERNAL RISK FACTORS**

**32) 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 and Ethiopia 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. For further details, see "Government Approvals" beginning on page [\*] of this DRHP.

**33) Any increase in competition in our target markets could result in lower prices or sales volumes, which may cause our profitability to suffer.**

There is substantial competition in the Power infrastructure sector, both in India and internationally, and we expect this to continue. Should the price of our products decline, our profit margins would decline, and without a sufficient increase in our sales volume, our revenues would also decline. The end-user markets for our non ferrous alloys are highly competitive.

**34) Our business faces the risk of natural disasters and operational risks that may cause significant interruption of operations.**

Our operations are subject to a number of risks and hazards, including unusual or unexpected geological conditions, ground conditions, phenomena such as inclement weather conditions, floods, tsunamis and earthquakes and the handling of hazardous substances and emissions of contaminants. Such risks and hazards could result in personal injury or death, damage to, or destruction of production facilities potentially leading to monetary losses and legal liability.

In addition, breakdown of equipment or other events, including catastrophic events such as war or natural disasters, leading to production interruptions in our plants could have an adverse effect on its financial results. Further, as many of our customers are, to varying degrees, dependent on planned deliveries from our plants, those customers that have to reschedule their own production due to our missed deliveries could pursue financial claims against us. We may incur costs to correct any of these problems, in addition to facing claims from customers. Further, our reputation amongst actual and potential customers may be harmed, resulting in a loss of business. While we may maintain insurance policies covering, amongst other things, physical damage, business interruptions and product liability, these policies may not cover all of our losses and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation, loss of customers and suffer substantial losses in operational capacity.

**35) Our operations have been and will continue to be exposed to various business and other risks, changes in conditions and events beyond our control in countries where we have operations or sell products.**

We are, and will continue to be, subject to financial, political, economic and business risks in connection with our international operations. We have made investments and carry on activities in various emerging markets and we market our products in these countries. While we anticipate higher growth or attractive production opportunities from these emerging markets, they also present a higher degree of risk than more developed markets. In addition to the business risks inherent in developing and servicing new markets, economic conditions may be more volatile, legal and regulatory systems less developed and predictable, and the possibility of various types of adverse governmental action more pronounced. In addition, inflation, fluctuations in currency and interest rates, competitive factors, civil unrest and labour problems could affect our revenues, expenses and results of operations. Our operations could also be adversely affected by acts of war, terrorism or the threat of any of these events as well as government actions such as controls on imports, exports and prices, tariffs, new forms of taxation, or changes in fiscal regimes and

increased government regulation in the countries in which we operate or services customers. Unexpected or uncontrollable events or circumstances in any of these markets could have an adverse effect on our financial results.

**36) A slowdown in growth in the global economy could cause our business to suffer.**

Our performance and the growth of our business are dependent on the health of the overall global economy and our expansion plans are based on our expectations of global economic growth. A recession or a slowing of the economy in any of the geographic segments in which we operate, a continuation of the current credit environment, or a decrease in manufacturing activity in industries could have an adverse effect on our results of operations or liquidity. We are not able to predict the timing, extent and duration of the economic cycles in the markets in which we operate. Any future slowdown in the global economy could affect us, our customers and other contractual counter-parties.

**37) Our growth is dependant on the Indian economy.**

Our performance and the growth of our business is dependant on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. Conditions outside India, such as slow downs in the economic growth of other countries or increases in the price of oil, has an impact on the growth of the Indian economy, and government policy may change in response to such conditions. While recent governments have been keen on encouraging private participation in the power infrastructure sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Any downturn in the macroeconomic environment in India or in the infrastructure sector could adversely affect the price of our shares, our business and results of operations.

**38) Political, economic and social changes in India could adversely affect our business.**

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo-political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of our project companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could also adversely affect us.

**39) 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 incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

**40) Change in wage structure across Industry will affect our operations adversely**

Wage pressures in India may prevent us from sustaining its competitive advantage and may reduce its profit margins. Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We may need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on our business, results of operation and financial condition. However, such a material impact cannot be quantified.

**41) Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.**

Terrorist attacks and other acts of violence or war, including those involving India and other countries, may adversely affect the Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession. India has also experienced terrorist attacks in some parts of the country. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on our business, our future financial performance.

**42) We depend on banks and financial institutions and other sources for meeting our short and medium term financial requirements.**

Any delay in the disbursal of funds from these bodies can be a bottleneck to our project execution capabilities and thereby our results of operations.

**43) Investors will not receive the Equity shares purchased in this issue until several days after they have applied for them, which will 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 15 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.

**44) The market value of our Equity Shares may fluctuate due to the volatility of the Indian securities market.**

The Indian securities markets may be more volatile than the securities markets in certain countries. The Indian Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities.

The Indian Stock Exchanges (including the BSE and NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included broker defaults and settlement delays. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

The Securities and Exchange Board of India ("SEBI") received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to

disclosure requirements, insider trading and other matters relevant to the Indian securities market. There may, however, be less publicly-available information about Indian companies than is regularly made available by public companies in certain countries.

There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

**45) 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.

**46) Future issues or sales of equity Shares of our company may significantly affect the trading price of the Equity Shares.**

Future issue of Equity Shares / convertible instruments by our company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. Other than the lock-in of Pre-issue capital as prescribed under SEBI Guidelines, none of the shareholders are subject to any lock-up arrangements restricting their ability to issue Equity Shares or the Shareholder’s ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, his shares.

**Notes:**

✎ Public Issue of [\*] Equity Shares of Rs.10/- each for cash at a price of Rs. [\*] per Equity Share (including a share premium of Rs. [\*] per Equity Share) aggregating Rs. 10000 lacs (hereinafter referred to as the “Issue”) by Aravali Infrapower Limited (“the Company” or “Issuer” or “ARAVALI”) comprising of [\*] Equity Shares of face value of Rs.10/- reserved for the employees of the Company aggregating to Rs. 400 Lacs (hereinafter referred to as the “employees reservation portion”) and a net offer to the public of [\*] Equity Shares of Rs.10/- each aggregating to Rs. 9600 Lacs (hereinafter referred to as the “net offer to the public”.) The net offer to the public would constitute [\*]% of the fully diluted post issue paid up capital of the Company.

➤ The net worth of our Company before the Issue as on March 31, 2008 was Rs. 5395.80 lacs.

➤ The average cost of acquisition of one Equity Share for the Promoters is as follows:

Name of the Promoter	Average cost of Acquisition
Mr. Rakesh Jolly	Rs. 3.90 per Equity Share
Aravali Smelters Limited	Rs. 30.32 per Equity Share

➤ The book value as on March 31, 2008 was Rs. 112.91 per Equity Share.

➤ For related party transactions, kindly refer to the section titled “Related Party Transactions” on page [\*] of the DRHP.

➤ The Investors are advised to refer to the section titled ‘Basis for Issue Price’ on page [\*] of the DRHP before making an investment in the Issue.

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

- Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Buyers, Non-Institutional Bidders, Retail Bidders and Eligible employees shall be on a proportionate basis.
- For more information, see the section titled "Issue Procedure- Basis of Allotment" on page [\*] of the DRHP.
- There is no interest of Promoter(s)/Director(s) /KMP(s) other than reimbursement of expenses or normal remuneration or Benefits.
- Except as disclosed in Notes [\*] of the section titled "Capital Structure – Notes to the Capital Structure" appearing on page [\*] of this DRHP, our Directors, our Promoters have not purchased the securities of the company during the period of six months preceding the date of filing of the DRHP.
- There are no outstanding loans and advances to any persons in which Directors are interested.

**Investors may contact the BRLM for any complaints, information or clarifications pertaining to the Issue.**

## SECTION III- INTRODUCTION

### SUMMARY OF INDUSTRY OVERVIEW

Our Company caters to the following sectors:

- 1) Power sector
- 2) Telecom sector
- 3) Automobile Industry
- 4) Electrical cable Industry

#### **Power Industry**

##### **Overview of the Indian Economy**

India is the fourth largest economy in the world after the United States of America, China and Japan in purchasing power parity terms (*Source: CIA World Factbook*). India is also amongst the fastest growing economies globally and has grown at an average rate of 6.8% per annum during the last five years.

##### **Industry Demand-Supply Overview**

The Indian power sector has historically been characterized by energy shortages which have been increasing over the years. In 2006-07, peak energy deficit was estimated to be at 13.8% and normative energy deficit was estimated to be 9.6%.

##### **Large Energy Deficit Results in Low Per Capita Consumption of Electricity**

Due to unreliable supply and inadequate distribution infrastructure, the per capita consumption of energy in India is extremely low in comparison to most other parts of the world.

##### **Historical Capacity Additions**

The energy deficit is a consequence of slow progress in the development of additional energy capacity. The Indian economy is based in part on planning through successive five year plans ("Five-Year Plans") that set out targets for economic development. In the implementation of the last three Five-Year Plans (the Eighth, Ninth and Tenth Five-Year Plans, covering fiscal 1992 to 2006), less than 50% of the targeted additional energy capacity was added. India added an average of approximately 20,000 MW to its energy capacity in each of the Ninth and Tenth Five-Year Plan periods (fiscal 1997 to 2001 and 2002 to 2006). (*Source: White Paper on Strategy for Eleventh Plan, prepared by CEA and Confederation of Indian Industry (the "White Paper")*)

The total capacity addition during the past 25 years between the VIth and the Xth Five-Year Plans was approximately 91,000 MW. A total capacity addition of 78,557 MW is planned for the XIth Five-Year Plan (2007-12) which should result in substantial investments in the power generation sector.

##### **Future Capacity Additions**

According to the CEA Executive Summary, as on February 29, 2008, India has an installed generation capacity of 141,499.90 MW that has increased at a compound annual growth rate ("CAGR") of 5.2% between 2003 and 2007.

A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The Government of India (the "Government") has identified the power sector as a key sector of focus to promote sustained industrial growth by embarking on an aggressive mission – "Power for All" by 2012. According to the Integrated Energy Policy ("IEP") report issued by the Planning Commission, India would require additional capacity of about 85-98 gigawatt ("GW") by 2012, 171-202 GW by 2017 and 290-353 GW by 2022, respectively, based on normative parameters in order to sustain a 8-9% GDP growth rate (*Source: IEP, Expert Committee on Power*).

The Government of India has identified the power sector as a key sector of focus. It has embarked on an aggressive mission – "Power for All by 2012" and has undertaken several reforms to make the power sector more attractive to private sector investment.

### **Electric Power Transmission**

The transmission of electricity is typically defined as the bulk transfer of power over a long distance at a high voltage, generally 132 KV and above. A reliable transmission and distribution system is important for the proper and efficient transfer of power from generating stations to load centers and beyond. A transmission and distribution ("T&D") system is typically comprised of transmission lines, sub-stations, switching stations, transformers and distribution lines. If the GoI intends to increase installed power generation capacity by 87,663 MW by 2012, it must also facilitate an expansion of the transmission network and inter-regional capacity to transmit power. Global electricity sector investment is anticipated to reach USD 10 trillion by 2030. More than USD 5 trillion will be used to invest in transmission and distribution networks (*Source: World Energy Outlook 2003*).

Average investment in T&D in India during the Tenth Plan was about 32% of investment in generation (*Source: Eleventh Five Year Plan (Ministry of Power)*).

Inter-regional transmission networks are required because power generation sources are unevenly distributed in India, and power needs to be carried over large distances from areas where power is generated to areas where load centers and demand exist.

In order to ensure the reliable supply of power, efficient utilization of generating capacity and effective exploitation of unevenly distributed generating resources in the country so as to optimize their potential, a strong interconnected transmission grid is required, which interconnects various generating stations and load centers. This ensures an uninterrupted supply of power to a load center, even if there is a failure at the local generating station or a maintenance shutdown. In addition, power can be transmitted through an alternative route if a particular section of the transmission system is unavailable.

In India, the T&D system is a 3-tier structure comprising distribution networks, state grids, and regional grids. These distribution networks and state grids are principally owned and operated by SEBs or other state utilities, or state governments (through state electricity departments). At present there are five regional grids operating in India, in the Northern, Eastern, Western, Southern and Northeastern regions. Regional or interstate grids facilitate the transfer of power from a region with a surplus to one with a deficit. These regional grids also facilitate the scheduling of maintenance outages and coordination between power plants. Presently the Northern, Eastern, Western and North Eastern regions, are operating in one synchronous mode with total installed capacity of 90,000 MW and the Southern region is interconnected with Western Region and Eastern Region through HVDC links.

With the strengthening of inter-regional connections by 2012, the inter-regional capacity is predicted to grow from 14,100 MW to 37,150 MW. This shall facilitate transfer of power from surplus regions to deficit region. For instance, the Eastern region currently has surplus power, part of which is being transferred to the Southern region, which currently has a deficit. Based on the updated Eleventh Five Year Plan, the projected power exchange requirement load flows among various regions for Fiscal 2012 is as set forth below:

### **National Grid**

In order to optimize the utilization of generation capacity through the exchange of power between surplus and deficit regions and to exploit the uneven distribution of hydroelectric potential across various regions, the GoI in 1981 approved a plan for setting up a national grid. The plan envisaged the setting-up of high-voltage transmission links across various regions, in order to enable the transfer of power from surplus to deficit regions.

The process of setting up the national grid was initiated with the formation of the central sector power generating and transmission companies, NTPC, NHPC and Power Grid. Power Grid was made responsible for planning, constructing, operating and maintaining all inter-regional links and taking care of the integrated operation of national and regional grids. The national grid, when fully operational, is expected to have a total inter-regional transmission capacity of 37,150 MW. It is expected to be fully operational by around 2012. Setting up a national grid requires the gradual strengthening and improvement of regional grids and their progressive integration, through extra high voltage and HVDC transmission lines.

### **Private Investments in Electric Power Transmission**

In 1998, the Electricity Laws (Amendment) Act was enacted, which recognized transmission as an independent activity, distinct from generation and distribution, and allowed private investment in the sector.

In 2000, the GoI issued guidelines whereby the state transmission utilities (STUs, SEBs or their successor entities) and the central transmission utility (Power Grid) could identify transmission projects for the intrastate and the inter-state/inter-regional transmission of power, respectively. The STUs and the CTU could invite private companies to implement these projects through an IPTC or on a joint venture basis.

The role of the IPTC would be limited to the construction, ownership and maintenance of transmission systems. Operations of the grid, including load despatch, scheduling and monitoring, will be undertaken by the STUs and the CTU at the intrastate and interstate/inter-regional levels, respectively. The CTU and STUs would be involved in the development phase for obtaining project approvals and various regulatory and statutory clearances (such as environment and forest clearances and the securing of rights of way), and would transfer the same to the private companies selected.

In April 2006, the GoI issued tariff-based competitive bidding guidelines for transmission services and bid process management and also issued guidelines for encouraging competition in development of transmission projects. The GoI also envisaged the formation of an Empowered Committee, headed by a member of CERC. The functions of the empowered committee include identifying projects under the above scheme, facilitating preparation of bid documents, evaluating bids, finalizing project agreements and developing projects.

Regarding intrastate transmission projects, the state governments can also adopt these guidelines and may constitute similar committees.

### **Telecom Industry**

#### **Our Economy**

The economy has been growing at around 9% in the past two years recording growth rate of 9% & 9.4 per cent in 2005-06 & 2006-07. Significantly the industrial & service sectors have been contributing a major part of this growth. For example the industrial and services sectors have logged in 10.9% and 11% growth rate in 2006-07 respectively, against 9.6% and 9.8% in 2005-06. Similarly manufacturing grew by 12.3% in 2006-07 against 9.1% in 2005-06 & trade, hotels, transport and communications sector grew by 13% in 2006-07 against 10.4% in 2005-06.

#### **Current Scenario**

The Indian Telecom sector is currently witnessing a resurgent growth and has emerged as the fastest growing telecom market in the world with the addition of over 7 million subscribers per month. With current subscriber base of over 250 million and a monthly addition of about 7 million, the half a billion mark is expected by the year 2010. The growth in this sector is also contributing significantly in the economic growth of the country. As against a target of 250 million connections by December 2007, 264.77 million connections have already been installed by November 2007. The overall teledensity has reached 23.21% by November 2007.

Gross telephone connections reached 264.77 million as at November 30th, 2007. Net addition in November 2007 was 8.22 million compared to 7.89 million in October 2007. The numbers of subscribers are expected to reach 500 million by 2010 & 650 million by 2012. The Indian telecom industry had a market size of Rs 1,052,870 million in 2006 and it is expected to reach a size of Rs 3,449,210 million by 2012 at a growth rate of over 26 % and the sector will generate employment opportunities for about 10 million people during the same period. India has become third largest mobile market in the world after China & US. The total mobile subscriber base is likely to reach 425 million by March 2010.

The growth statistics of the sector combined with the Government's decision to increase the foreign direct investment (FDI) cap in the sector to 74% has generated huge interest among global investors. India offers an unprecedented opportunity for telecom service operators, infrastructure vendors, manufacturers and associated services companies. A recent study by telecom regulator TRAI has estimated that the

country will need about 330,000 telecom towers by 2010, as against 100,000 in March 2007. Indian cellular operators have lined up investments of about US\$ 20 billion over the next two years to bring over 80 per cent of the population under mobile coverage. The planned investment for the next couple of years is 50 per cent higher than what has been invested in the last 12 years. The total revenue of all telecom operators is set to nearly double to US\$ 43.6 billion in four years from US\$ 22.5 billion in 2006. The revenue share of mobile business would rise to 76% in the same period from 57% currently.

### **Growth in Tele-density**

The overall tele-density reached 23.21% per cent in November, as against 18.23 per cent in March 2007. Despite the impressive growth in the telecom sector the overall mobile penetration is low as compared to other countries mainly due to untapped rural market.

## **TELECOM INFRASTRUCTURE SERVICES**

The Telecom infrastructure services are made up of three components:

### **1. Passive infrastructure**

Passive infrastructure includes of all the passive components of the network: steel tower/antenna mounting structures, BTS room/shelter, power supply, battery bank, invertors, DG set for power backup, air conditioner, fire extinguisher, security cabin, among others. These components are not dependent on the type of communication technology being used by the network riding atop the site, namely GSM, CDMA, 3G, WiMax, FM Radio, digital terrestrial transmission, etc. We estimate that roughly 60–65% of capex for a wireless network is spent on passive infrastructure. This cost component is also experiencing significant inflationary pressures as the cost of steel, cement, diesel, power, security and, most importantly, land/building rents keep increasing in India. The passive infrastructure is the biggest component of the network.

### **2. Active infrastructure**

Active infrastructure constitute the electronics that power the network and includes all the active components of a wireless network such as spectrum (radio frequency), radio antenna, BTS/cell site (base transceiver station) and microwave equipment. Each cellular operator will have to own a BTS at each tower site. A tower site can have 1/2/3/4 or more cell sites, depending on the occupancy level/tenancy ratio of that tower.

### **3. Transmission Media**

Transmission Media is the network that connects the BTS/cell site to a base station controller (BSC) that controls tens or scores of BTS in a particular area. A transmission network may work on:

- Point-to-point microwave radio transmission
- Point-to-multipoint microwave access technologies like LMDS, WiFi or WiMax;
- Optical fibre links
- Digital Subscriber Line (DSL)
- Ethernet

However, in India, wireless operators are largely using microwave-radio-based transmission media and are progressively moving to optic-fibre-based links.

For further information please see the chapter titled 'Industry Overview' on page [\*] of this DRHP.

## SUMMARY OF BUSINESS OVERVIEW

We execute turnkey projects in Power Transmission sector, manufacture Transmission towers, aluminium overhead conductors and non-ferrous alloys. Our business is organised into three parts:-

1. Turnkey Projects in power transmission sector which involves survey, civil works, procurement, engineering, erection and commissioning of transmission lines, distribution lines and sub-stations.
2. Supply of transmission towers and aluminum overhead conductors; and
3. Production and supply of non-ferrous alloys.

A significant part of our strategy is to capitalize on our belief that India will continue to experience strong and growing demand for Power. In our non ferrous alloy business, we have historically focused on the production of aluminum, zinc and copper alloy production.

We are a part of the Indian Power Industry and have vast experience in manufacturing of Low & High Voltage Transmission Line Towers, Sub-station structures and Aluminum Conductors. We also have a full fledged EPC division which has completed several Transmission Line projects in the country since last 25 years.

The company has established its EPC (Engineering procurement & construction) division by acquisition of M/S Pioneer construction company (which is engaged in construction / execution of high voltage transmission lines upto 400KV) for the last 25 years for PGCIL, state electricity Boards of UP, Bihar, West Bengal, DVC and Railways etc.

ARAVALI has expertise and dedication in bringing power to your doorsteps. Our constant endeavor is to keep ourselves updated and continuous improvement to make us pioneer in Commitment, Technology, Facility, Resources and Quality.

ARAVALI has the following manufacturing plants in India.

S. no	Location	Installed annual capacity		
		Towers (in MT)	Aluminium Conductors (in KMs)	Non- Ferrous Alloys (in MT)
1.	Sitarganj, Uttarakhand	40000	36000	-
2.	Chandigarh and Mohali (being relocated to Dera Basi)	12000	-	-
3.	Kathua, J&K	-	-	10650
4.	Nadiad, Gujarat	-	9000	-

ARAVALI has positioned itself as an Integrated Company in India in Power Transmission Sector covering EPC expertise in Transmission Line, Sub-station & Rural Electrification backed by Strong Manufacturing Capacities for galvanized EHV Tower and overhead Aluminum Conductors.

The Company also produces non ferrous Alloys having manufacturing units in J&K. which cater to the auto component manufacturer and electrical cable manufacturers.

ARAVALI has also made a bold foray in the International Power Sector and is in the bidding stage for Project worth several millions USD in International market.

In order to meet pre-qualification criteria and also to get into production quickly we have acquired 'Pioneer Construction Company' and 'Techno Engineering Co.' as going concerns. Pioneer Construction Company has more than 25 years experience in execution and erection of transmission projects. Whereas 'Techno Engineering Company' has more than 18 years experience in production of transmission towers & sub-station structures for Power Industry.

We are also identifying suitable partners, and positioning ourselves for expected opportunities in power transmission sector. We believe our experience, track record, and reputation allows us to secure pre-qualification approvals in India and abroad, either in our own right or as a partner in a joint venture.

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 government entity. When a client requires specific eligibility requirements for these projects, such as project experience, engineering capabilities, technical know-how, and financial resources, we may enter into project-specific joint ventures with other companies to meet and further enhance our credentials depending upon the value of the projects.

We have received a certificate from QMS International, LLC in respect of our quality management system (ISO 9001:2000, valid until May 09, 2011) for our J&K Unit. This certification is accredited by the Joint Accreditation System, Australia and New Zealand.

### **Our Strengths**

We believe our principal competitive strengths are as follows:

#### **Extensive experience and strong track record for Construction of transmission lines**

We have experience, established track record and reputation for efficient project management, execution and timely completion of projects for nearly two decades in the sector. We believe that our expertise in successful and timely implementation of projects provides us with significant competitive advantages. Further this enables us to better position ourselves to deal with construction or implementation risk. We believe we have good working relationships with sub-contractors across our various service regions. Such relationships facilitate the efficient execution of projects. We have already executed Power Transmission projects for 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.

#### **Extensive experience and strong track record for supplying of materials to power sector**

We have been supplying sub-station structures, transmission towers and aluminium conductors for past several years to various clients namely RRVPL (Rajasthan Rajya Vidyut Vitaran Nigam Limited), J D V N L (Jodhpur Vidyut Vitaran Nigam Limited), ABB Limited, Reliance Energy Ltd., BHEL, Punjab State Electricity Board, Madhya Pradesh State Electricity Board, Siemens Ltd., New Delhi Power Limited, Haryana Vidyut Prasaran Nigam Limited, Gujarat State Electricity Board, Maharashtra State Electricity Board and Dakshin Haryana Bijli Vitaran Nigam Limited etc.

#### **Diversified portfolio in this sector and geographic locations**

Our contracts are diversified across namely Turnkey Projects in power transmission, sub-stations, rural electrification, supply of transmission towers & Aluminium overhead conductors, supply of telecom towers, projects in railways and production and supply of aluminum, Zinc and copper alloys. Through this sectoral and geographic diversity, we are able to mitigate the risks associated with operations in specific sectors and specific states in India. Additionally, we have begun to explore opportunities outside India. We have also got orders in Ethiopia. We have also made a subsidiary company for the production of conductors and cables. We have a full-fledged international marketing division to explore the opportunities in the international market.

#### **Ability to meet pre-qualification requirements**

The entry barriers in the power transmission sector are high in terms of technical pre-qualification requirements that are needed for participating in govt. projects. We have acquired these technical bidding capabilities through acquisitions of various companies as going concerns.

- ❖ Pioneer Construction Company has more than 25 years experience in execution and erection of transmission projects.
- ❖ Techno Engineering Company has more than 18 years experience in production of transmission towers & sub-station structures for Power Industry.
- ❖ Parekh Electrawire Industries Limited, a wholly owned subsidiary of our company, is situated at Village Siholdi, Gujarat. It is engaged in Power conductor manufacturing business for over 20 years.

Now we are positioned to bid for power transmission projects of major state utilities and Power Grid Corporation of India Limited.

#### **Professionally managed company with an experienced management and a qualified employee base**

We are a professionally managed company with a qualified and trained workforce of approximately 239 employees as of September 23, 2008. 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 employees base is essential for maintaining our competitive advantage. We are dedicated to the professional development of our employees and continue to invest in them to ensure that they have the necessary skills.

### **Fully Integrated Company**

EPC contracts for power transmission sector are now increasingly being awarded on turnkey basis. Aluminium conductors, Transmission towers and Insulators 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 of reputation and also financial losses to the EPC contractors. We have set up substantial manufacturing capacity for transmission towers and aluminium conductors which not only increases our profitability but also helps us to complete the EPC projects in time. Ours is one of the very few companies in India which are fully integrated.

### **Our Business Strategy**

#### **Continue to grow by geographical diversification**

We are actively focused on geographical diversification and becoming a diversified player in our business. We are focused on exploring opportunities in this sector such as power transmission and distribution in India and abroad across various locations. We believe this will help diversify the Company's sources of revenue and mitigate risks.

#### **Grow our power infrastructure development business**

Government has laid emphasis on encouraging participation in power transmission through public private partnerships. We believe BOO projects as part of such initiatives offer opportunities for accelerated and sustainable growth for the Company. We intend to actively pursue BOO opportunities, both independently and in partnership with Indian and international partners. We believe that our experience and strong track record in the construction business will provide us with a significant advantage in pursuing BOO opportunities.

#### **Continue to enhance our core strengths - execution capability**

We believe that our ability to effectively manage projects in multiple geographic regions is crucial to our continued success as a recognized Power Transmission 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 specially in power transmission line. We intend to continuously strengthen our execution capabilities 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.

#### **Build upon our synergistic position in power infrastructure development**

We believe we are an established player in the power industry. 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 may consider 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 further information please see the chapter titled 'Business Overview' on page [\*] of this DRHP.

## ISSUE DETAILS IN BRIEF

The details of the issue are as follows:

<b>Equity Shares offered:</b>	
Fresh Issue by the Company	[*] Equity Shares aggregating to Rs. 10000 Lacs
<b>Of Which</b>	
Employee Reservation Portion (Note 1)	[*] Equity Shares aggregating to Rs. 400 Lacs <b>(Allocation on a proportionate basis)</b>
<b>Therefore,</b>	
Net Issue to Public	[*] Equity Shares aggregating to Rs. 9600 lacs
<b>Of which</b>	
A) Qualified Institutional Buyers portion	Up to [*] Equity Shares, i.e., up to 50% of the Net Issue to Public aggregating to Rs. [*] lacs. <b>(Allocation on a proportionate basis)</b>
B) Non-Institutional Portion	At least [*] Equity Shares, i.e., minimum 15% of the Net Issue to Public aggregating to Rs. [*] lacs <b>(Allocation on a proportionate basis)</b>
C) Retail Individual Investors Portion	At least [*] Equity Shares, i.e., minimum 35% of the Net Issue to Public aggregating to Rs. [*]lacs <b>(Allocation on a proportionate basis)</b>
Equity Shares outstanding prior to the Issue	15071100 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	[*] Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	We intend to use the net proceeds of the Issue for part fund our Project. Kindly refer to the section titled "Objects of the Issue" on page [*] of the DRHP for a detailed discussion on the objects of the Issue

**Notes:**

- ✎ Eligible employees of the Company shall be entitled to apply in the Employee Reservation Portion category. However, the Promoter Directors and Promoter Group (relatives of Promoters) shall not be eligible to apply in the Employees Reservation Portion
- ✎ The unsubscribed portion, if any, in the Employee Reservation Portion shall be added back to the Net Offer to Public and will be considered for allotment only on a proportionate basis.
- ✎ Under subscription, if any, in the Retail Individual Investors, Non-institutional Investors or QIBs portion would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.
- ✎ As per the amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this DRHP. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

## SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of March 31 2004, 2005, 2006 , 2007 and 2008as described in the Auditor's Report in the section titled " Financial Statements" beginning on page [\*] of this DRHP. These Financial statements have been prepared in accordance with the Indian GAAP, the Companies Act, 1956 and have been restated as required under SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Statements" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages [\*] & [\*], respectively, of this DRHP.

(Rupees in Lacs)

Summary Statement of Assets and Liabilities ( Restated )							
		AS AT					
		31-Mar-2004	31-Mar-2005	31-Mar-2006	31-Mar-2007	31-Mar-2008	Consolidated at 31-Mar 2008
<b>A</b>	<b>Fixed Assets</b>						
	Gross Block	20.18	182.09	225.88	1,718.89	2,416.29	2,638.16
	Less: Depreciation	0.63	4.34	13.23	33.95	60.19	187.71
	Net Block	19.55	177.75	212.65	1,684.94	2,356.10	2,450.45
	Less: Revaluation Reserve	0.00	0.00	0.00	1,116.57	1,116.57	1,137.62
	Net Block after adjustment for Revaluation Reserve	19.55	177.75	212.65	568.37	1,239.53	1,312.83
	Capital Work in Progress	0.00	0.00	143.00	216.50	3,250.42	3,250.42
	Goodwill	0.00	0.00	0.00	0.00	0.00	39.62
	Unused ECB Funds	0.00	0.00	0.00	0.00	1,600.80	1,600.80
	Total Fixed Assets	19.55	177.75	355.65	784.87	6,090.75	6,203.67
<b>B</b>	<b>Investments</b>	1.02	0.00	15.00	10.00	165.12	2.00
<b>C</b>	<b>Deferred Tax Assets</b>	(3.35)	(3.35)	(3.35)	(3.35)	(10.84)	(10.84)
<b>D</b>	<b>Currents Assets , Loans and Advances</b>						
	Inventories	104.67	321.86	370.95	695.09	2,387.88	2,433.76
	Sundry Debtors	105.56	360.83	629.12	1,912.37	4,571.84	4,585.98
	Cash and Bank Balance	8.22	16.41	4.84	52.42	254.84	268.24
	Loans and Advances	7.07	13.21	203.19	119.49	2,206.41	2,414.75
	Total Current Assets	225.52	712.31	1,208.10	2,779.37	9,420.97	9,702.73

<b>E</b>	<b>Total Assets( A+B+C+D)</b>	242.74	886.71	1,575.40	3,570.89	15,666.00	15,897.56
<b>F</b>	<b>Liabilities and Provisions</b>						
	Loan Funds						
	Secured loans	108.99	444.30	596.92	1,619.45	8,340.31	8,511.08
	Unsecured Loans	13.45	13.96	35.55	128.78	240.73	240.73
	Deferred Tax Liabilities	(1.93)	(1.93)	(1.93)	(1.93)	(9.42)	(9.42)
	Total Loans	120.51	456.33	630.54	1,746.30	8,571.62	8,742.39
	Current Liabilities & Provisions						
	Liabilities	42.27	80.95	53.10	101.42	1,561.93	1,587.20
	Provisions	0.47	6.40	45.00	65.00	136.65	136.69
	Total Current Liabilities	42.74	87.35	98.10	166.42	1,698.58	1,723.89
	Total Liabilities and Provisions	163.25	543.68	728.64	1,912.72	10,270.20	10,466.28
<b>G</b>	<b>Net Worth ( E-F)</b>	79.49	343.03	846.76	1,658.17	5,395.80	5,431.28
<b>H</b>	<b>Represented by Shareholders</b>						
	Share Capital	68.30	177.17	181.17	362.34	859.88	859.88
	Reserve and Surplus	11.61	166.23	668.12	2,139.33	5,201.44	5,257.97
	Less: Revaluation Reserve	0.00	0.00	0.00	1,116.57	1,116.57	1,137.62
	Reserve Net of Revaluation Reserve	11.61	166.23	668.12	1,022.76	4,084.87	4,120.35
	Share Application Money (Pending Allotment)	0.00	0.00	0.00	275.00	452.38	452.38
	Less: Miscellaneous Expenditure to the extend not written off	0.42	0.37	2.53	1.93	1.33	1.33
	Net Worth	79.49	343.03	846.76	1,658.17	5,395.80	5,431.28

(Rupees in Lacs)

<b>Summary Statement of Profit and Losses ( Restated )</b>						
<b>FINANCIAL YEAR ENDED 31ST MARCH</b>						
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Consolidated 2008</b>
<b>Income</b>						
Direct Income (Sales)	1,019.97	1,829.16	3,521.59	6,326.04	10,154.47	10,984.89
Other Income	0.00	44.99	8.36	70.22	23.48	24.05
Sub Total	1,019.97	1,874.15	3,529.95	6,396.26	10,177.95	11,008.94
Increase/ ( Decrease ) in Inventory	0.00	0.00	12.79	36.81	184.19	57.33
Profit on sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	2.47
<b>Total Income</b>	<b>1,019.97</b>	<b>1,874.15</b>	<b>3,542.74</b>	<b>6,433.07</b>	<b>10,362.14</b>	<b>11,068.74</b>
<b>Expenditure</b>						
Raw Material & Consumables Consumed	957.75	1,655.17	2,673.45	5,399.12	8,136.51	8,732.90
Establishment Exp & Other Manufacturing Exp	23.99	70.59	112.69	129.55	458.07	505.63
Freight & Cartage	0.00	0.00	71.73	87.60	79.86	82.01
Repairs & Maintenance	0.00	0.00	1.20	5.95	6.84	8.37
Administrative Expenses	7.64	21.67	25.64	32.41	110.86	131.17
Selling Expenses	0.00	0.00	22.69	25.64	11.90	11.91
Financial Expenses	24.61	40.93	90.07	135.38	335.21	364.49
Preliminary & Deferred Revenue Exp Written Off	0.05	0.05	0.60	0.60	0.60	0.60
Depreciation on Fixed Assets	0.63	4.34	13.23	15.01	24.99	30.97
Total Expenditure	1,014.67	1,792.75	3,011.30	5,831.26	9,164.84	9,868.05
Profit Before Tax	5.30	81.40	531.44	601.81	1,197.30	1,200.69
Provision For Taxation	0.47	6.40	45.00	65.00	135.00	135.04
FBT For The Year	0.00	0.00	0.56	0.98	1.65	2.10
Short Provision In Tax Earlier Year	0.00	0.01	0.00	0.00	0.00	0.00
Deferred Tax Current Year	1.42	0.00	0.00	0.00	0.00	0.00
Profit After Tax	3.41	74.99	485.88	535.83	1,060.65	1,063.55
Add : Surplus brought forward from previous year	0.20	3.61	78.60	14.48	486.31	507.47
Less: Transfer to General	0.00	0.00	550.00	50.00	50.00	50.00

Reserve						
Less: Capatilisation of Reserve (Bonus Issue)	0.00	0.00	0.00	14.00	0.00	0.00
Balance Carried to Balance Sheet	3.61	78.60	14.48	486.31	1,496.96	1,521.02

## GENERAL INFORMATION

### ARAVALI INFRAPOWER LIMITED

#### Incorporation

Incorporated as 'Aravali Aluminium Private Limited' on December 13, 2002 under the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana vide CIN U27109DL2002PTC118032. On January 13, 2007 the name of the Company was changed to 'Aravali Infrapower Private Limited' and was subsequently changed to 'Aravali Infrapower Limited' on January 29, 2007.

CIN : U27109DL2002PLC118032

Registrar of Companies: Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019

#### Changes in the Registered Office since incorporation

The Registered office of the Company was initially located 514, GH-13, Paschim Vihar, New Delhi-110063. W.e.f July 02, 2007, it was changed to the present address.

#### Registered Office of the Company:

G-29, 3rd floor, Vardhman Tower, Near-PVR Sonia, Vikas Puri, New Delhi-110018

Tel.: +91-11- 28541826 / 7/ 8 Fax: +91-11- 28541823

Email: ipo@aravaliinfrapower.com Website: www.aravaliinfrapower.com/new

#### Board of Directors

Name, Father's Name, Age and Nationality	Designation	Status	Director's Identification Number
Mr. Rakesh Jolly, S/o Shri Ramesh Jolly  Age: 47 years  Indian	Chairman and Managing Director	Promoter Director	00533817
Mr. Ramaiah Narayanan S/o Shri Palamudai Muthuswamy Ramaiah  Age: 64 years  Indian	Whole Time Director	Executive Director	01976754
Mr. Mohinder Kumar Kansal S/o Shri Sumer Chand Kansal  Age: 50 years  Indian	Director	Non-Executive & Independent Director	01654410
Mr. Radha Krishna Pandey S/o Shri Ram Naresh Pandey  Age: 69 years  Indian	Director	Non-Executive & Independent Director	00190017

## **Brief Profile of Directors**

1. **Rakesh Jolly**, Chairman and Managing Director

Mr. Rakesh Jolly, Aged about 47 years, is the Promoter and CMD of the Company. He is a science graduate and a qualified chartered accountant. He has strong entrepreneur capabilities and rich experience in the area of Business Development. He has built up this business to the present levels and is responsible for the sustained growth of the Company.

2. **Ramaiah Narayanan**, Whole Time Director

Mr. Ramaiah Narayanan, aged about 64 years is an ex-IAS and has long administrative career. An experienced entrepreneur having 28yrs experience in construction of Electrical Transmission Lines. Earlier he was a partner in the 'Pioneer Construction Company', an Construction Co. in the area of Power Transmission.

3. **Mohinder Kumar Kansal**, Independent Director

Mr. Mohinder Kumar Kansal, aged about 50 years, is a practicing chartered accountant.

4. **Radha Krishna Pandey**, Independent Director

Mr. R. K. Pandey, aged about 69 years is the ex-Executive Director of The Delhi Stock Exchange Limited. He has a Masters degree in Commerce, is a Bachelor of Law, Fellow Member of the Institute of Company Secretaries of India and is also a Diploma holder in Business Administration. He has worked as a Company Secretary of and Finance in-charge of various Private and Public Sector Companies like Hicks Thermometers (India) Limited, Bihar State Text Book Publishing Corporation Limited, UP State Bridge Corporation Limited.

## **COMPANY SECRETARY**

Niraj Kumar

Aravali Infrapower Limited

G-29, 3rd floor, Vardhman Tower, Near-PVR Sonia, Vikas Puri, New Delhi-110018

Tel.: +91-11- 28541826 / 7/ 8 Fax: +91-11- 28541823

Email: ipo@aravaliinfrapower.com

Website: www.aravaliinfrapower.com/new

## **LEGAL ADVISOR TO THE ISSUE**

M/s Zenith India Lawyers, Advocates & Solicitors

A-262, Defence Colony,

New Delhi- 110024

Tel: (011) 46528218

Fax: 46528219

Email: rbhalla@zindialawyers.com

Contact Person: Mrs. Raj Rani Bhalla, Sr. Partner

## **BANKERS TO THE COMPANY**

### **State Bank of India**

Industrial Financial Branch,

14th floor, Jawahar Vyapar Bhawan,

1 tolstoy marg, New Delhi-110001

Contact person: Mr. Shailesh Goyal

Mob. No.: 9871655678

Tel. No. 011-23374602 and 011-23350434

Fax 011- 23721041

email: shailesh.goyal@sbi.co.in

**ICICI Bank**

Kailash building, 3rd floor,  
K G Marg Connaught place,  
New Delhi-110001  
Contact person: Mr. Priyank Kuchchal  
Mob no. 9810768321  
Tel. No. 011-42293100 and 011- 42293147  
Fax 011-42293243  
e-mail: priyank.kuchchal@icicibank.com

**State Bank of Mysore**

Block-1, sector IV marketnorth west avenue,  
Punjabi Bagh, New Delhi-110026  
Contact Person: Mr. M. P. Naik  
Mob. No.: 9971774160  
Tel. No.: 011-25222351 and 011-25223986  
Fax no.: 011-25223986  
Email: punjabibagh@sbm.co.in

**COMPLIANCE OFFICER**

Niraj Kumar  
Aravali Infrapower Limited  
G-29, 3rd floor, Vardhman Tower, Near-PVR Sonia, Vikas Puri, New Delhi-110018  
Tel.: +91-11- 28541826 / 7/ 8 Fax: +91-11- 28541823  
Email: ipo@aravaliinfrapower.com  
Website: www.aravaliinfrapower.com/new

The Investors are requested to contact the Compliance Officer or the Registrar to the issue for any pre-issue/post-issue questions or information, including letter of allotment, refund orders, demat credits of allotted shares etc.

**Issue Management Team****BOOK RUNNING LEAD MANAGERS TO THE ISSUE****Chartered Capital and Investment Limited**

SEBI Registration. No.: INM000004018  
13, Community Centre,  
East of Kailash  
New Delhi – 110 065  
Tel: 011 26218274, 26419079  
Fax: 011 26219491  
Website: www.charteredcapital.net  
Email: charteredcapital@gmail.com  
Contact Person: **Mr. Heemadri Mukerjea**

**REGISTRAR TO THE ISSUE**

MAS Services Limited  
SEBI Registration. No.: INR000000049  
AB-4, Safdarjung Enclave  
New Delhi - 110 029

Ph:(011) 2610 4142, 2610 4326, 2610 4292

Fax:- 2618 1081

website: www.masserv.com

e-mail:- info@masserv.com

Contact Person: Mr. N.K.Rastogi

## **BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**

[ \* ]

### **BROKERS TO THE ISSUE**

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

### **SYNDICATE MEMBER**

#### **Chartered Capital and Investment Limited**

13, Community Centre,  
East of Kailash

New Delhi - 110 065

Tel: 011 26218274, 26419079

Fax: 011 26219491

Email: charteredcapital@gmail.com

Contact Person: **Mr. Heemadri Mukerjea**

### **SELF CERTIFIED SYNDICATE BANKS**

[ \* ]

### **AUDITORS**

#### **Mahalwala & Co., Chartered Accountant**

53, Sector-29, Faridabad,  
Haryana

Tel: 0129-4045827

Email: manojgupta@proplusindia.com

Contact Person: Mr. Manoj Gupta

### **STATEMENT OF RESPONSIBILITIES OF BRLM TO THE ISSUE**

The Responsibilities of the BRLM to the Issue are as under:

1. Capital structuring with the relative components and formalities such as type of instruments, etc.
2. Due diligence of the Company's operations / management / business plans etc.
3. Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Offer Document. Ensure compliance with stipulated requirements and completion of prescribed formalities with SEBI, Stock Exchanges, RoC.
4. Primary coordination with SEBI, Stock Exchanges and RoC upto bidding and coordinating interface with lawyers for agreement.
5. Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.
6. Appointment of Registrar, Bankers, Printer and Advertising agency.
7. Company Positioning and pre-marketing exercise, finalize media and PR strategy.

8. Qualified Institutional Buyers (QIB): Finalising the list and division of investors for one to one meeting and coordinating institutional investors meetings.
9. Non Institutional and Retail Marketing of the Issue, which will cover inter alia,
  - ✓ Formulating marketing strategies
  - ✓ Preparation of publicity budget
  - ✓ Finalizing centres for holding conferences for brokers, etc.
  - ✓ Finalize collection centres
  - ✓ Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material
10. Appointment of Syndicate Members.
11. Managing the Book, Interaction/Co-ordination with Stock Exchange for book building software, bidding terminals and mock trading.
12. Finalising pricing, QIB allocation and intimation by BRLM in consultation with the Company.
13. Finalization of Prospectus and RoC filing etc.
14. Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.
15. The post Issue activities of the Issue will involve essential follow up steps, which include finalisation of listing of instruments and dispatch of non institutional allotments advice and related orders, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business.

### **CREDIT RATING**

This being a public issue of equity shares, no credit rating is required.

### **IPO GRADING**

We propose to obtain an IPO Grading for the proposed issue in terms of clauses 2.5A and 5.6B of the SEBI DIP guidelines.

### **TRUSTEES**

This being an issue of Equity shares, appointment of Trustees is not required.

### **MONITORING AGENCY**

No agency has been appointed to monitor utilization of Funds. However, in case such an agency is appointed such agency shall file the monitoring report with the issuer company and not with SEBI, so as to enable the Company to place the report before its Audit committee.

### **APPRAISER**

The project has not been appraised by any external agency and is based upon Management Estimates

### **Book Building Process**

Book Building refers to the process of collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Managers, in this case being Chartered Capital And Investment Ltd.
3. Syndicate Members, who are intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLM; and
4. Registrar to the Issue
5. Self Certified Syndicate Banks

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein

- (i) Upto 50% of the net issue to the public shall be allocated on a proportionate basis to QIBs (Out of the portion available for allocation to qualified institutional buyers, 5% shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers)
- (ii) Not less than 15% of the net issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders; and
- (iii) Not less than 35% of the net issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. In addition as per the SEBI Guidelines, QIBs are required to pay 10% margin amount upon submission of their Bids and the allocation to QIBs will be on a proportionate basis. For further details please refer the section titled "Terms of the Issue" on page no. [\*] of the Draft Red Herring Prospectus.

Book Building Process under the SEBI Guidelines is subject to change and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

The Company shall comply with guidelines issued by SEBI for the Issue. In this regard, the Company has appointed Chartered Capital And Investment Ltd. as the Book Running Lead Manager (referred to as the BRLM) to the Issue to procure subscription to the Issue.

The investors are advised to make their own judgment about investment through the process of book building prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For further information kindly refer to the section titled "Terms of the Issue" on page [\*] of the DRHP.

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

- (i) Check whether he/ she is eligible for bidding (kindly refer to the paragraph "Issue Procedure - who can Bid" on page [\*] of the DRHP);
- (ii) Ensure that the Bidder has a demat account; and
- (iii) Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form/ASBA Form.

**Illustration of Book Building and Price Discovery Process** (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

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

<b>Bid Quantity</b>	<b>Bid Price (Rs.)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

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

#### **UNDERWRITING AGREEMENT**

After the determination of the Offer Price and Allocation, but prior to filing of this Red Herring Prospectus with the RoC, the Company and the Selling Shareholder will enter into an Underwriting Agreement with

the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM and the CBRLM shall be responsible for bringing in the amount devolved, in the event that the Syndicate Members do not fulfill their underwriting obligations.

Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

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

<b>Name and Address of the Underwriters</b>	<b>Indicative Number of Equity shares to be Underwritten</b>	<b>Amount Underwritten (Rs. in Lacs)</b>
<b>Chartered Capital And Investment Ltd. 13, Community Centre East of Kailash New Delhi-110065</b>	[*]	[*]

(The above-mentioned is indicative underwriting and this would be finalized after the pricing and actual Allocation and has been intentionally left blank to be filled in before filing of the Prospectus with the RoC.) The Underwriting Agreement is dated [\*] In the opinion of the Board of Directors of the Company (based on a certificate given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The Board of Directors of the Company have accepted the Underwriting Agreement mentioned above at their meetings held on [\*] and [\*], 2007 respectively and the Selling Shareholder and the Company have issued letters of acceptance dated [\*] and [\*] respectively to the Underwriters accordingly.

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

## CAPITAL STRUCTURE OF THE COMPANY

Share capital of our Company as at the date of filing of this DRHP with SEBI is set forth below:

*(Rs. in lacs, except share data)*

Share Capital	Face Value	Aggregate Value
<b>(A) Authorized Share Capital</b>	<b>2200</b>	
22000000 Equity Shares of Rs.10 each		
<b>(B) Issued, Subscribed and Paid-Up Capital before the Issue</b>	<b>1507.11</b>	<b>4073.79</b>
15071100 Equity Shares of Rs.10 each		
<b>(C) Present Issue in terms of the DRHP #</b>		
[*] Equity Shares of Rs.10 each*	[*]	<b>10000</b>
<b>Out of which</b>		
[*] Equity Shares are reserved for the Eligible Employees of the Company	[*]	<b>400</b>
[*] Equity Shares is the Net Issue to Public	[*]	<b>9600</b>
<b>(D) Paid up Equity Capital after the Issue</b>		
[*] Equity shares of Rs. 10 each	<b>2007.11</b>	[*]
<b>(E) Securities Premium Account</b>		
Before the Issue	<b>2566.28</b>	
After the Issue	[*]	

# The present Issue has been authorized by the Board of Directors in their meeting dated September 01, 2008 and by the shareholders of our Company at the EGM dated August 25, 2008.

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

**The details of increase and change in authorized share capital of our Company after the date of incorporation till filling of the DRHP with SEBI is as follows:**

*(In Rs.)*

Date of change	Nature of increase/change	Number of Equity Shares	Face Value	Nature of Instrument	Cumulative authorized Share Capital
23-06-2003	Increase	50000	10	Equity	2000000
29-03-2004	Increase	300000	10	Equity	5000000
01-03-2005	Increase	1500000	10	Equity	20000000
13-02-2007	Increase	3000000	10	Equity	50000000
09 -05-2007	Increase	8000000	10	Equity	130000000
25-08-2008	Increase	9000000	10	Equity	220000000

**Notes to Capital Structure:**

**1. Share Capital History of our Company**

date of allotment / issue/ date when made fully paid up	Nature of Instrument	no. of shares	face value	issue price	Cumulative No. of shares	cumulative premium	cumulative paid up capital	consideration	Description
15.12.02	Equity Shares	10000	10	10	10000	0	100000	cash	subscriber of moa
14.03.03	Equity Shares	140000	10	10	150000	0	1500000	other than cash	takeover of firm
25.06.03	Equity Shares	50000	10	10	200000	0	2000000	cash	further allotment
31.03.04	Equity Shares	280000	10	10	480000	0	4800000	cash	further allotment
31.03.04	Equity Shares	20000	10	50	500000	800000	5000000	cash	Further allotment
31.03.05	Equity Shares	475400	10	10	975400	800000	9754000	cash	further allotment
31.03.05	Equity Shares	796300	10	20	1771700	8763000	17717000	cash	further allotment
28.03.06	Equity Shares	40000	10	50	1811700	10363000	18117000	cash	further allotment
31.03.07	Equity Shares	1811700	10	0	3623400	0	36234000	Capitalisation of Reserves	bonus 1:1 (out of share premium)
07.06.07	Equity Shares	86000	10	150	3709400	12040000	37094000	other than cash	further allotment
19.12.07	Equity Shares	3709400	10	0	7418800	12040000	74188000	Capitalisation of Reserves	Bonus 1:1
29.02.08	Equity Shares	10000	10	300	7428800	14940000	74288000	Other than cash	further allotment
31.03.08	Equity Shares	1170000	10	200	8598800	237240000	85988000	Cash	further allotment
11.07.08	Equity Shares	47500	10	200	8646300	246265000	86463000	cash	further allotment
05.09.08	Equity Shares	6424800	10	10	15071100	246265000	150711000	cash	Further allotment

## 2. Details of Allotment to Promoters, Promoters Holding and Lock-in:

All Equity Shares, which are being locked in are eligible for computation of promoters' contribution as per Clause 4.6 of the SEBI Guidelines and are being locked in under Clause 4.11 of the SEBI Guidelines.

### a) Details of build up of Promoters' share capital in our Company and Promoters' lock in:

[\*] Equity Shares, constituting 20% of our post Issue Equity Share capital, held by Mr. Rakesh Jolly and Aravali Smelters limited shall be considered for the purpose of Promoters' contribution and shall be locked in for three years from the date of Allotment. The number of Equity Shares to be locked in as part of Promoter's contribution will be decided after finalization of the post issue Equity Share capital.

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

#### a.) Allotment of Equity Shares to Promoters

Name of the Promoter : **Mr. Rakesh Jolly**

S.NO	Date of Allotment/ Acquisition	No. of Equity Shares	Face Value	Issue/ Acquisition price	Consideration	Nature of transaction
1	15.12.2002	5000	10	10	Cash	Initial Allotment
2	14.03.2003	100500	10	10	Other Than Cash	Takeover of firm
3	25.06.2003	50000	10	10	Cash	Further allotment
4	31.03.2004	112000	10	10	Cash	Further allotment
5	31.03.2005	113800	10	10	Cash	Further allotment
6	31.03.2006	322000	10	Nil	Cash	Transfer by way of gift
7	27.02.2007	282500	10	1.41	Cash	Transfer
8	28.02.2007	352500	10	1.29	Cash	Transfer
9	06.03.2007	27500	10	1	Cash	Transfer
10	06.03.2007	40000	10	Nil	Nil	Transfer by way of gift
11	20.03.2007	15000	10	Nil	Nil	Transfer by way of gift
12	31.03.2007	1420800	10	Nil	Bonus1:1	Further allotment
13	19.12.2007	2841600	10	Nil	Bonus1:1	Further allotment
14	05.09.2008	2870000	10	10	Cash	Further allotment
		<b>8553200</b>				

Name of the Promoter: **ARAVALI SMELTERS LIMITED**

S.NO	Date of Allotment/ Acquisition	No. of Equity Shares	Face Value	Issue/ Acquisition price	Consideration	Nature of transaction
1.	31.03.2005	162500	10	10	Cash	Allotment
2.	31.03.2005	20000	10	20	Cash	Further allotment
3.	28.03.2006	40000	10	50	Cash	Further allotment
4.	31.03.2007	222500	10	Nil	Bonus1:1	Further allotment
5.	19.12.2007	445000	10	Nil	Bonus1:1	Further allotment
6.	31.03.2008	187450	10	200	Cash	Further allotment
7.	05.09.2008	435000	10	10	Cash	Further allotment
	<b>TOTAL</b>	<b>1512450</b>				

### b.) Lock in of Minimum Promoters Contribution

The minimum Promoter contribution would be locked for three years as follows.

Name of Promoter	Date of Allotment/ Acquisition	No. of Equity Shares	Face Value	Issue/ Acquisition price	Nature of transaction	%age of Post Issue Capital	Lock in period
Rakesh Jolly	15.12.2002	5000	10	10	Initial Allotment	[*]	3 years
Rakesh Jolly	14.03.2003	100500	10	10	Takeover of firm	[*]	3 years
Rakesh Jolly	25.06.2003	50000	10	10	Further allotment	[*]	3 years
Rakesh Jolly	31.03.2004	112000	10	10	Further allotment	[*]	3 years
Rakesh Jolly	31.03.2005	113800	10	10	Further allotment	[*]	3 years
Rakesh Jolly	31.03.2006	322000	10	Nil	Transfer by way of gift	[*]	3 years
Rakesh Jolly	27.02.2007	282500	10	1.41	Transfer	[*]	3 years
Rakesh Jolly	28.02.2007	352500	10	1.29	Transfer	[*]	3 years
Rakesh Jolly	06.03.2007	27500	10	1	Transfer	[*]	3 years
Rakesh Jolly	06.03.2007	40000	10	Nil	Transfer by way of gift	[*]	3 years
Rakesh Jolly	20.03.2007	15000	10	Nil	Transfer by way of gift	[*]	3 years
Rakesh Jolly	31.03.2007	1420800	10	Nil	Further allotment		
Aravali Smelters Limited	31.03.2005	162500	10	10	Allotment	[*]	3 years
Aravali Smelters Limited	31.03.2005	20000	10	20	Further allotment	[*]	3 years
Aravali Smelters Limited	28.03.2006	40000	10	50	Further allotment	[*]	3 years
Aravali Smelters Limited	31.03.2007	222500	10	NIL	Further allotment	[*]	3 years
	<b>TOTAL</b>	<b>3286600</b>				<b>[*]</b>	3 years

- ✎ All the Equity Shares which have been locked in are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines.
- ✎ The entire share capital outstanding as on the date of filing of RHP except minimum Promoter contribution which has been locked in for three years as shown above would be locked in for one year from the date of allotment in the Issue.
- ✎ The Promoters have vide their letter dated September 24, 2008 given their consent for lock in as stated above. Equity Shares issued last shall be locked in first. The entire pre-issue capital, other than the minimum Promoters contribution, which is locked in for three years shall be locked in for a period of one year. The lock-in shall start from the date of allotment in the Issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the Issue.

- ✎ In terms of clause 4.15 of the SEBI (DIP) Guidelines, locked in Equity Shares held by a Promoter can be pledged with banks or financial institutions as collateral for loans granted by such banks or financial institutions, provided pledge of shares is one of the terms of sanction of loan.
  - ✎ In terms of clause 4.16.1(a) of the SEBI (DIP) Guidelines, Equity Shares held by a person other than the Promoters, prior to the Issue, which are locked in as per SEBI (DIP) Guidelines, may be transferred to any other person holding Equity Shares which are locked in as per clause 4.14 of the SEBI (DIP) Guidelines subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable.
  - ✎ In terms of clause 4.16.1(b) of the SEBI (DIP) Guidelines, the Equity Shares to be held by the Promoters under lock in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/Promoter group, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.
3. The Promoters and Promoter Group have not purchased or sold any Equity Shares from the market during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI. However, there have been fresh allotments and transfers made to the Promoters and the Promoter Group the details of which are provided on page [\*] of DRHP.

#### 4. Shareholding of Promoter Group other than Promoters

S.No	Name of Entities	Date of Acquisition	NO SHARES HELD	Nature of Issue	Issue Price (Rs.)
	<b>Relatives of Promoters</b>				
1	Parinika Jolly	31.03.2005	3200	Allotment	10
		31.03.2007	3200	Further allotment	Nil
		19.12.2007	6400	Further allotment	Nil
	<b>Sub Total (a)</b>		<b>12800</b>		
2	Arushi Jolly	31.03.2005	4400	Allotment	10
		31.03.2007	4400	Further allotment	Nil
		19.12.2007	8800	Further allotment	Nil
	<b>Sub Total (b)</b>		<b>17600</b>		
	<b>Sub-Total (a+b=c)</b>		<b>30400</b>		
3	Shivalik Organics Limited	31.03.2004	28000	Allotment	10
		28.02.2007	103800	Transfer	10
		31.03.2007	131800	Further allotment	Nil
		19.12.2007	263600	Further allotment	Nil
		31.03.2008	182000	Further allotment	200
		05.09.2008	406000	Further allotment	10
	<b>Sub Total (d)</b>		<b>1115200</b>		
4	Sreedeb Commercial Private Limited	31.03.2008	145000	Allotment	200

		05.09.2008	2713800	Further allotment	10
	<b>Sub Total (e)</b>		<b>2858800</b>		
	<b>Sub Total(d+e=f)</b>		<b>3974000</b>		
	<b>Total (c+f)</b>		<b>4004400</b>		

#### 5. Pre and Post-Issue Shareholding Pattern of our Company:

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
<b>Promoters &amp; Promoters Group</b>				
<b>Promoter</b>				
Mr. Rakesh Jolly	8553200	56.75%	[*]	[*]
Aravali Smelters Limited	1512450	10.04%		
<b>Sub-total (A)</b>	<b>10065650</b>	<b>66.79%</b>	<b>10065650</b>	<b>[*]</b>
<b>Promoters Group</b>				
Parinika Jolly	12800	0.08%		
Arushi Jolly	17600	0.12%		
Shivalik Organics Limited	1115200	7.40%		
Sreedeb Commercial Private Limited	2858800	18.97%		
<b>Sub-total (B)</b>	<b>4004400</b>	<b>26.57%</b>	<b>4004400</b>	<b>[*]</b>
<b>Total Promoters Group Shareholding</b>				
<b>[A+B]= [X]</b>	<b>14070050</b>	<b>93.36%</b>	<b>14070050</b>	<b>[*]</b>
<b>Others</b>				
Shreeraj Shyamaji Footwears Pvt. Ltd	445000	2.95%		
Sigma Realtech Pvt. Ltd.	315050	2.09%		
R. Jairam	96,000	0.64%		
Spark Computech Pvt. Ltd	75000	0.50%		
Madhu Ramaiah	32,000	0.21%		
Vijay Ramaiah (HUF)	28,000	0.19%		
R.B.Gupta	10,000	0.07%		
<b>Sub Total</b>	<b>556,050</b>	<b>3.69%</b>	<b>1001050</b>	<b>[*]</b>
<b>Grand Total [X+Y]</b>	<b>15071100</b>	<b>100.00%</b>	<b>15071100</b>	<b>[*]</b>

#### 6. Equity Shares held by the top ten shareholders

a.) Top ten shareholders as on the date of and 10 days prior to filing of the DRHP with SEBI

Name of Shareholders	Number of shares	% of Total
Mr. Rakesh Jolly	8553200	56.75%
Sreedeb Commercial Private Limited	2858800	18.97%

Aravali Smelters Limited	1512450	10.04%
Shivalik Organics Limited	1115200	7.40%
Shreeraj Shyamaji Footwears Pvt. Ltd	445000	2.95%
Sigma Realtech Pvt. Ltd.	315050	2.09%
R. Jairam	96000	0.64%
Spark Computech Pvt Ltd	75000	0.50%
Madhu Ramaiah	32000	0.21%
Vijay Ramaiah (HUF)	28000	0.19%
<b>TOTAL</b>	<b>15030700</b>	<b>99.73%</b>

b.) Top ten equity shareholders as on two years prior to the date of filing of the Draft Red Herring Prospectus with SEBI

<b>Name of Shareholders</b>	<b>Number of shares</b>	<b>% of Total</b>
Rakesh Jolly	703300	47.69
Aravali Smelters Ltd	222500	15.09
Calorex (India) Ltd	103800	7.04
N.C.Aggarwal Traders Private Ltd	100000	6.78
Junoon Capital Services Private Ltd	75000	5.09
Coral Hitech P. Ltd	65000	4.41
Great Masters Voice(I) Private Ltd	55000	3.73
At All Times Your Securities Private Ltd	50000	3.39
Rav Net Solution P. Ltd	50000	3.39
Shilpa Holding Ltd	50000	3.39
<b>TOTAL</b>	<b>1474600</b>	<b>100.00</b>

#### 7. Buy-back and Standby arrangements

There is no "buy back" or "stand by" arrangement for purchase of Equity Shares by the Company, its Promoters, Directors, or the BRLM for the Equity Shares offered through the DRHP.

8. The Company has not raised any bridge loan against the proceeds of the Issue.

9. The Equity Shares offered through the Issue will be fully paid up.

10. Eligible employees would be eligible to apply in the Issue under Employee Reservation Portion on competitive basis. The number of Eligible employees of our Company is 239. Eligible employees of the Company can also apply in the 'Net Issue to Public' and such applications shall not be treated as multiple applications.

11. (a) Undersubscribed portion in any reserved category may be added to any other reserved category. The Undersubscribed portion, if any, after such inter se adjustments among reserved categories shall be added back to the net offer to the public.

(b) Under-subscription, if any, in the QIB, Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLM. Undersubscription in the Employee Reservation Portion would be added back to the Retail Portion and the Non-Institutional Bidders Category.

12. In the Public Issue, in case of over subscription in all categories, up to 50% of the Net Issue to Public shall be allocated to QIBs on a proportionate basis. Further, at least 15% of the Net Issue to Public shall be available for allocation to non-institutional bidders and at least 35% of the Net Issue to Public shall be available for allocation to Retail Bidders, on proportionate basis and subject to valid bids being received at or above the Issue Price. Under subscription, if any, in the Non-institutional, Retail or QIBs categories shall be allowed to be met with spillover from any other category at the sole discretion of the Company and the BRLM.

13. Except to the extent of Pre-IPO placement, if any, there would 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 submission of the DRHP with SEBI until the Equity Shares offered through the Prospectus have been listed.

14. At present we do not have any intention or proposal to alter our capital structure for a period of six months from date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or to make a further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise except ESOPs if any or 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.

15. As on the date of filing the DRHP with SEBI, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders or any other person any option to receive equity shares after the Issue. The Company does not have any shares to be allotted, which are outstanding under ESOPs.

16. We have not issued any Equity Shares out of revaluation reserve or reserves without accrual of cash resources except as mentioned in this offer document.

17. At any given point of time there shall be only one denomination of Equity Shares of our Company, unless otherwise permitted by law. The Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.

18. No single applicant can make an application for number of shares, which exceeds the number of shares offered.

19. Our Company has 13 shareholders as on the date of filing the DRHP with SEBI.

20. An over-subscription to the extent of 10% of the Net Issue to Public can be retained for the purposes of rounding off to the nearest multiple of [\*] Equity Share while finalizing the basis of allotment.

## OBJECTS OF THE ISSUE

The objects of the issue is to raise financial resources for part financing of the project of the Company the details of which are mentioned as under:

S.no	Objects
1.	Setting up of a manufacturing facility at Sitarganj in Uttarakhand for production of EHV Transmission Towers and Overhead Aluminium Conductors
2.	Setting up of a aluminium rolling mill at Sitarganj Unit to serve as backward integration for production of aluminium conductors
3.	Relocation of Chandigarh and Mohali units of Techno Engineering Company to Dera Basi, Punjab to synergise the operations and to add balancing equipments.
4.	Capex for EPC division
5.	Augmenting working capital resources
6.	Meeting the expenses of the issue
7.	General Corporate purposes
8.	Creating a public trading market for the Equity Shares of the Company by listing them on the Stock Exchanges.

The proceeds from the Issue after deducting the Issue related expenses are referred to as "Net Proceeds from the Issue".

We believe that listing will enhance our brand name, provide liquidity to our existing shareholders and create a public market for our Equity Shares in India.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

The fund requirement is based on our current business plan and Management estimates. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement and consequent utilisation of proceeds from the Issue may also change. In case of any variations in the actual utilisation of funds earmarked for the above activities, any increased fund deployment for a particular activity will be met from our internal accruals.

### Fund Requirements

S.no	Object	Amount Required (In Rs. Lacs)
1.	Setting up of a manufacturing facility at Sitarganj in Uttarakhand for production of EHV Transmission Towers and Overhead Aluminium Conductors	5516.00
2.	Setting up of a aluminium rolling mill at Sitarganj Unit to serve as backward integration for production of aluminium conductors	1633.00
3.	Relocation of Chandigarh and Mohali units of Techno	871.70

	Engineering Company to Dera Basi, Punjab to synergise the operations and to add balancing equipments.	
4.	Capex for EPC division	220.00
5.	Augmenting working capital resources	21682.00
6.	Meeting the expenses of the issue	[*]
7.	General Corporate purposes	[*]
8.	Creating a public trading market for the Equity Shares of the Company by listing them on the Stock Exchanges.	NA
	Total	[*]

### Funding Plan (Means of finance)

*Rs. in lacs*

Sr. No.	Means of finance	Amount
1.	Term Loan from Banks	3289
2.	Working Capital Borrowings from Banks	10000*
3.	Promoters Contribution	3300
4.	Internal Accruals	6370
5.	Issue of shares to Non-Promoters	159
6.	Proceeds of IPO	10000
	<b>Total</b>	<b>33118</b>

"Firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public, have been made. The balance fund requirement over and above the issue proceeds and borrowings will be met from Working Capital Borrowings from Banks and internal accruals."

\*The details of the funds that have been tied up to meet the working capital requirements are as follows:

S. No	Name of Bank	Sanction letter no.	Date	Amount (In Rs. Lacs)
1.	ICICI Bank	CMO NO. 78/W33DEL/01340	20 MAY 2007	500
2.	State Bank of India	IFB/RM-II/08-09/183	15 SEPTEMBER 2008	4000
3.	State Bank of Patiala	CBND/AMT-II/3570	10 SEPTEMBER 2008	2000
4.	State Bank of Mysore	PB/CRD/AIL/07-08/02	16 JANUARY 2008	1140
5.	Barclays Bank	BARCLAYS/DELHI/394/08-09	12 SEPTEMBER 2008	1200
<b>TOTAL</b>				<b>8840</b>

### Out of the stated objects of the Issue we have already completed the following:

- ❖ Setting up of a manufacturing facility at Sitarganj in Uttarakhand for production of EHV Transmission Towers and Overhead Aluminium Conductors
- ❖ Capex for EPC division.

### Out of the stated objects of the Issue we have already partially completed the following:

- ❖ Relocation of Chandigarh and Mohali units of Techno Engineering Company to Dera Basi, Punjab to synergise the operations and to add balancing equipments.

## DETAILS OF USE OF PROCEEDS AND SCHEDULE OF IMPLEMENTATION

### Details of Use of Proceeds:

1) Setting up of a manufacturing facility at Sitarganj in Uttarakhand for production of EHV Transmission Towers and Overhead Aluminium Conductors. **COMPLETED**

2) Setting up of a aluminium rolling mill at Sitarganj Unit to serve as backward integration for production of aluminium conductors

S.No	Particulars	Amount (In Rs. Lacs)
1	Administrative and factory Building	150

Schedule of Plant and Machinery					
S.No	Particulars of Equipments	Qty.	Cost (Rs. In lakhs)	Supplier's Name	Date of Quotation
<b>A.) For Aluminium rolling Mill</b>					
1.	Heavy duty rolling mill with 15 no. of rolling stands to produce 7.60 mm diameter aluminium rods	1	244.55	Ambe Enterprises	10.09.2008
2.	Continuous casting machine having casting wheel of 1800 mm diameter	1	83.00	Ambe Enterprises	10.09.2008
3.	Twin coilers Capacity: 2.5 MT of rod per coil per hour	1 set (2 nos.)	85.00	Ambe Enterprises	10.09.2008
4.	Cast bar straightners	1	16.00	Ambe Enterprises	10.09.2008
5.	Miscellaneous items like rod after cooler, cast bar cooler, tabor rod feeder etc.	1 set	30.00	Ambe Enterprises	10.09.2008
6.	350 HP DC Motor and Control Panel and other electrical equipments	1	25.00	Management Estimate	
<b>Sub-Total</b>			<b>483.55</b>		
<b>B.) Auxillary equipment for Aluminium rolling Mill</b>					
7.	Stationary type Aluminium melting furnace, capacity-23 tonnes	1	95.00	ENCON Furnaces (P) Ltd.	30.08.2008
8.	Hydraulic Tilting type aluminium holding furnace, capacity-9 tonnes	2	90.00	ENCON Furnaces (P) Ltd.	30.08.2008
8.	Scrubber	1	13.50	ENCON Furnaces (P) Ltd.	30.08.2008
9.	Service Tank with Level Indicator for 4 KL tank	1	0.80	ENCON Furnaces (P) Ltd.	30.08.2008
10.	Service Tank with Level Indicator for 2 KL tank	1	0.60	ENCON Furnaces (P) Ltd.	30.08.2008
11.	Storage Tank- 100 KL	1	22.00	ENCON Furnaces (P) Ltd.	30.08.2008

12.	400 HP DC Electric motor	1	9.50	ENCON Furnaces (P) Ltd.	30.08.2008
13.	DC Drive, Utility panel, capacitor Panel, Furnace Panel	1	39.50	ENCON Furnaces (P) Ltd.	30.08.2008
14.	Electrical cable for DC and AC Motor	1	29.00	ENCON Furnaces (P) Ltd.	30.08.2008
15.	Cooling Tower	1	22.00	ENCON Furnaces (P) Ltd.	30.08.2008
16.	Self cleaning filter	1	16.00	ENCON Furnaces (P) Ltd.	30.08.2008
17.	Emulsion Tank 10 KL	1	0.80	ENCON Furnaces (P) Ltd.	30.08.2008
18.	Emulsion filter	1	2.50	ENCON Furnaces (P) Ltd.	30.08.2008
19.	Quenching Tank 7 KL	1	0.60	ENCON Furnaces (P) Ltd.	30.08.2008
20.	Lubrication Tank 2 KL	1	0.40	ENCON Furnaces (P) Ltd.	30.08.2008
21.	Casting Pit Filter	1	12.00	ENCON Furnaces (P) Ltd.	30.08.2008
22.	Cooling water system	1	29.50	ENCON Furnaces (P) Ltd.	30.08.2008
23.	Plate type heat exchanger for emulsion	1	4.50	ENCON Furnaces (P) Ltd.	30.08.2008
24.	Plate type heat exchanger for casting machine	1	8.50	ENCON Furnaces (P) Ltd.	30.08.2008
25.	Plate type heat exchanger for quenching tank	1	6.50	ENCON Furnaces (P) Ltd.	30.08.2008
26.	Shear cutter 40 MT	1	6.00	ENCON Furnaces (P) Ltd.	30.08.2008
27.	Structural Fabrication	1	28.50	ENCON Furnaces (P) Ltd.	30.08.2008
28.	Cost of all miscellaneous and unforeseen items	1	18.00	ENCON Furnaces (P) Ltd.	30.08.2008
29.	Erection and commissioning charges		25.00	ENCON Furnaces (P) Ltd.	30.08.2008
	<b>Sub-Total</b>		<b>480.70</b>		
	<b>C.) Laboratory equipment for Aluminium rolling Mill</b>				
30.	Optical emission spectrometer and	1	35.00	Management	

	tensile testing machine etc.			Estimate	
31.	Miscellaneous items like air compressor, hydraulic press and water pump etc.	1	6.20	Management Estimate	
	<b>Sub-Total</b>		<b>41.20</b>		
	<b>D) Pollution Control equipment for Aluminium rolling Mill</b>		<b>40.00</b>		
32.	20% for duties, taxes, freights, packaging and insurance		209.09		
33.	Cost of laying foundation and installation of rolling mill		80.00		
34.	Provision for contingencies @10%		148.46		
	<b>Grand Total</b>		<b>1633.00</b>		

**3)** Relocation of Chandigarh and Mohali units of Techno Engineering Company to Dera Basi, Punjab to synergise the operations and to add balancing equipments.

S.No	Particulars	Qty.	Cost (Rs. In lakhs)	Supplier's Name	Date of Quotation
1.	Land		105.00	Management Estimate	
2.	Building		361.60	Management Estimate	
3.	Additional hot dip galvanizing facility		90.00	Already purchased	
4.	Air Pollution control equipment		42.70	Sai Enviro Care Systems	
5.	Effluent Treatment Plant		44.30	Sai Enviro Care Systems	
6.	Material handling system comprising of EOT cranes and steel structure etc.		60.00	Management Estimate	
7.	Electrical cables and transformer etc.		30.00	Management Estimate	
8.	20% for duties, taxes, freights, packaging and insurance		53.40		
9.	Cost of dismantling, transportation and installation of existing plant and machinery of Chandigarh and Mohali Units		15		
10.	Provision for contingencies @ 10%		69.7		
	<b>Grand Total</b>		<b>871.70</b>		

Out of the above the following expenditures have already been incurred

Particulars	Amount (Rs. In Lacs)
Land	105.00
Building	26.25
Plant and Machinery	93.75
<b>Total</b>	<b>225.00</b>

**4) Capex for EPC Division. COMPLETED**

**5) Funds for augmenting Working Capital Requirement**

(Rs. In Lacs)

<b>Particulars</b>	<b>2007-08 (Audited)</b>	<b>2008-09 (Projected)</b>	<b>2009-10 (Projected)</b>
Inventories	2388	4575	8143
Sundry Debtors	4115	9668	12160
Other Current Assets	3957	2199	4453
<b>Total Current Assets (A)</b>	<b>10460</b>	<b>16442</b>	<b>24756</b>
Sundry Creditors	802	603	855
Other Current Liabilities	1270	1458	2219
<b>Total Current Liabilities (B)</b>	<b>2072</b>	<b>2061</b>	<b>3074</b>
<b>Total Working Capital Gap (A-B)</b>	<b>8388</b>	<b>14381</b>	<b>21682</b>
Working Capital Facilities From Banks	4239	10000	10000*
Net Working Capital	4149	4381	11682
Requirement of Additional Margin			7301
Internal Accruals			1876
Part Proceeds of the IPO			<b>5425</b>

\*Sanction of Fund Based Working Capital Limits for Rs. 8840 Lacs has already been received

**6) IPO expenses**

The expenses for this Issue include underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, fees to various advisors, statutory advertisement expenses and listing fees payable to the Stock Exchanges, among others. The estimated Issue expenses are as under:

(Rs. In lacs)

<b>Particulars</b>	<b>Expenses</b>	<b>As a percentage of Total Expenses</b>	<b>As a percentage of the Issue size</b>
Fees payable to Lead Managers	[*]	[*]	[*]
Fees payable to Co- Lead Managers	[*]	[*]	[*]
Fees payable to Registrars to the issue	[*]	[*]	[*]
Fees payable to Legal Advisors to the issue	[*]	[*]	[*]
Fees payable to bankers to the issue	[*]	[*]	[*]
Underwriting commission, brokerage and Selling Commission	[*]	[*]	[*]
Marketing and advertisement expenses	[*]	[*]	[*]
Stationary, printing and dispatching expenses	[*]	[*]	[*]
Legal fees, listing fees, book building charges, auditors fees	[*]	[*]	[*]
Miscellaneous	[*]	[*]	[*]
<b>Total</b>	[*]	[*]	[*]

\*will be incorporated after finalisation of Issue Price

## 7) General corporate purposes

The Company intends to raise funds for general corporate purposes. It is also a key component of ARAVALI strategy to grow through acquisitions and strategic partnerships. In order to become a fully integrated player in the power transmission sector, the Company needs to have adequate manufacturing facilities for towers, conductors, transformers and insulators. We have already established substantial capacities for manufacturing of towers and conductors. The company is now exploring the acquisition route to build up manufacturing capacities for transformers and insulators.

These initiatives will be governed by long term-goals and other business objectives. Accordingly, ARAVALI intends to use a part of the proceeds received from the Issue for strategic investments and acquisitions apart from general corporate purposes. We may also spend a portion of the proceeds of the Issue on expansion of our business instead of financing acquisitions or joint ventures with strategic partners. Going forward, we believe that strategic investments and acquisitions may act as an enabler to growing business and consolidate its position in India and establish itself as a leading player in the country. While this would be a component of our strategy, presently we do not have any legally binding commitments to enter into any such arrangements. ARAVALI may also pre-pay its other borrowings or use the above money for other business purposes including expansion of operations at any of the existing plants. The Company intends to enhance its position as a player in the power infrastructure industry in India. Accordingly, the management will have significant flexibility in applying the proceeds received from the Issue.

We have already spent a sum of Rs. 456 Lacs for acquisition of Techno Engineering Company and Parekh Electrawire Industries Limited towards general corporate purposes.

### Schedule of implementation

Activity	Commencement date	Completion Date	Remarks
Construction of Shed			Completed
Finalization of purchase order for Plant and Machinery	November 2008	December 2008	Yet to commence
Arrival of Machinery on site	February 2009	March 2009	Yet to commence
Installation of Plant and Machinery	March 2009	April 2009	Yet to commence
Commencement of trial production	April 2009	April 2009	Yet to commence
Commencement of commercial production	May 2009		Yet to commence

### Funds deployed and source of financing

The Company has received the Sources and Deployment Funds Certificate dated September 25, 2008 from their Statutory auditors, Mahalwala & Co., Chartered Accountants. The certificate states that the Company has deployed amount aggregating Rs. 15023 Lacs upto September 25, 2008. Details of the sources and deployment of funds as on march 31, 2008 as per the certificate is as follows:

Sr. No.	Particulars	Amount (Rs. Lacs)
1.	Setting up of a manufacturing facility at Sitarganj in Uttarakhand for production of EHV Transmission Towers and Overhead Aluminium Conductors	5516
2.	Relocation of Chandigarh and Mohali units of Techno Engineering Company to Dera Basi, Punjab to synergise the operations and to add balancing equipments.	225
3.	Capex for EPC division	220
4.	Funds for working capital requirement	7629
5.	General Corporate purposes (acquisition of Techno Engineering Company and Parekh Electrawire Industries Limited)	456
	<b>Total</b>	<b>14046</b>

### Sources of Financing of Funds Already Deployed

Sr. No.	Means of finance	Amount (Rs. in lacs)
1.	Term Loan from Banks	3289
2.	Working Capital Borrowings from Banks	4281
3.	Promoters Contribution	3261
4.	Internal Accruals	3056
5.	Issue of shares to Non-Promoters	159
	<b>Total</b>	<b>14046</b>

### DETAILS OF BALANCE FUND REQUIREMENT:

S.no	Object	Amount Required (Rs. in Lacs)		
		2008-09	2009-10	Total
1.	Setting up of a manufacturing facility at Sitarganj in Uttarakhand for production of EHV Transmission Towers and Overhead Aluminium Conductors	0	0	0
2.	Setting up of a aluminium rolling mill at Sitarganj Unit to serve as backward integration for production of aluminium conductors	100	1533	1633
3.	Relocation of Chandigarh and Mohali units of Techno Engineering Company to Dera Basi, Punjab to synergise the operations and to add balancing equipments.	871.70	0	871.70
4.	Capex for EPC division	0	0	0
5.	Working capital	4700	9353	14053
6.	Meeting the expenses of the issue	[*]		[*]
7.	General Corporate purposes	[*]	[*]	[*]
	Total	[*]	[*]	[*]

### Interim Use of Funds:

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

No part of the Issue proceeds will be paid by the Company as consideration to ARAVALI's Promoters, Directors, key management personnel or companies promoted by ARAVALI's promoters except in the course of normal business.

### Monitoring of Utilisation of Funds:

As the net proceeds of the Issue is less than Rs. 50000 Lacs, under the SEBI Guidelines it is not required that a monitoring agency be appointed by the Company. The company undertakes to disclose the utilisation of proceeds in its financial statements. We will disclose the utilization of proceeds under a separate head in our Company's balance sheet for fiscal 2008 and 2009 clearly specifying the purpose for which such proceeds have been utilized. We, in our balance sheet for fiscal 2008 and 2009, 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.

## BASIS OF ISSUE PRICE

### QUALITATIVE FACTORS

- ❖ **Extensive experience and strong track record for Construction of transmission lines.** For details please refer to page no. [\*] of this DRHP
- ❖ **Extensive experience and strong track record for supplying of materials to power sector.** For details please refer to page no. [\*] of this DRHP
- ❖ **Diversified portfolio in this sector and geographic locations.** For details please refer to page no. [\*] of this DRHP
- ❖ **Ability to meet pre-qualification requirements.** For details please refer to page no. [\*] of this DRHP
- ❖ **Professionally managed company with an experienced management and a qualified employee base.** For details please refer to page no. [\*] of this DRHP
- ❖ **Fully Integrated Company.** For details please refer to page no. [\*] of this DRHP
- ❖ **Large manufacturing capacities have been set up in notified areas entitled for substantial tax benefits.** For details please refer to page no. [\*] of this DRHP

### QUANTITATIVE FACTORS

1. Earning Per Share (EPS) of Equity Share having face value of Rs.10 each (as adjusted for changes in capital)

YEAR	EPS RUPEES	WEIGHT
2005-06	26.82	1
2006-07	29.50	2
2007-08	22.19	3
<b>Weighted Average</b>	<b>25.40</b>	

Note:

- a. As on year ended March 31 EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per share” issued by the Institute of Chartered Accountants of India.
  - b. The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31 2006, 2007 and 2008 respectively.
2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [\*]
    - a. Based, EPS of as on March 31 2008 of Rs. 22.19 – P/E is [\*]
    - b. Based on weighted average EPS of Rs. 25.40 – P/E is [\*]

3. Average Return on Net Worth (“RONW”)

Return on Net Worth (RONW)

YEAR	RONW %	WEIGHT
2005-06	57.38	1
2006-07	32.31	2

YEAR	RONW	WEIGHT
	%	
2007-08	19.66	3
<b>Weighted Average</b>	<b>30.16</b>	

Note: The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/ regroupings pertaining to earlier years.

#### 4. Minimum Return on Increased Net Worth to maintain pre-issue EPS [\*]

#### 5. Net Asset Value per share ("NAV")

	(RS.)
Net Asset Value (pre-issue) (as on 31/3/2006)	46.74
Net Asset Value (pre-issue) (as on 31/3/2007)	91.28
Net Asset Value (pre-issue) (as on 31/3/2008)	112.91
Net Asset Value (post issue)	[*]
Issue Price	[*]

#### 6. Comparative Figures (for the year ended 31st March, 2008)

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

The highest and lowest P/E ratios of this industry are as follows:

Highest: 15.4

Lowest: 6.3

Average: 12.4

PARTICULARS	EPS (RS.)	P / E	RONW (%)	NAV (RS.)
Aravali Infrapower Limited	22.19	[*]	19.66%	112.91
Jyoti Structures	8.8	13.6	23.5%	42
K E C International	34.3	11.1	46.3%	98.3
Kalpataru Power	55.3	15.4	21.3%	289.5

(Source: Capital Market September 08- 21, 2008, Vol XXIII/14 )

#### 7. The face value of Equity Shares of ARAVALI is Rs 10/- per share and the issue price is [\*] times of the face value.

The Issue Price of Rs. [\*] has been determined by the Company in consultation with the Lead Manager, on the basis of assessment of market demand for the Equity Shares and the same is justified on the basis of the above factors.

Investors are requested to see the section titled "Risk Factors" on page [\*] of this Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on financial statements on page [\*] of this Draft Red Herring Prospectus to have a more informed view. Provided however that the Issue Price for the Equity Shares in this Issue will not be determined solely on the basis of such profitability and return ratios, financial statements or other forward looking statements. The Issue Price will be determined on the basis of demand from Investors upon completion of the Book Building process.

## STATEMENT OF TAX BENEFITS

The Board Of Directors,  
Aravali Infrapower Ltd.  
G-29, 3rd floor, Vardhman Tower,  
Near PVR Sonia, Vikas Puri,  
New Delhi-110018

Dear Sirs,

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

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 Income Tax Act, 1961 and Wealth Tax Act, 1957, 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. The Company or its share holders will continue to obtain these benefits in future; or
- ii. 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 **Mahalwala & Co.**  
Chartered Accountants

**(Manoj Gupta)**  
Partner  
Membership No.:

**Place:** Faridabad  
**Date:** September 11, 2008

## **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**

### **OTHER GENERAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

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

- (a) Tax benefits are available to the following units set up in notified tax exempted areas.
- (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 tax benefits available to these units are as under:-

#### **For Jammu & Kashmir :**

- Under Central Excise Act 1944 :Excise Duty refund of 15% on copper and 36% on aluminium & Zinc alloys 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.

- Under Income Tax Act 1961 :100% Income Tax Exemption for the first 5 years & 50 % for the next 5 years U/s 80 IB
- Under Central Sales Tax Act :Central Sales Tax exemption for 5 years under Notification No.SRO24 Dated 31.01.2004.
- Under Local Sales Tax Act :Local Sales Tax exemption for 5 years Under Notification No.SRO91 dated 16.03.06

**For Uttarakhand :**

- Under Central Excise Act :100% Central Excise Duty Exemption vide Notification No-50/2003 C E dated 10.06.2003
- Under Income Tax Act 1961 :100% Income tax exemption for first 5 years & 35 % for next 5 years U/s 80 IC.
- Under Central Sales Tax Act :Central Sales Tax on concessional rates @ 1% for 5 years Under Notification No.-Uttaranchal Shasan Vitta Vibhag No- 211/XXVII (8) Vanijya Kar (VAT) /2007 dated 09.04.2007.

**(b) General tax benefit available to the Company.**

**Under Income Tax Act:**

(i) Although the manufacturing unit located at J& K and Uttarakhand are entitled for Income Tax Exemption u/s 80IB & 80IC respectively, but under section 115 JB of Income Tax Act the Company has to pay Minimum Alternate Tax @ 10%.

Further in terms of the provision of section 115 JAA of the Income Tax Act, credit in respect of MAT paid in excess over the tax payable otherwise shall be allowed to the company in future against the Income tax liability.

(ii) In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.

(iii) By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115(0) of the IT Act, is exempt from tax in the hands of the company.

**Under Customs Tariff**

- In terms of notification No. 21/2002-Cus., dated 1.3.2002 as amended by last Notification No. 6/2007-Cus. Dated 22.1.2007 under Customs Tariff of India, the goods as per List 44 required for setting up of any Transmission Project, are eligible to import at 5% rate of basic custom duty subject to fulfillment of certain conditions.
- In terms of notification No. 21/2002-Cus.,dated 1.3.2002 as amended by last Notification No. 6/2007-Cus. Dated 22.1.2007 under Customs Tariff of India, the Power Transmission Companies are eligible to import goods required for setting up of any power transmission projects at concessional rate of 7.5% basic custom duty under Project Imports.
- In terms of Notification No. 20/2006-Cus dt 1.3.2006 (Serial No. 11 and 12) under Customs Tariff of India, the Special Additional Duty 4% is not applicable on import of goods under Notification No. 21/2002 dt. 1.3.2002 by Power Transmission Companies.
- 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.

**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 Benefits available to Shareholders of the Company:**

### **(a) BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS**

#### **Dividend income**

Dividend income, if any, received by the shareholder from its investment in shares of the Company will be tax-exempt under section 10(34) read with section 115O of the Act.

#### **Capital gains**

Capital assets are to be categorised 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 listed securities or units of UTI or Mutual Fund units or Zero coupon bonds) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company or any other listed securities or units of UTI and Mutual Fund units or Zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months. 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, for resident shareholders 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. Under section 112 of the Act, long-term gains are subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). Long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under section 10(23D) which are subject to Securities Transaction Tax are exempt from tax under section 10(38) of the Act. However, in case where Securities Transaction Tax is not levied such tax could be limited to 10 percent (plus applicable surcharge and education cess) without indexation benefit, at the option of the shareholder. Under section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under section 10(23D) on recognised stock exchange are subject to tax at the rate of 10 per cent (plus applicable surcharge and education cess), provided the transfer is chargeable to Securities Transaction Tax levied.

#### **Rebate in respect of securities transaction tax**

Section 88E provides that where the total income of a person includes income chargeable under the head 'Profits and gains of business or profession' arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transactions tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income.

### **(b) Additional benefits available to Non-Residents Indians**

Non-resident Indians have an option to be governed by the special provisions of Chapter XIIA of the Act, according to which:

1. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

2. Under Section 115G of the Act, it shall not be necessary for the Non-resident Indians to furnish their return of Income, under section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII-B has been deducted from such income.

3. Under Section 115-I of the Act, a Non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not be governed by the above mentioned special provisions of chapter XII-A, then he will be entitled to tax benefit available to resident individuals.

4. The benefit conferred on a Non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the IT Act, to the effect that the provisions of Chapter XII-A shall continue to apply to him in respect of investment income derived from foreign exchange asset vide Section 115 of the Act, until the transfer or conversion (otherwise than by transfer) into money of such assets.

**(c) Benefits available to Mutual Funds**

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector Banks or public Financial Institutions and mutual funds authorized by the Reserve Bank of India would be exempt from Income-tax, subject to the conditions as the Central Government may by notification in the official Gazette specify in this behalf.

**(d) Benefits available to Venture Capital Companies/Funds:**

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

**(e) Benefits available to Foreign Institutional Investors (FIIs)**

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.

2. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being Equity Shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:

a) the transaction is entered into on or after the date on which the said Chapter VII of the Finance (No.2) Act, 2004 comes into force; and

b) such transaction is chargeable to securities transaction tax under Chapter VII

3. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

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

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain in cases not covered under section 10(38) of the Act ( Off market transaction) arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by :

a) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988; or/and

b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

**(f) Benefits available under the Wealth-tax Act, 1957**

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

**(g) Benefits available under the Gift-tax Act, 1958**

Since the Gift Tax Act is abolished with effect from October 1, 1998, no tax is leviable in respect of any gifts made on or after 1st October, 1998.

**Notes:**

1. All the above benefits are as per the current tax laws.
2. The stated benefits will be available only to the sole/first named holder in case of the shares is held by joint-holders.
3. In respect of Non-Residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the Non-Resident has fiscal domicile.
4. In view of the Individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the Issue.

## SECTION IV- ABOUT THE COMPANY

### INDUSTRY OVERVIEW

Our Company caters to the following sectors:

- 5) Power sector
- 6) Telecom sector
- 7) Automobile Industry
- 8) Electrical cable Industry

#### Power Industry

##### Overview of the Indian Economy

India is the fourth largest economy in the world after the United States of America, China and Japan in purchasing power parity terms (Source: CIA World Factbook). India is also amongst the fastest growing economies globally and has grown at an average rate of 6.8% per annum during the last five years.

##### Industry Demand-Supply Overview

The Indian power sector has historically been characterized by energy shortages which have been increasing over the years. In 2006-07, peak energy deficit was estimated to be at 13.8% and normative energy deficit was estimated to be 9.6%. The following table sets forth the peak and normative shortages of power in India from 2003 to 2008:

Fiscal Year	Peak				Normative			
	Requirement	Availability	Shortage		Requirement	Availability	Shortage	
	(MW)	(MW)	(MW)	(%)	(MU)	(MU)	(MU)	(%)
2003 .....	81,492	71,547	9,945	12.2	545,983	497,890	48,093	8.8
2004 .....	84,574	75,066	9,508	11.2	559,264	519,398	39,866	7.1
2005 .....	87,906	77,652	10,254	11.7	591,373	548,115	43,258	7.3
2006 .....	93,255	81,792	11,463	12.3	631,757	578,819	52,938	8.4
2007.....	100,715	86,818	13,897	13.8	690,587	624,495	66,092	9.6
2008 (up to February 2008).....	107,791	90,793	16,998	15.8	671,915	608,053	63,862	9.5

(Source: CEA, "Power Scenario at a Glance", March 2008)

##### Total Installed Capacity of Power in India:

Sector	MW	%age
State Sector	75,870.93	52.5
Central Sector	48,470.99	34
Private Sector	21246.05	13.5
<b>Total</b>	<b>1,45,587.97</b>	

Fuel	MW	%age
<b>Total Thermal</b>	<b>93,114.64</b>	<b>64.6</b>
Coal	77,198.88	53.3

Gas	14,716.01	10.5
Oil	1,199.75	0.9
<b>Hydro (Renewable)</b>	<b>36,158.76</b>	<b>24.7</b>
<b>Nuclear</b>	<b>4,120.00</b>	<b>2.9</b>
<b>RES** (MNRE)</b>	<b>12194.57</b>	<b>7.7</b>
<b>Total</b>	<b>1,45,587.97</b>	

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

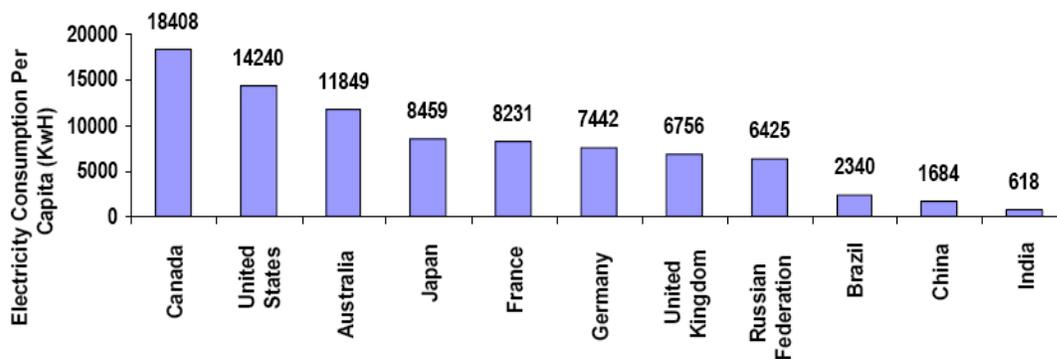
**Note:-**

- The SHP capacity of 1168 MW which was covered under the conventional Hydro capacity has been transferred to RES 60.51 MW of captive capacity has been deducted from total SHP capacity under RES. Similiary wind capacity of 177.67 MW covered under captive(06-07) capacity has also been deducted from wind power capacity under RES.
- The Shares of Sipat TPS(NTPC) are proposed shares, still to be approved.
- (\*\*) Based on data as on 31.03.2008 as furnished by MNRE through their Secretary's letter dt 06.05.08.
- The proportionate distribution of shares in respect of Bhilai TPP (JV of Bhilai & NTPC )has been done as per tentative allocation communicated by IRP Div. viz 110 MW for Utilities out of 250 MW of Units I synchronised on 20.04.08 and the remaining 140 MW automatically gets allocated to SAIL- Chhattisgarh (State Sector).
- Harduagang T P S Unit No 2 & 4 of 50 & 60 MW Capacity respectively and Diesel Power Stations of 2.00 MW Capacity at Chandigarh decommissioned w.e.f27.06.2008.
- Figures at second place of decimal may not tally due to rounding off by computer

(Source: [http://powermin.nic.in/JSP\\_SERVLETS/internal.jsp](http://powermin.nic.in/JSP_SERVLETS/internal.jsp))

**Large Energy Deficit Results in Low Per Capita Consumption of Electricity**

Due to unreliable supply and inadequate distribution infrastructure, the per capita consumption of energy in India is extremely low in comparison to most other parts of the world. The following chart shows per capita electricity consumption of energy in various developed and developing countries.



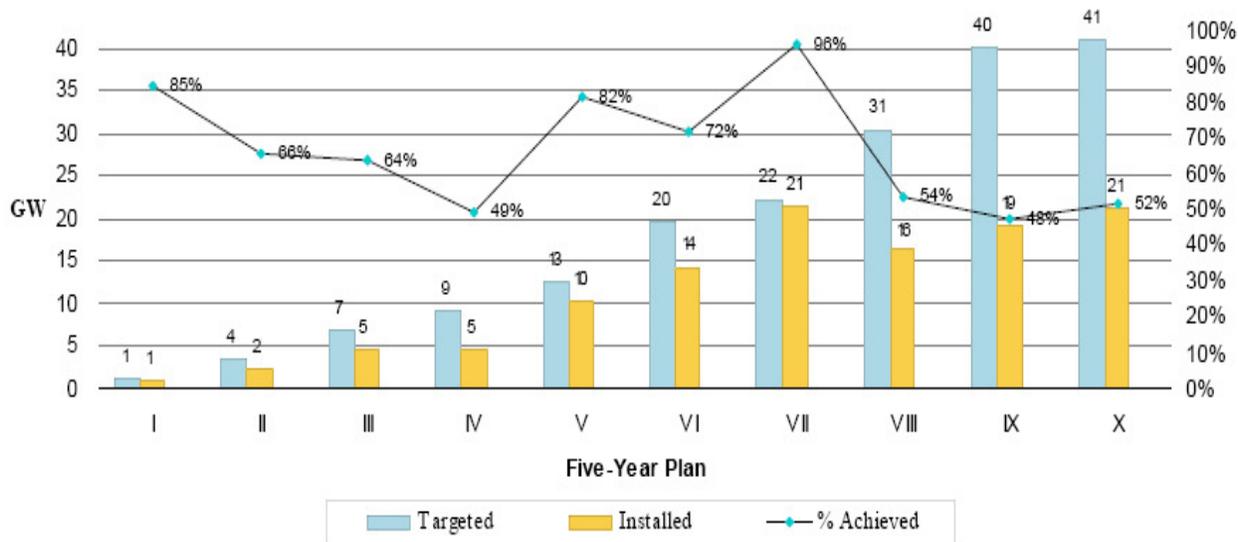
(Source: Human Development Report 2007 -2008)

**Historical Capacity Additions**

The energy deficit is a consequence of slow progress in the development of additional energy capacity. The Indian economy is based in part on planning through successive five year plans ("Five-Year Plans") that set out targets for economic development. In the implementation of the last three Five-Year Plans (the Eighth, Ninth and Tenth Five-Year Plans, covering fiscal 1992 to 2006), less than 50% of the targeted additional energy capacity was added. India added an average of approximately 20,000 MW to its energy capacity in each of the Ninth and Tenth Five-Year Plan periods (fiscal 1997 to 2001 and 2002 to 2006).

(Source: White Paper on Strategy for Eleventh Plan, prepared by CEA and Confederation of Indian Industry (the "White Paper"))

The following chart sets forth the targeted energy capacity addition for Five-Year Plans, the installed capacity actually achieved at the end of those Five-Year Plans and the installed capacity actually achieved as a percentage of the targeted capacity additions for each of those Five-Year Plans:



(Source: The White Paper)

The total capacity addition during the past 25 years between the VIth and the Xth Five-Year Plans was approximately 91,000 MW. A total capacity addition of 78,557 MW is planned for the XIth Five-Year Plan (2007-12) which should result in substantial investments in the power generation sector.

### Future Capacity Additions

According to the CEA Executive Summary, as on February 29, 2008, India has an installed generation capacity of 141,499.90 MW that has increased at a compound annual growth rate ("CAGR") of 5.2% between 2003 and 2007.

A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The Government of India (the "Government") has identified the power sector as a key sector of focus to promote sustained industrial growth by embarking on an aggressive mission – "Power for All" by 2012. According to the Integrated Energy Policy ("IEP") report issued by the Planning Commission, India would require additional capacity of about 85-98 gigawatt ("GW") by 2012, 171-202 GW by 2017 and 290-353 GW by 2022, respectively, based on normative parameters in order to sustain a 8-9% GDP growth rate (Source: IEP, Expert Committee on Power). The following table sets forth the additional capacity required by 2012, 2017 and 2022 under different GDP growth rate scenarios:

	Assumed GDP Growth	Electricity Generation Required	Peak Demand	Installed Capacity	Capacity Addition Required <sup>(1)</sup>
	(%)	(BU)	(GW)	(GW)	(GW)
By fiscal 2012 .....	8.0	1,097	158	220	85
	9.0	1,167	168	233	98
By fiscal 2017 .....	8.0	1,524	226	306	171
	9.0	1,687	250	337	202
By fiscal 2022 .....	8.0	2,118	323	425	290
	9.0	2,438	372	488	353

**Note:**

(1) Based on the existing installed capacity of 135 GW in India.

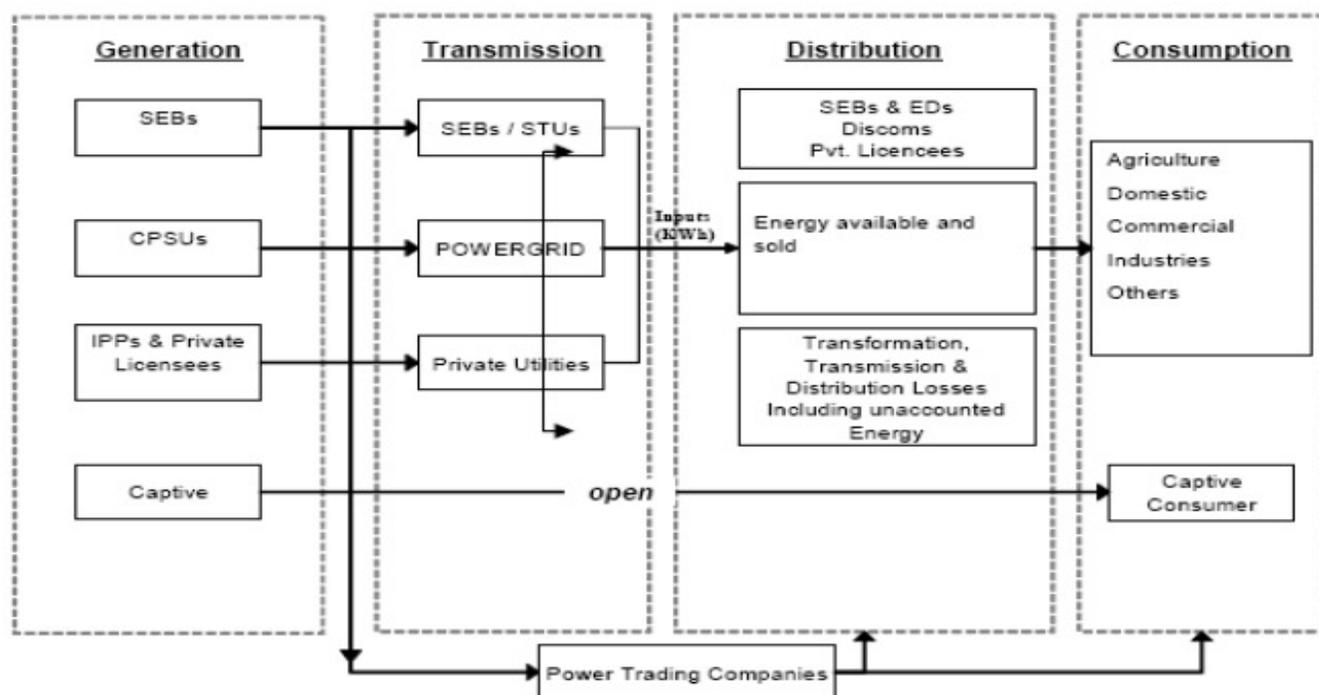
Source: IEP Report, Expert Committee on Power

The likely capacity addition during the 11th Five-Year Plan is 78,578.4 MW. (Source: CEA, "Power Scenario at a Glance", March 2008)

The Government of India has identified the power sector as a key sector of focus. It has embarked on an aggressive mission – "Power for All by 2012" and has undertaken several reforms to make the power sector more attractive to private sector investment.

**Organization of the Power Industry**

The following diagram depicts the current structure of the Indian power industry:



### Electric Power Transmission

The transmission of electricity is typically defined as the bulk transfer of power over a long distance at a high voltage, generally 132 KV and above. A reliable transmission and distribution system is important for the proper and efficient transfer of power from generating stations to load centers and beyond. A transmission and distribution ("T&D") system is typically comprised of transmission lines, sub-stations, switching stations, transformers and distribution lines. If the GoI intends to increase installed power generation capacity by 87,663 MW by 2012, it must also facilitate an expansion of the transmission network and inter-regional capacity to transmit power. Global electricity sector investment is anticipated to reach USD 10 trillion by 2030. More than USD 5 trillion will be used to invest in transmission and distribution networks (*Source: World Energy Outlook 2003*).

Average investment in T&D in India during the Tenth Plan was about 32% of investment in generation (*Source: Eleventh Five Year Plan (Ministry of Power)*).

Inter-regional transmission networks are required because power generation sources are unevenly distributed in India, and power needs to be carried over large distances from areas where power is generated to areas where load centers and demand exist.

In order to ensure the reliable supply of power, efficient utilization of generating capacity and effective exploitation of unevenly distributed generating resources in the country so as to optimize their potential, a strong interconnected transmission grid is required, which interconnects various generating stations and load centers. This ensures an uninterrupted supply of power to a load center, even if there is a failure at the local generating station or a maintenance shutdown. In addition, power can be transmitted through an alternative route if a particular section of the transmission system is unavailable.

In India, the T&D system is a 3-tier structure comprising distribution networks, state grids, and regional grids. These distribution networks and state grids are principally owned and operated by SEBs or other state utilities, or state governments (through state electricity departments). At present there are five regional grids operating in India, in the Northern, Eastern, Western, Southern and Northeastern regions. Regional or interstate grids facilitate the transfer of power from a region with a surplus to one with a deficit. These regional grids also facilitate the scheduling of maintenance outages and coordination between power plants. Presently the Northern, Eastern, Western and North Eastern regions, are operating in one synchronous mode with total installed capacity of 90,000 MW and the Southern region is interconnected with Western Region and Eastern Region through HVDC links.

With the strengthening of inter-regional connections by 2012, the inter-regional capacity is predicted to grow from 14,100 MW to 37,150 MW. This shall facilitate transfer of power from surplus regions to deficit region. For instance, the Eastern region currently has surplus power, part of which is being transferred to the Southern region, which currently has a deficit. Based on the updated Eleventh Five Year Plan, the projected power exchange requirement load flows among various regions for Fiscal 2012 is as set forth below:

<i>(Capacity in MW)</i>	At the End of Fiscal 2002	Planned Addition During 10th Plan	At the End of Fiscal 2007	Planned Addition During 11th Plan	At the End of Fiscal 2012E
East-North East	1,250	-	1,240	1,000	2,250
North-West	1,000	1,100	2,080	5,500	7,600
West-South	1,700	-	1,680	1,000	2,700
North East-North/West	-	-	-	3,000	3,000
<b>Total</b>	<b>5,050</b>	<b>8,650</b>	<b>14,100</b>	<b>23,450</b>	<b>37,150</b>

*Source: Eleventh Five Year Plan (Ministry of Power) and Company*

*Load Flows for year Fiscal 2012 for peak demand and availability (surplus/deficit)*

Region	Winter (MW)	Monsoon (MW)	Summer (MW)
Northern	7,870	1,220	2,600
Western	4,460	5,630	6,300
Southern	2,620	1,340	1,360
Eastern	12,510	1,700	6,420
Northeastern	2,440	4,050	3,840

*Load Flows for year Fiscal 2012 for off-peak demand and availability (surplus/deficit)*

Region	Winter (MW)	Monsoon (MW)	Summer (MW)
Northern	5,880	-	4,280
Western	340	2,090	-
Southern	-	-	-
Eastern	5,390	700	3,000
Northeastern	150	1,390	1,280

*Source: National Electricity Plan - Transmission*

Historical and planned inter-regional transmission capacity is set forth in table below:

(Capacity in MW)	At the End of Fiscal 2002	Planned Addition During 10th Plan	At the End of Fiscal 2007	Planned Addition During 11th Plan	At the End of Fiscal 2012E
East-South	600	2,500	3,120	550	3,650
East-North	100	3,600	4,220	7,750	11,450
East-West	400	1,450	1,760	4,650	6,500

### **National Grid**

In order to optimize the utilization of generation capacity through the exchange of power between surplus and deficit regions and to exploit the uneven distribution of hydroelectric potential across various regions, the GoI in 1981 approved a plan for setting up a national grid. The plan envisaged the setting-up of high-voltage transmission links across various regions, in order to enable the transfer of power from surplus to deficit regions.

The process of setting up the national grid was initiated with the formation of the central sector power generating and transmission companies, NTPC, NHPC and Power Grid. Power Grid was made responsible for planning, constructing, operating and maintaining all inter-regional links and taking care of the integrated operation of national and regional grids. The national grid, when fully operational, is expected to have a total inter-regional transmission capacity of 37,150 MW. It is expected to be fully operational by around 2012. Setting up a national grid requires the gradual strengthening and improvement of regional grids and their progressive integration, through extra high voltage and HVDC transmission lines. There has been a proposal to add transmission lines in the Eleventh Five Year Plan as set forth in the table below:

Year	Transmission lines at the end of the tenth five year plan		Targeted Addition During the eleventh five year plan	
	Ckm	MVA	Ckm	MVA
765 kV	2,184	-	5,273	24,500
400 kV	75,722	92,942	-	-
HVDC Up to 500 kV	5,872	13,000	5,400	8,500
230/220 kV	114,602	156,497	-	-

*Source: Eleventh Five Year Plan (Ministry of Power)*

An investment of Rs. 1,400 billion has been planned in the transmission sector in the Eleventh Five Year Plan as set out below:

(Rs. in billions)

	Eleventh Five Year Plan
Inter-State	750
Intra-State	650
<b>Total</b>	<b>1,400</b>

*Source: Eleventh Five Year Plan (Ministry of Power)*

#### **Private Investments in Electric Power Transmission**

In 1998, the Electricity Laws (Amendment) Act was enacted, which recognized transmission as an independent activity, distinct from generation and distribution, and allowed private investment in the sector.

In 2000, the GoI issued guidelines whereby the state transmission utilities (STUs, SEBs or their successor entities) and the central transmission utility (Power Grid) could identify transmission projects for the intrastate and the inter-state/inter-regional transmission of power, respectively. The STUs and the CTU could invite private companies to implement these projects through an IPTC or on a joint venture basis.

The role of the IPTC would be limited to the construction, ownership and maintenance of transmission systems. Operations of the grid, including load despatch, scheduling and monitoring, will be undertaken by the STUs and the CTU at the intrastate and interstate/inter-regional levels, respectively. The CTU and STUs would be involved in the development phase for obtaining project approvals and various regulatory and statutory clearances (such as environment and forest clearances and the securing of rights of way), and would transfer the same to the private companies selected.

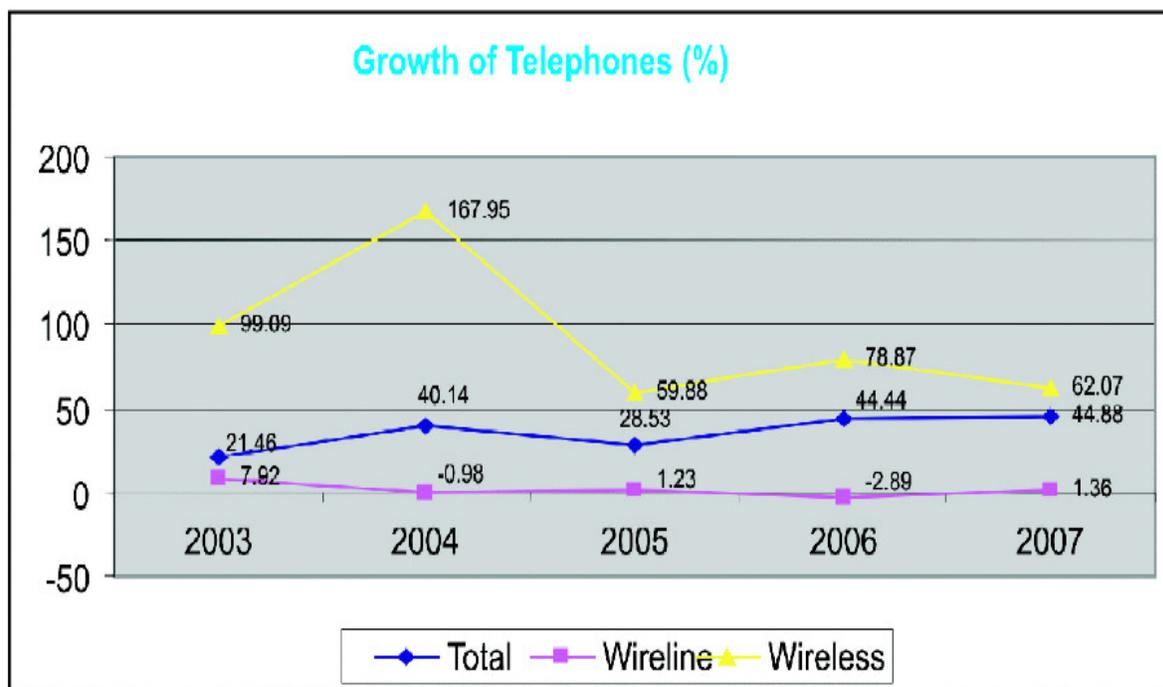
In April 2006, the GoI issued tariff-based competitive bidding guidelines for transmission services and bid process management and also issued guidelines for encouraging competition in development of transmission projects. The GoI also envisaged the formation of an Empowered Committee, headed by a member of CERC. The functions of the empowered committee include identifying projects under the above scheme, facilitating preparation of bid documents, evaluating bids, finalizing project agreements and developing projects.

Regarding intrastate transmission projects, the state governments can also adopt these guidelines and may constitute similar committees.

## TELECOM INDUSTRY

### Our Economy

The economy has been growing at around 9% in the past two years recording growth rate of 9% & 9.4 per cent in 2005-06 & 2006-07. Significantly the industrial & service sectors have been contributing a major part of this growth. For example the industrial and services sectors have logged in 10.9% and 11% growth rate in 2006-07 respectively, against 9.6% and 9.8% in 2005-06. Similarly manufacturing grew by 12.3% in 2006-07 against 9.1% in 2005-06 & trade, hotels, transport and communications sector grew by 13% in 2006-07 against 10.4% in 2005-06.



(Source: DOT, Annual Report 2007-2008)

### Current Scenario

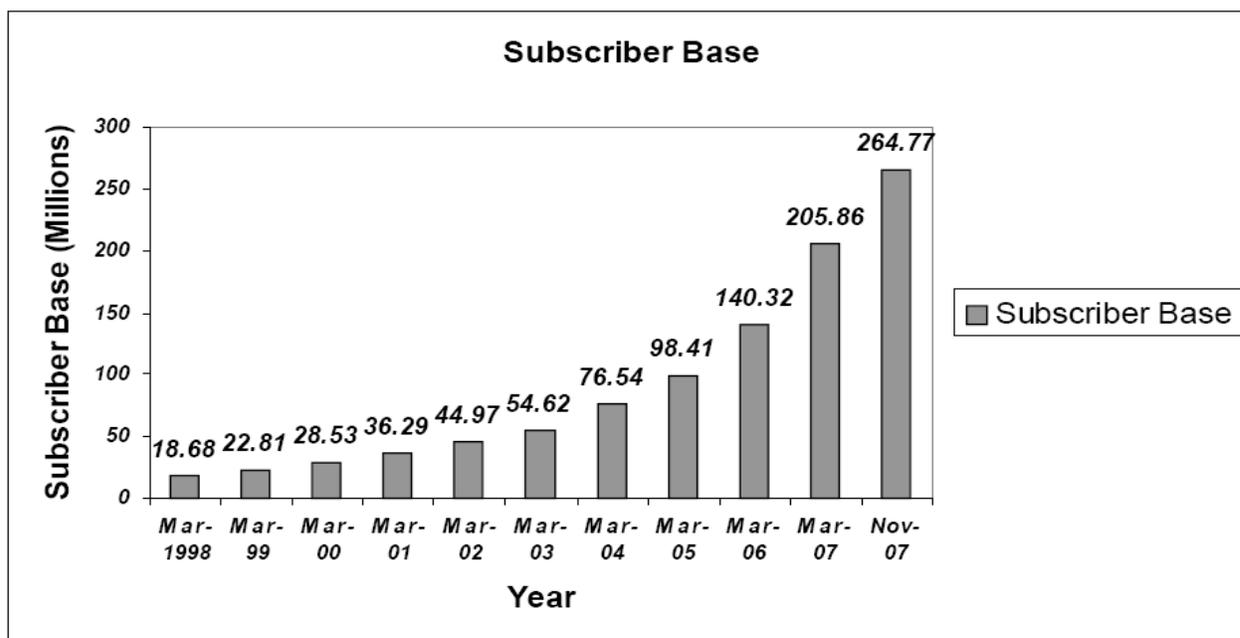
The Indian Telecom sector is currently witnessing a resurgent growth and has emerged as the fastest growing telecom market in the world with the addition of over 7 million subscribers per month. With current subscriber base of over 250 million and a monthly addition of about 7 million, the half a billion mark is expected by the year 2010. The growth in this sector is also contributing significantly in the economic growth of the country. As against a target of 250 million connections by December 2007, 264.77 million connections have already been installed by November 2007. The overall teledensity has reached 23.21% by November 2007.

Gross telephone connections reached 264.77 million as at November 30th, 2007. Net addition in November 2007 was 8.22 million compared to 7.89 million in October 2007. The numbers of subscribers are expected to reach 500 million by 2010 & 650 million by 2012. The Indian telecom industry had a market size of Rs 1,052,870 million in 2006 and it is expected to reach a size of Rs 3,449,210 million by 2012 at a growth rate of over 26 % and the sector will generate employment opportunities for about 10 million people during the same period. India has become third largest mobile market in the world after China & US. The total mobile subscriber base is likely to reach 425 million by March 2010.

The growth statistics of the sector combined with the Government's decision to increase the foreign direct investment (FDI) cap in the sector to 74% has generated huge interest among global investors. India offers an unprecedented opportunity for telecom service operators, infrastructure vendors, manufacturers and associated services companies. A recent study by telecom regulator TRAI has estimated that the

country will need about 330,000 telecom towers by 2010, as against 100,000 in March 2007. Indian cellular operators have lined up investments of about US\$ 20 billion over the next two years to bring over 80 per cent of the population under mobile coverage. The planned investment for the next couple of years is 50 per cent higher than what has been invested in the last 12 years. The total revenue of all telecom operators is set to nearly double to US\$ 43.6 billion in four years from US\$ 22.5 billion in 2006. The revenue share of mobile business would rise to 76% in the same period from 57% currently.

### Growth of Subscriber base



(Source: TRAI-Annual Report-2006-07)

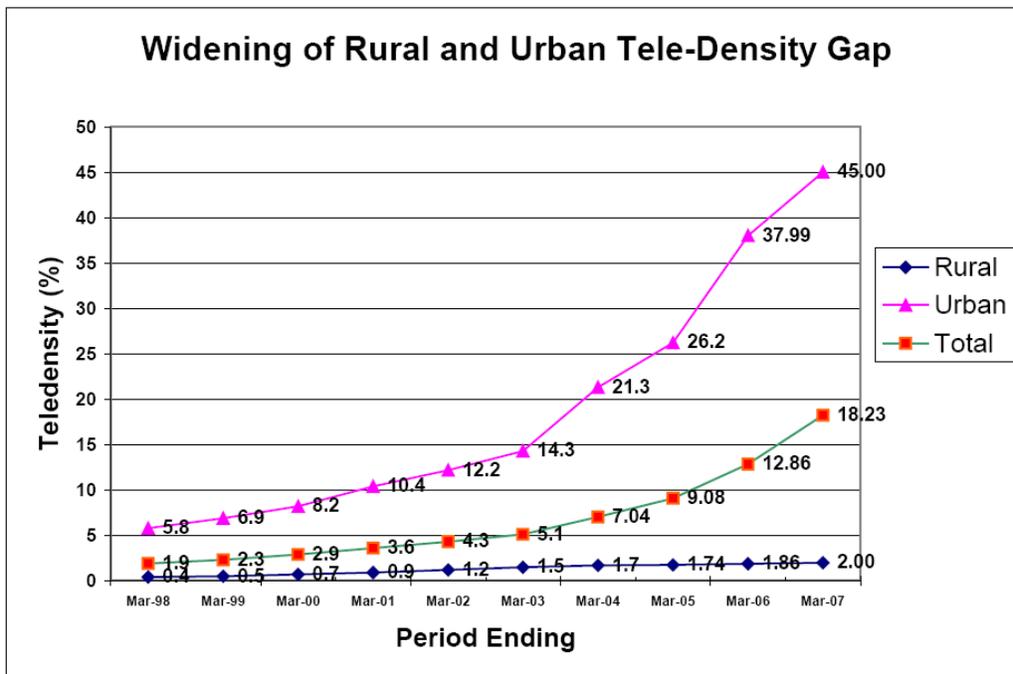
### The Telecom Subscriber growth and Tele-density during Last 12 Months

(As on 30<sup>th</sup>, November, 2007)

	As on 30.11.2007 (Million)	As on 30.11.2006 (Million)	% change
Total Subscribers	264.55	183.53	34.34 %
Fixed Line	39.31	40.51	(2.96%)
Wireless	225.46	143.02	57.64 %

### Growth in Tele-density

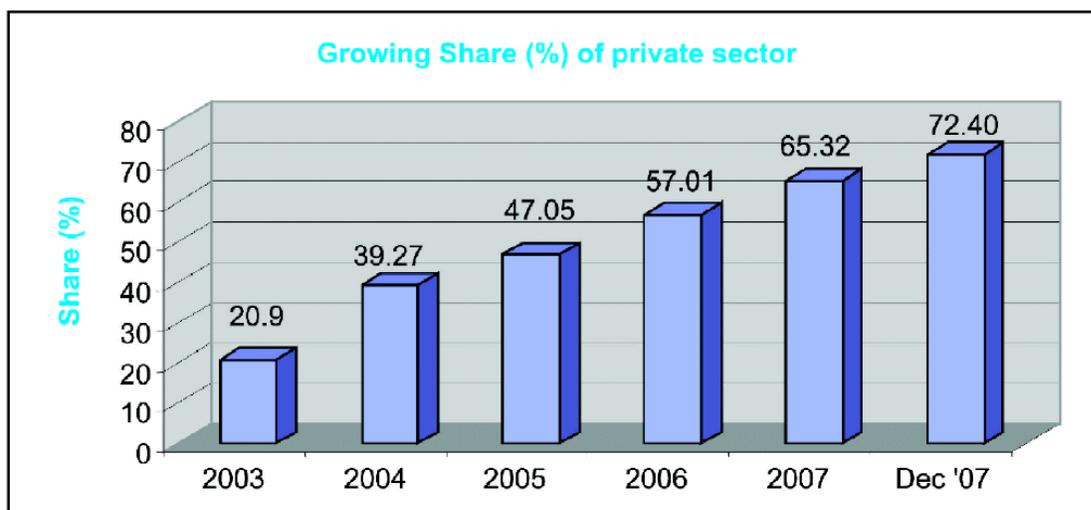
The overall tele-density reached 23.21% per cent in November, as against 18.23 per cent in March 2007. Despite the impressive growth in the telecom sector the overall mobile penetration is low as compared to other countries mainly due to untapped rural market.



(Source :TRAI- Annual Report -2006-07)

#### Public Vs Private

- The liberalization of the government are evident in the growing share of private sector in total telephone connections, which has steadily increased to 72.40% in December 2007 from 20.9% in 2003.
- The private sector, however, is mainly active in the wireless segment while wireline accounts for only about 2%.
- Private sector has been growing very fast. It grew at a rate of 66% in 2007 as against public sector that grew at the rate of 16.88%.



(Source: DOT, Annual Report 2007-2008)

## TELECOM INFRASTRUCTURE SERVICES

The Telecom infrastructure services are made up of three components:

### 1. **Passive infrastructure**

Passive infrastructure includes of all the passive components of the network: steel tower/antenna mounting structures, BTS room/shelter, power supply, battery bank, invertors, DG set for power backup, air conditioner, fire extinguisher, security cabin, among others. These components are not dependent on the type of communication technology being used by the network riding atop the site, namely GSM, CDMA, 3G, WiMax, FM Radio, digital terrestrial transmission, etc. We estimate that roughly 60–65% of capex for a wireless network is spent on passive infrastructure. This cost component is also experiencing significant inflationary pressures as the cost of steel, cement, diesel, power, security and, most importantly, land/building rents keep increasing in India. The passive infrastructure is the biggest component of the network.

### 2. **Active infrastructure**

Active infrastructure constitute the electronics that power the network and includes all the active components of a wireless network such as spectrum (radio frequency), radio antenna, BTS/cell site (base transceiver station) and microwave equipment. Each cellular operator will have to own a BTS at each tower site. A tower site can have 1/2/3/4 or more cell sites, depending on the occupancy level/tenancy ratio of that tower.

### 3. **Transmission Media**

Transmission Media is the network that connects the BTS/cell site to a base station controller (BSC) that controls tens or scores of BTS in a particular area. A transmission network may work on:

- Point-to-point microwave radio transmission
- Point-to-multipoint microwave access technologies like LMDS, WiFi or WiMax;
- Optical fibre links
- Digital Subscriber Line (DSL)
- Ethernet

However, in India, wireless operators are largely using microwave-radio-based transmission media and are progressively moving to optic-fibre-based links.

## BUSINESS OVERVIEW

We execute turnkey projects in Power Transmission sector, manufacture Transmission towers, aluminium overhead conductors and non-ferrous alloys. Our business is organised into three parts:-

4. Turnkey Projects in power transmission sector which involves survey, civil works, procurement, engineering, erection and commissioning of transmission lines, distribution lines and sub-stations.
5. Supply of transmission towers and aluminum overhead conductors; and
6. Production and supply of non-ferrous alloys.

A significant part of our strategy is to capitalize on our belief that India will continue to experience strong and growing demand for Power. In our non ferrous alloy business, we have historically focused on the production of aluminum, zinc and copper alloy production.

We are a part of the Indian Power Industry and have vast experience in manufacturing of Low & High Voltage Transmission Line Towers, Sub-station structures and Aluminum Conductors. We also have a full fledged EPC division which has completed several Transmission Line projects in the country since last 25 years.

The company has established its EPC (Engineering procurement & construction) division by acquisition of M/S Pioneer construction company (which is engaged in construction / execution of high voltage transmission lines upto 400KV) for the last 25 years for PGCIL, state electricity Boards of UP, Bihar, West Bengal, DVC and Railways etc.

ARAVALI has expertise and dedication in bringing power to your doorsteps. Our constant endeavor is to keep ourselves updated and continuous improvement to make us pioneer in Commitment, Technology, Facility, Resources and Quality.

ARAVALI has the following manufacturing plants in India.

S. no	Location	Installed annual capacity		
		Towers (in MT)	Aluminium Conductors (in KMs)	Non-Ferrous Alloys (in MT)
5.	Sitarganj, Uttarakhand	40000	36000	-
6.	Chandigarh and Mohali (being relocated to Dera Basi)	12000	-	-
7.	Kathua, J&K	-	-	10650
8.	Nadiad, Gujarat	-	9000	-

Few Pictures our Plant at Sitarganj are given below:







ARAVALI has positioned itself as an Integrated Company in India in Power Transmission Sector covering EPC expertise in Transmission Line, Sub-station & Rural Electrification backed by Strong Manufacturing Capacities for galvanized EHV Tower and overhead Aluminum Conductors.

The Company also produces non ferrous Alloys having manufacturing units in J&K. which cater to the auto component manufacturer and electrical cable manufacturers.

ARAVALI has also made a bold foray in the International Power Sector and is in the bidding stage for Project worth several millions USD in International market.

In order to meet pre-qualification criteria and also to get into production quickly we have acquired 'Pioneer Construction Company' and 'Techno Engineering Co.' as going concerns. Pioneer Construction Company has more than 25 years experience in execution and erection of transmission projects. Whereas 'Techno Engineering Company' has more than 18 years experience in production of transmission towers & sub-station structures for Power Industry.

We are also identifying suitable partners, and positioning ourselves for expected opportunities in power transmission sector. We believe our experience, track record, and reputation allows us to secure pre-qualification approvals in India and abroad, either in our own right or as a partner in a joint venture.

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 government entity. When a client requires specific eligibility requirements for these projects, such as project experience, engineering capabilities, technical know-how, and financial resources, we may enter into project-specific joint ventures with other companies to meet and further enhance our credentials depending upon the value of the projects.

We have received a certificate from QMS International, LLC in respect of our quality management system (ISO 9001:2000, valid until May 09, 2011) for our J&K Unit. This certification is accredited by the Joint Accreditation System, Australia and New Zealand.

## Our Products

### A) CONDUCTORS



1. All Aluminium Conductors (AAC)
2. Aluminium Conductor Steel Reinforced (ACSR)
3. All Aluminium Alloy Conductor (AAAC)
4. Aluminium Conductor Aluminium Alloy Reinforced (ACAR)

### B) TOWERS



1. Transmission Towers
2. Microwave Towers
3. Wind Mill Towers
4. River Crossing Towers

### C) ALLOYS

1. Aluminium Alloys

2. Zinc Alloys

3. Copper Alloys

### **Our Strengths**

We believe our principal competitive strengths are as follows:

#### **Extensive experience and strong track record for Construction of transmission lines**

We have experience, established track record and reputation for efficient project management, execution and timely completion of projects for nearly two decades in the sector. We believe that our expertise in successful and timely implementation of projects provides us with significant competitive advantages. Further this enables us to better position ourselves to deal with construction or implementation risk. We believe we have good working relationships with sub-contractors across our various service regions. Such relationships facilitate the efficient execution of projects. We have already executed Power Transmission projects for 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.

#### **Extensive experience and strong track record for supplying of materials to power sector**

We have been supplying sub-station structures, transmission towers and aluminium conductors for past several years to various clients namely RRVPL (Rajasthan Rajya Vidyut Vitaran Nigam Limited), J D V V N L (Jodhpur Vidyut Vitaran Nigam Limited), ABB Limited, Reliance Energy Ltd., BHEL, Punjab State Electricity Board, Madhya Pradesh State Electricity Board, Siemens Ltd., New Delhi Power Limited, Haryana Vidyut Prasaran Nigam Limited, Gujarat State Electricity Board, Maharashtra State Electricity Board and Dakshin Haryana Bijli Vitaran Nigam Limited etc.

#### **Diversified portfolio in this sector and geographic locations**

Our contracts are diversified across namely Turnkey Projects in power transmission, sub-stations, rural electrification, supply of transmission towers & Aluminium overhead conductors, supply of telecom towers, projects in railways and production and supply of aluminum, Zinc and copper alloys. Through this sectoral and geographic diversity, we are able to mitigate the risks associated with operations in specific sectors and specific states in India. Additionally, we have begun to explore opportunities outside India. We have also got orders in Ethiopia. We have also made a subsidiary company for the production of conductors and cables. We have a full-fledged international marketing division to explore the opportunities in the international market.

#### **Ability to meet pre-qualification requirements**

The entry barriers in the power transmission sector are high in terms of technical pre-qualification requirements that are needed for participating in govt. projects. We have acquired these technical bidding capabilities through acquisitions of various companies as going concerns.

- ❖ Pioneer Construction Company has more than 25 years experience in execution and erection of transmission projects.
- ❖ Techno Engineering Company has more than 18 years experience in production of transmission towers & sub-station structures for Power Industry.
- ❖ Parekh Electrawire Industries Limited, a wholly owned subsidiary of our company, is situated at Village Siholdi, Gujarat. It is engaged in Power conductor manufacturing business for over 20 years.

Now we are positioned to bid for power transmission projects of major state utilities and Power Grid Corporation of India Limited.

#### **Professionally managed company with an experienced management and a qualified employee base**

We are a professionally managed company with a qualified and trained workforce of approximately 239 employees as of September 23, 2008. 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 employees base is essential for maintaining our competitive advantage. We are dedicated to the professional development of our employees and continue to invest in them to ensure that they have the necessary skills.

### Fully Integrated Company

EPC contracts for power transmission sector are now increasingly being awarded on turnkey basis. Aluminium conductors, Transmission towers and Insulators 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 of reputation and also financial losses to the EPC contractors. We have set up substantial manufacturing capacity for transmission towers and aluminium conductors which not only increases our profitability but also helps us to complete the EPC projects in time. Ours is one of the very few companies in India which are fully integrated.

### Our Business Strategy

#### Continue to grow by geographical diversification

We are actively focused on geographical diversification and becoming a diversified player in our business. We are focused on exploring opportunities in this sector such as power transmission and distribution in India and abroad across various locations. We believe this will help diversify the Company's sources of revenue and mitigate risks.

#### Grow our power infrastructure development business

Government has laid emphasis on encouraging participation in power transmission through public private partnerships. We believe BOO projects as part of such initiatives offer opportunities for accelerated and sustainable growth for the Company. We intend to actively pursue BOO opportunities, both independently and in partnership with Indian and international partners. We believe that our experience and strong track record in the construction business will provide us with a significant advantage in pursuing BOO opportunities.

#### Continue to enhance our core strengths - execution capability

We believe that our ability to effectively manage projects in multiple geographic regions is crucial to our continued success as a recognized Power Transmission 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 specially in power transmission line. We intend to continuously strengthen our execution capabilities 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.

#### Build upon our synergistic position in power infrastructure development

We believe we are an established player in the power industry. 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 may consider 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.

### DETAILS OF MAJOR PROJECTS EXECUTED IN THE PAST SEVEN YEARS

#### A. FOR SUPPLY OF MATERIAL TO POWER SECTOR

##### a. Sub-Station structures

Sr. No.	Name of Purchaser	Sub-stn rating (KV)	Order No.	Date	Qty. (In MT)	Value (Rs Lacs)
1	L & T Bombay	110	252589	2/15/1995	135	40.00

2	PSEB, Patiala	220	DTQ-4043	12/31/1996	865	240.90
3	Techno Electric Engg. Co.Ltd., Calcutta (PGCIL)	400/220	Tech/W-I/97/1488	5/28/1997	200	74.06
4	UB Engg. Ltd. (PGCIL)	132	UBEL/206	4/4/1997	800	240.00
5	PSEB, Patiala	220/132/66	TDTP-4058	1/8/1998	1080	285.66
6	PSEB, Patiala	220	DTP-1584	7/20/1998	895	204.54
7	ABB, Baroda (PGCIL Jalandhar)	400	9001019	8/13/1999	500	120.00
8	PSEB, Patiala	220	DTP-1603	4/20/2000	1000	267.00
9	PSEB, Patiala	66	DTP-2052	7/6/2000	1000	269.00
10	ABB, Baroda (UPPCL-LKO)	220/132	140000808	10/2/2001	1200	304.37
11	CGL, CHENNAI (HVPNL)	132/220	10775/76	3/23/2002	600	157.71
12	ABB, Baroda (HVPNL)	220	140001017	4/25/2002	600	159.00
13	RSEB, JAIPUR	33/11	TR-029	5/22/2002	4500	800.00
14	bses- Noida (HVPNL)	132	ND/2003/CON/13.2 P -A&B	6/24/2002	1116	292.00
15	SIEMENS, Gurgaon (GRIDCO)	132/33	45170918	7/12/2002	800	52.20
16	HVPNL-Panchkula	66/132/220	HDP-805	9/25/2002	1685	455.00
17	HVPNL-Panchkula	TLT	HDP-922	10/9/2003	1800	499.18
18	K. Ramachandra Rao	220	KRR/HVPNL/REC021/071	11/18/2003	870	278.40
19	RSEB, JAIPUR	11/0.4	TR-132	12/2/2003	9148	2184.62
20	Ranjit Singh & Co. (UPCL)	220	NAB-21	12/9/2003	1862	625.00
21	RSEB, JAIPUR	220	TN-3533	1/13/2004	750	270.00
22	IVRCL, Hyderabad	220/132	IVRCL/Power/SS-01/HVPNL	3/16/2004	325	160.62
23	ABB, Lucknow	400	140006374	6/30/2004	370	180.00
24	ABB-(BNK & DNK)	400	140007213	8/24/2005	558	235.50
25	Ranjit Singh & Co.	400	EUM/TEC/463 (UPCL-Kashipur)	12/24/2004	2750	1400.00
26	RVPNL-TN-3540	220	TN-3540/TEC/D.1381	9/27/2005	2303	991.91
27	RVPNL-TN-3552	220	TN-3552/TEC/D.1410	2/22/2005	3660	1940.00
28	RVPNL-TN-3579	220/132	TN-3579	11/8/2005	1874	893.75
29	NDPL-New Delhi	220/132	TN/3579/NDPL/ENGG/LOA/123/4	12/14/2004	1000	139.38
				<b>TOTAL</b>	<b>44246</b>	<b>13759.79</b>

(b) **Transmission Line Towers**

Sr.No	Name of Purchaser	Line Rating (KV)	Order No.	Date	Qty(MT)	Value(Rs. Lacs)
1	PSEB,Patiala	66	DTP-2036	03.01.97	100	27.80
2	PSEB,Patiala	220	DTP-1584	20.07.98	1000	228.40
3	PSEB,Patiala	132	DTP-1594	09.09.99	220	54.30
4	PSEB,Patiala	20	DTP-1603	24.03.00	1000	273.11
5	PSEB,Patiala	66	DTP-2445	19.05.00	1000	273.69

6	BSES-noida(HVPL)	132	ND/2003/CON	24.06.02	1245	325.75
7	HVPL-Panchkula	66/132/220	HDP-805	25.09.02	1685	455.00
8	K.Ramachandra Rao(HVPL)	220	KRR/HVPL	18.11.03	1070	362.19
9	RVPN/TLPC,Jaipur	220	TN-3533	13.01.04	750	270.00
10	Ranjit Singh & Co.(HVPL)	220/132	HDP-882&883	15.04.04	450	150.00
11	NDPL-New Delhi		NDPL/ENGG/2566/04	30.12.04	261	139.38
12	Ranjit Singh & Co.UPCL, Dehradun	220	NAB-21	09.02.05	1997	625.00
13	RVPN/TLPC,Jaipur	220	TN-3552	22.02.05	3660	1936.36
14	Ranjit Singh & Co.UPCL, Dehradun	400	EUM/TEC/463 (UPCL-Kashipur)	24.12.05	2890	1834.38
15	RVPN/TLPC,Jaipur	220	TN-2584	15.04.06	1007	476.34
16	Ranjit Singh & Co.UPCL, Dehradun	132	Srinagar-Simli	-	1000	520.00
17	Ranjit Singh & Co.UPCL, Dehradun	132	Sitargunj-Kicha	-	415	215.00
				<b>Total</b>	<b>19750</b>	<b>8166.69</b>

**c. Overhead Aluminium conductors (in wholly owned subsidiary)**

SR. NO	ORDER NO AND AUTHORITY PLACING ORDER	DESCRIPTION OF STORE	QUANTITY (KM)	VALUE (RS)
1	SP/2353/2/PAREKH ELECTRA/2137 DT.28/08/02 Gujarat Electricity Board, Baroda	ACSR WOLF	45	2713095
2	SP/214/T-0807/0901/03513 DT.30/11/02 MAHARASHTRA STATE ELE. BOARD,MUMBAI	ACSR ZEBRA ACSR PANTHER	80 50	16383760
3	SP/11225/1/PAREKH/106 DT.13/01/03 Gujarat Electricity Board, Baroda	AAAC WEASEL AAACRABBIT	1060 185	15847033.3
4	SP/11225/1/PAREKH/938 DT.25/03/03 Gujarat Electricity Board, Baroda	AAACWEASEL	505	5872841.95
5	SP/25//T-0902/0402/4385 DT.19/04/03 MAHARASHTRA STATE ELE,BOARD,MUMBAI	AAAC WEASEL AAACRABBIT	1000 150	14183910
6	SP/2371/2/PAREKH ELECTRA/1480 DT.13/06/03 Gujarat Electricity Board, Baroda	AAACRACOON AAAC DOG	13 237	8025147
7	SP/2371/2/PAREKH ELECTRA/1960 DT.01/08/03 Gujarat Electricity Board, Baroda	AAACRACON	5	130877.43
8	SP/11278/1/PAREKH/1549 DT.21/06/03 Gujarat Electricity Board, Baroda	AAACRABBIT	3070	54898814.5
9	SP/11365/1/PEW/1591 DT.25/06/03 Gujarat Electricity Board, Baroda	AAACWEASEL	4800	53868480
10	SP/11365/1/PEW/2130 DT.04/09/04 Gujarat Electricity Board, Baroda	AAACWEASEL	286	3513510
11	SP/11364/PEW/2542 DT.28/10/04 Gujarat Electricity Board, Baroda	AAACRABBIT	2200	42737772
12	SP/11365/1PEW/2961/ DT. 13/12/04 Gujarat Electricity Board, Baroda	AAACWEASEL	80	982800
13	SP/11364/1/PEW/3012 DT. 18/12/04 Gujarat Electricity Board, Baroda	AAACRABBIT	550	10684443
14	SP/11364-JGY/1/PEW/3283 DT.25/01/05 Gujarat Electricity Board, Baroda	AAACRABBIT	4523	100444522.5

15	SP/11365-JGY/1/PEW/3340 DT.27/01/05 Gujarat Electricity Board, Baroda	AAACWEASEL	1898	27302730
16	SP/11365-JGY/1/PAREKH/897 DT.13/07/05 Gujarat Electricity Board, Baroda	AAACWEASEL	250	3596250
17	MGVCL/MM/SP/2437/2/PEWIL/1567 DT.10/04/06 Gujarat Urja Vikas Nigam Ltd, Baroda	AAACWEASEL	2200	37077832
18	MGVCL/MM/SP/2438/2/PAREKH/2098 DT.04/05/06 Gujarat Urja Vikas Nigam Ltd, Baroda	AAACRABBIT	1700	44268000
19	UGVCLI/SP/59/PAREKH/227 DT.02/02/0 Uttar Gujarat Viji Company Ltd	AAACWEASEL 100% SUPPLIED	1500	28307010
20	UGVCLI/SP/60/PAREKH.254 DT.06/02/07 Uttar Gujarat Viji Company Ltd	AAACRABBIT 100% SUPPLIED	2500	74372425
21	MGVCL/MM/55mm Rabbit Cond/179/Parekh/4941 dt10/10/07 Madhya Gujarat Viji Company Limited Baroda	AAACRABBIT 60%SUPPLIED	500	13114375

#### DETAILS OF ORDERS IN HAND

The Company's Order book, inclusive of anticipated revenues derived from incomplete portions of existing contracts undertaken by us, was Rs. 26770.45 Lacs. We define Order book as anticipated revenues from uncompleted portions of existing contracts (signed contracts for which all pre-conditions to entry have been met, including letters of intent issued by the client) as of a certain date.

#### (A) Details of orders in hand for execution of turnkey projects for power sector

S. No.	Description	Amount (Rs. In Lacs)
1.	HVPLN, Panchkula, Supply and erection of 220 KV lines on turnkey basis (8 lines) 87 KM. REC-055	2450.00
2.	UPPCL, Lucknow, Supply and erection of 132 KV multicircuit transmission lines on turnkey basis 7 KM. TD-307	591.00
3.	PGCIL, Delhi, LILO at Roorkee, erection and commissioning of 400 KV lines 3 KM. 275 (7-8)	76.00
4.	WBSEB, erection & commissioning of 132 KV, D/C. 2 lines 53 KM TD-144	754.00
5.	UPPCL, Lucknow, 132 KV 2 phase transmission lines, for Railways on turnkey basis, 58 KM TD-304	479.00
6.	MPPTCL, 132 KV, Pawai-Satna Transmission Line on Turnkey Basis-78 KM TR-128	1044.00
7.	DHBVN, 11 KV, RE, Rewari & Mahendergarh Div. , Feeder Separation	1975.00
8.	Rural Electrification Works under RGGBY in sirsa distt., 11 KV - For BPL Connection	890.00
9	MPTSL, 220 KV, Sohawal, Muradabad, Rampur Transmission Line on Turnkey basis-12 KM TD-289/06	892.00
10	PGCIL, Kanpur, Agra, Ballabgarh Transmission Line 400 KV (LOI-awaited)	85.00
	<b>Total</b>	<b>9236.00</b>

**(B) Details of orders in hand for supply contracts for power sector**

**EXPORT ORDERS**

S. No.	Description	Amount (Rs. In Lacs)
1	Ethiopian Elec. Power Corp. supply of AAAC conductor & ABC Cables (400 Volts)	750.00
2	Ethiopian Elec. Power Corp. supply of AAAC conductor (LOI awaited)	8776.00
	<b>Total</b>	<b>9526.00</b>

**OTHER ORDERS**

SL.NO:	CUSTOMER	QUANTITY (in MT)	AMOUNT(RS)
1	RRVPNL (Rajasthan Rajya Vidyut Vitaran Nigam Limited)	1611	855.00
2	RRVPNL (Rajasthan Rajya Vidyut Vitaran Nigam Limited)	4252	2514.00
3	J D V V N L (Jodhpur Vidyut Vitaran Nigam Limited)	7338	2241.00
4	ABB Limited	560	265.00
5	RELIANCE ENERGY LTD.	470	236.51
6	J D V V N L (Jodhpur Vidyut Vitaran Nigam Limited)	359	115.00
7	BHEL	195	109.00
	<b>TOTAL</b>	<b>14590</b>	<b>6335.51</b>

**(C) Details of orders in hand for the telecom sector**

S. No.	Customer's Name	Work Order No. & Date	Rs. In Lacs
1	TATA Teleservices Ltd.	3105025318 / 29.01.2008	7.69
2	TATA Teleservices Ltd.	3205023302 / 07.02.2008	19.22
3	TATA Teleservices Ltd.	3105024513 / 09.01.2008	15.37
4	TATA Teleservices Ltd.	3105024839 / 19.01.2008	26.90
5	Bharti Infratel Limited	460 / 17.03.08	120.00
6	Bharti Infratel Limited	472 / 18.03.08	31.50
7	Bharti Infratel Limited (6x6 sites)	1240 / 24.06.08	36.00
8	Wireless-TT Info Services Ltd.	W245000195 / 22.03.08	20.00
9	Wireless-TT Info Services Ltd.	W245005550 / 28.05.08	13.00
10	Wireless-TT Info Services Ltd.	W245005763 / 01.06.08	5.00
11	Wireless-TT Info Services Ltd.	W245005763 / 01.06.08	2.00
12	Wireless-TT Info Services Ltd.	W045006586 / 17.06.08	4.49
13	Wireless-TT Info Services Ltd.	W045006081 / 04.06.08	0.95
14	Wireless-TT Info Services Ltd.	W045006082 / 04.06.08	0.30
15	Wireless-TT Info Services Ltd.	W045006069 / 04.06.08	3.00

16	Wireless-TT Info Services Ltd.	W045006063 / 04.06.08	24.00
17	Wireless-TT Info Services Ltd.	W305005685 / 30.05.08	1.19
18	Wireless-TT Info Services Ltd.	W305005710 / 31.05.08	1.08
19	Wireless-TT Info Services Ltd.	W305000250 / 26.03.08	1.35
20	Wireless-TT Info Services Ltd.	W245004288 / 16.05.08	0.64
21	Wireless-TT Info Services Ltd.	W245004154 / 13.05.08	0.25
22	Wireless-TT Info Services Ltd.	W245004151 / 13.05.08	0.76
23	Wireless-TT Info Services Ltd.	W245005718 / 31.05.08	9.00
24	Indus Tower (6x10 sites)	130089 dt-06.05.08	60.00
25	Reliance Infocom Engg. (3.68x14 sites)	RDB/15710712 dt-24.05.08	51.52
	<b>Total</b>		<b>455.21</b>

**(D) Details of orders in hand for Overhead Aluminium conductors (in wholly owned subsidiary)**

Sr. No	Customer	Contractor	Purchase Order No.	Project	Conductor	Order Qty (Kms)	Value in Rs. Lacs
1	DAKHIN HARYANA BIJILI VITRAN NIGAM, Hisar	ARAVALI INFRAPOWER LTD.New Delhi	AIPL/DHB VN/08-09/PD-02/19Dtd. 12.07.08	Segregation of Agricultural Tubewell load from rural domestic load of existing 11KV rural feeders.Sirsa	ACSR RABBIT (6/1/3.35MM)	2118	677.76
2	DAKHIN HARYANA BIJILI VITRAN NIGAM, Hisar	ARAVALI INFRAPOWER LTD.New Delhi	AIPL/DHB VN/08-09/PD-01/27Dtd. 12.07.08	Segregation of Agricultural Tubewell load from rural domestic load of existing 11KV rural feeders. Narnaul.	ACSR RABBIT (6/1/3.35MM)	99	31.68
3	HARYANA VIDYUT PRASARANA NIGAM LTD, Panchkula	ARAVALI INFRAPOWER LTD.New Delhi	AIPL/HVPN L/08-09/16 Dtd. 01.08.08	Construction of 132KV Transmission Lines associated with 132KV Sub-stations Bhusthala, Lukhi, Kirmich and Bodhi on turnkey basis against contract no. HDP-1389 & HDP-1390 dated 13.07.2007	ACSR PANTHER (30/7/3.00MM)	214	276.92

4	HARYANA VIDYUT PRASARANA NIGAM LTD, Panchkula	ARAVALI INFRAPOWER LTD.New Delhi	AIPL/HVPN L/08-09/17 Dtd. 01.08.08	Construction of 132KV Transmission Lines associated with 132KV Sub-stations Bhusthala, Lukhi, Kirmich and Bodhi on turnkey basis against contract no. HDP-1389 & HDP-1390 dated 13.07.2008	ACSR ZEBRA(54/7/3.18MM)	45	105.14
5	DAKHIN HARYANA BIJILI VITRAN NIGAM, Hisar	ARAVALI INFRAPOWER LTD.New Delhi	P&D-78		ACSR DOG (6/4.72+7/1.57MM)	150	83.69
6	NOIDA POWER COMPANY LTD.		NPCL/RA/09/08/01		AAAC PANTHER (19/3.94MM)	30	33.10
7	NOIDA POWER COMPANY LTD.		NPCL/RA/09/08/02		AAAC DOG (7/4.26mm)	20	9.45
		Total			TOTAL	2676	1217.73

### 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 may seek to form 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 organisational 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 up to 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 is procurement 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.

We execute projects in the sector of power transmission. 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 and release of interim payments. The billing department is also responsible for certifying the bills prepared by our vendors and 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.

### **Types of Contracts**

The different contract types typically used in the construction business falls into one or more combinations of the following categories:

- **Lump sum contracts** provide for a single price for the total amount of work, subject to variations pursuant to changes in the client's project requirements. In lump sum contracts, the client supplies all the information relating to the project, such as designs and drawings. Based on such information, we are required to estimate the quantities of various items, such as raw materials, and the amount of work that would be needed to complete the project, and then prepare a bill of quantities ("BOQ") to arrive at the price to be quoted. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted price.
- **Design and Build contracts** provide for a single price for the total amount of work, subject to variations pursuant to changes in the client's project requirements. In Design and Build contracts, the client supplies conceptual information pertaining to the project and spells out the project requirements and specifications. We are required to (i) appoint consultants to design the proposed structure, (ii) estimate the quantities of various items that would be needed to complete the project based on the designs and drawings prepared by our consultants and (iii) prepare a BOQ to arrive at the price to be quoted. We are responsible for the execution of all aspects of the project described above at our quoted price.
- **Item-rate contracts** are contracts where we need to quote the price of each item presented in a BOQ furnished by the client. In item-rate contracts the client supplies all the information such as the design, drawings and a BOQ. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted rates for each respective item.
- **Percentage rate contracts** require us to quote a percentage above, below or at par with the estimated cost furnished by the client. In percentage rate contracts, the client supplies all the information such as design, drawings and BOQ with the estimated rates for each item of the BOQ. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted rates, which are arrived at by adding or subtracting the percentage quoted by us above or below the estimated cost furnished by the client.

The different contract types typically used in the power infrastructure development business falls into one or more combinations of the following categories:

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

for road projects executed on a BOT basis, the bidder is permitted to collect and retain tolls received from vehicles that use that road during the Concession Period. The bidder is required to transfer ownership of the asset back to the client at the end of the Concession Period. BOT contracts may provide for a 'Take or Pay Clause' (i.e., even if the client does not utilize the constructed facility during the period of operation and maintenance, a predetermined amount of revenue is paid to the contractor by the client).

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

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

### **Marketing and Business Development**

A majority of the construction contracts for power infrastructure works in India are offered by the public sector through the central and state governments. Funds for these projects are allocated through their respective budgets as well as through international and domestic financial institutions such as the World Bank and the Asian Development Bank. In addition to the public sector power infrastructure activity, construction contracts are also offered by the private sector. Public and private sectors project activities generally follow a similar process: issue of a tender notice for prequalification, followed by receipt of bids from pre-qualified contractors, and finalization of a contract with the preferred bidder.

### **Group Companies**

We conduct our business through Associates and one subsidiary and Joint Ventures. For further information regarding our Subsidiaries, Associates and Joint Ventures, see section "Financial Information of Group/Subsidiary Companies" beginning on page [\*] of the Draft Red Herring Prospectus. Our Associates are:

1. Aravali Smelters Limited
2. Shivalik Organics Limited
3. Sreedeb Commercial Private Limited
4. Aravali Energy Private Limited
5. Parekh Electrawire Industries Limited

### **Quality Certifications**

We have received a certificate from QMS International, LLC in respect of our quality management system (ISO 9001:2000, valid until May 09, 2011) for our J&K Unit. This certification is accredited by the Joint Accreditation System, Australia and Newzealand.

### **Joint Ventures**

Generally, we bid for projects as the sole contractor with full responsibility for the entire project, including, if required, the overall responsibility and sole discretion to select and supervise subcontractors. From time to time, for certain larger projects that require resources beyond those available to us, such as financial strength, equipment, manpower or local content resources, or when we wish to share the risk on a particularly large project, we seek to make alliances through project-specific joint ventures with other contracting, engineering and construction companies.

In a project-specific joint venture, each member of the joint venture shares the risks and revenues of the project according to a predetermined agreement. The agreements specifically assign the work to be performed by each party and the responsibilities of each party with respect to the joint venture, including how the joint venture will be managed and the equipment, personnel or other assets that each party will contribute or make available to the joint venture. The profits and losses of the joint venture are shared among the members according to a predetermined ratio. The fixed assets that are acquired by the joint

venture are generally transferred to the respective joint venture members upon completion of the joint venture project. The agreements also set forth the manner in which any disputes among the members will be resolved. In a joint venture arrangement, there is typically a joint and several liability on the members. In the event that other members of our Joint Ventures default on its duties to perform, we would remain liable for the completion of the project. For further details, see section "History and Certain Corporate Matters — Shareholders' Agreements" and "—Memoranda of Understanding" beginning on pages [\*] and [\*] respectively, of the Draft Red Herring Prospectus.

### **Competition**

Our major competitors in the power sector, include, among others, KEC INTERNATIONAL LTD., KALAPTARU POWER LTD., JYOTI STRUCTURES LTD., and SUJANA TOWERS LTD. We also face competition from regional contractors.

However, in more recent years, India has adopted new economic policies which have created opportunities and also increased competition in the engineering and construction sectors.

### **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 Non-ferrous 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 "Regulations and Policies" beginning on page [\*] of the Draft Red Herring Prospectus.

### **Human Resources**

As at September 23, 2008, the Company had a workforce of approximately 239 employees. 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. Our workforce has grown rapidly over our last fiscal year from 66 in fiscal 2007 to 213 in fiscal 2008. We also hire sub-contractors that utilize temporary or casual labour, especially for construction activities.

Our employees are not covered by any collective bargaining agreements. We have not experienced any material strikes, work stoppages, labour disputes or actions by or with our employees, and we consider our relationship with our employees to be good.

### **Legal Proceedings**

We are involved from time to time in litigation incidental to our business. While we cannot predict the outcome of any pending or future litigation, examination or investigation, based on the amounts sought in pending actions against us and our history of resolving litigation, as well as the advice of legal counsel, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition or results of operations. For details, see the section "Outstanding Litigation and Material Developments" beginning on page [\*] of this Draft Red Herring Prospectus for a detailed list of legal proceedings involving us.

## **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. For a detailed discussion of these market risks and how they are expected to impact our liquidity and capital resources, see section "Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosure about Market Risk" beginning on page [\*] of the Draft Red Herring Prospectus.

## **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 principal types of insurance coverage include All Risk Insurance Policies, fire insurance, personal accident coverage insurance, money insurance, plant and machinery insurance, car insurance and transit insurance. Our insurance policies may not be sufficient to cover our economic losses. Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other *force majeure* events. This includes hazards that may cause injury and loss of life, damage and destruction of property, equipment and environmental damage.

### **Insurance Policies:**

#### **Relating to workmen**

Company has taken following insurance Policies for its workmen.

1. We have taken Workmen Compensation (General) Policy, bearing Policy No. 221600/41/08/01/4000002, dated 22/05/2008, from United India Insurance Company Limited for our present contractual assignment at Sirsa circle with Dakshin Haryana Vidyut Vitaran Nigam Limited,. This policy is effective till Midnight of 21/04/2009. Gross premium for this policy is Rs. 12,741 including Service tax Rs. 1,402 which has been paid by us for sum assured Rs. 6,30,000 (Rupees Six Lacs Thirty Thousand). The said policy covers risk for 10 unskilled works and 5 skilled workers.
2. We have taken Workmen Compensation (General) Policy, bearing Policy No. 221600/41/08/01/4000003, dated 22/05/2008, from United India Insurance Company Limited for our present contractual assignment at Narnaul with Dakshin Haryana Vidyut Vitaran Nigam Limited. This policy is effective till Midnight of 21/04/2009. Gross premium for this policy is Rs. 15,573, including

Service tax Rs. 1,713 which has been paid by us for sum assured Rs. 7,70,000 (Rupees Seven Lacs Seventy Thousand). The said policy covers risk for 10 unskilled works and 5 skilled workers.

3. We have taken Workmen Compensation (General) Policy, bearing Policy No. 221600/41/08/01/40000014, dated 05.06.2008 from United India Insurance Company Limited for our present assignment LILO of 4000KV S/C Rishikesh, Muzaffarnagar (Transmission Line at Roorkee), Uttarakhand. This policy is effective till Midnight of 04/12/2008. Gross premium for this policy is Rs. 5339 including service tax of Rs. 587 which has been paid by us for sum assured Rs. 264000. The said policy covers risk for 2 skilled workers.

Except as mentioned above, we have not taken any other insurance policy for our employees.

### **Relating to Assets**

1. We have taken Burglary policy from United India Insurance Company Limited, bearing policy no.221600/08/04/00000202. Date of issuing of policy is 11-06-2008. It is effective from 26-06-2008 and valid till 10-06-2009. Assets of the Company viz. stock of raw materials and stock of all non-ferrous metal situated at Kathua are the subject matter of this insurance policy. The sum insured under this policy is Rs. 40000000 (Rs. Four Crores Only).
2. We have taken Storage cum Erection Insurance policy, bearing Policy No. 221600/44/08/04/4000002, dated 22/05/2008 from United India Insurance Company Limited for our present contractual assignment at Sirsa with Dakshin Haryana Vidyut Vitaran Nigam Limited. This policy is effective till Midnight of 21/04/2009. Gross premium for this policy is Rs. 96925 including Service tax Rs. 10662 which has been paid by the Company for sum assured Rs. 90000000 (Rupees Nine Crores).
3. We have taken Storage cum Erection Insurance, bearing Policy No. 221600/44/08/04/4000001, dated 22/05/2008 from United India Insurance Company Limited for our present contractual assignment at Narnaul with Dakshin Haryana Vidyut Vitaran Nigam Limited. This policy is effective till Midnight of 21/04/2009. Gross premium for this policy is Rs. 238258 including Service tax Rs. 26209 which has been paid by the Company for sum assured Rs. 199000000 (Rupees Nineteen Crores and Ninety Lacs).
4. We have been engaged in erection of towers for power transmission and it have taken an Erection All Risk Policy from The Oriental Insurance Company Limited for securing our towers under construction at Haryana. The said policy is effective from 11-02-2008 to 10-10-2008. One time premium of Rs. 355312 has been paid by us for a sum assured of Rs. 244387793 (Rupees Twenty Four Crores Fourty Three Lacs Eighty Seven Thousand Seven Hundred Ninety Three).
5. We have taken a Burglary Policy from The Oriental Insurance Company Limited, bearing Policy No.211200/48/2008/2602. Date of issuing of policy is 28-03-2008, and it is valid till the midnight of 27-03-2009. Assets of the Company viz. stock of Raw Materials required for manufacturing transmission tower, steel Angles, Channels, situated at 182/15, Industrial Area, Phase-1, Chandigarh, Pin - 160015 Punjab are the subject matter of this insurance policy. Sum insured under this policy is Rs. 50000000 (Rupees Five Crores).
6. We have taken Standard Fire And Peril Policy from United Insurance Company Limited, bearing Policy No. 221600/11/08/11/00000191. Date of issuing of policy is 15-05-2008, and it is valid till Midnight of 14-05-2009. The property in respect of which this insurance policy has been taken is situated at PLOT NO. 7, ELEDECO SIDCUL INDUSTRIAL PARK, SITARGANJ, Distt.- UDHAMSINGH NAGAR, UTTARAKHAND. The sum insured under this policy is Rs. 217400000 (Rupees Twenty One Crores and Seventy Four Lacs).
7. We have taken Standard Fire And Peril Policy from United Insurance Company Limited, bearing Policy No. 221600/11/08/11/00000301. Date of issuing of policy is 11-06-2008 and it is valid till Midnight of 10-06-2009. The property in respect of which this insurance policy has been taken is situated at PLOT NO.- 93,112 & 113 SICOP, INDUSTRIAL AREA, KATHUA PIN 104 101 JAMMU and KASHMIR. The sum insured under this policy is Rs. 13300000 (Rupees One Crores and Thirty Three Lacs).

8. We have taken Burglary Policy from United Insurance Company Limited, bearing Policy No. 221600/46/08/04/00000205. The Policy is valid till Midnight of 10-06-2009. The property in respect of which this insurance policy has been taken is consist of Stock of raw materials, Stock of all non ferrous metals at Khasara No.- 44/24, C-Block, Shahabad, Daulatpur, Delhi 110 042. The sum insured under this policy is Rs. 40000000 (Rupees Four Crores).

Apart from above mentioned insurance policies Company has taken insurance policies for its vehicles as per regulatory requirement.

### Property

The following table sets forth information concerning certain of our principal properties in India:

#### A. Immovable Properties owned by the Company

<b>1</b>	<b>Sale Deed:</b>	Executed between Sh. Hazoora Singh S/o Late Sh. Sawan Singh R/o Village- Jastana Kalan, Tehsil- Dera Bassi, Dis.- SAS Nagar Mohali and M/s Aravali Infrapower Limited having at its Registered at G- 29 ,3 <sup>rd</sup> floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi, PIN 110018, India represented by its Company Secretary Mr. Niraj Kumar son of Mr. Bashist Narayan .
	<b>Description of Property</b>	Around 64 Bigha situated at village- Lalroo, Tehsil- Derabassi, Dist.- Mohali.
	<b>Date of Sale Deed</b>	7 <sup>th</sup> day of July 2008
	<b>Consideration</b>	Rs. 3,28,51,250 (Rs. Three Crore Twenty Eight Lacs Fifty one Thousand and Two fifty Hundred only).
	<b>Stamp Duty</b>	Rs. 16,42,600 (Rs. Sixteen Lacs Forty Two Thousand and Six Hundred).
	<b>Registration:</b>	Registered at the office of Sub Registrar Dera Bassi.
	<b>Liabilities, if any:</b>	No
<b>2</b>	<b>Sale Deed:</b>	Executed between M/s Shri. Raj Shyamaji Footware Private Limited having its Registerd office at A-1/321, Paschim Vihar Delhi, PIN 110063 represented through its Director Sh. Rampal Yadav S/o Sh. Kalu Ram Yadav R/o 37,Gali No. 1, East Guru Angad Nagar New Delhi PIN 110092 and M/s Aravali Infrapower Limited having at its Registered at G- 29 ,3 <sup>rd</sup> floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi, PIN 110018, India represented by its Company Secretary Mr. Niraj Kumar son of Mr. Bashist Narayan .
	<b>Description of Property</b>	6 Acres 4 Canal 3 Marla at Bahadurgarh.
	<b>Date of Sale Deed</b>	18 <sup>th</sup> day of February 2008
	<b>Consideration</b>	Rs. 1,57,00,000 (Rs.One Crore Fifty Seven Lacs)
	<b>Stamp Duty</b>	Rs. 9,42,000 (Rs. Nine Crore Forty Two Thousand)
	<b>Registration:</b>	Registered at the office of Sub Registrar Bahadurgarh, Dera Bassi.
	<b>Liabilities, if any:</b>	No
<b>3</b>	<b>Sale Deed:</b>	Executed between Shri. Rageshwar and Jaikishan S/o Ram Kishan R/o Village-Asauda, Tehsil-Bahadurgarh, Dist- Jhajhara and M/s Aravali Infrapower Limited having at its Registered at G- 29 ,3 <sup>rd</sup> floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi, PIN 110018, India represented by its Director Mr. Rakesh Jolly.
	<b>Description of Property</b>	10 Canal at Bahadurgarh. Six Km away from Link Road

<b>Property</b>	
<b>Date of Sale Deed</b>	5 <sup>th</sup> Day of Decmber 2007
<b>Consideration</b>	Rs.11,06,000 (Rs. Eleven Lacs Six thousand)
<b>Stamp Duty</b>	Rs.66,400 (Rs. Sixty Six Thousand and Four Hundred Only)
<b>Registration:</b>	Registered at the office of Sub Registrar Bahadurgarh. era Bassi.
<b>Liabilities, if any:</b>	No

<b>4</b>	<b>Sale Deed:</b>	Executed between M/S ELDECO Infrastructure and Properties Ltd. and M/s Aravali Infrapower Limited having at its Registered at G- 29 ,3 <sup>rd</sup> floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi, PIN 110018, India represented by its Director Mr. Rakesh Jolly.
	<b>Description of Property</b>	Area of land is 40,602 .04 Sq mt. situated at Sitarganj Uttaranchal having plot no. D-7.
	<b>Date of Sale Deed</b>	17 <sup>th</sup> of July 2006.
	<b>Consideration</b>	Basic price of land is Rs 304451792.50 (Three crores four lacs fifty one thousand seven hundred ninety two rupees.)
	<b>Stamp Duty</b>	Stamped
	<b>Registration:</b>	Not Required
	<b>Liabilities, if any:</b>	No

<b>5</b>	<b>Sale Deed:</b>	Executed between Sh. R.B.Gupta S/o Shri Pritam Chand Gupta R/o 3134, Sector 28 D, Chandigarh as seller and M/s Aravali Infrapower Limited having at its Registered at G- 29 ,3 <sup>rd</sup> floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi, PIN 110018, India as purchaser.
	<b>Description of Property</b>	Area of land is 19 Bigha -11 Biswas bearing Khata No. 110/175, Khasara No. 103.7 /385 (2-0) situated at Dera Bassi -Barwala Road.
	<b>Date of Sale Deed</b>	19 <sup>th</sup> September 2008.
	<b>Consideration</b>	Price of land is Rs 1,00,00,000 (Rs. One Crore Only)
	<b>Stamp Duty</b>	Stamp Duty paid Rs. 5,00,000.
	<b>Registration:</b>	Registered at Office of Sub-Registrar at Dera Bassi
	<b>Liabilities, if any:</b>	No

**(B) Immovable Properties taken on Lease by the Company**

<b>1</b>	<b>Lease Deed:</b>	Executed between M/s. Parul Handicrafts Pvt. Limited through its representative Ram Juneja S/o Late Mala Sah Juneja G-29 Third Floor Vardhman Tower Vikas Puri New Delhi 110018 and Pioneer Construction Company (A division of Aravali Infrapower Limited ) through its director Ankur Sarin on 15/06/2007 in respect of property situated at G-29, Third Floor, Vardhman Tower, Vikas Puri, New Delhi, 110018.
	<b>Period:</b>	3 years from 15/06/07 to 14/06/2010
	<b>Stamp</b>	Rs. 16650/- on the said document.
	<b>Monthly rent:</b>	Rs. 1,25,000/- for first years and thereafter to be increased by 5 percent of existing rent.
	<b>Interest Free Security Deposit:</b>	Rs. 3,75,000/-

	<b>Registration:</b>	Registered
	<b>Liabilities, if any:</b>	No liability
<b>2</b>	<b>Lease Deed:</b>	Executed between J & K Small Scale Development Corporation Limited having its Registered Office at Auquaf Market Gandhi Nagar ,Jammu And M/s. Aravali Infrapower Limited (then Aravali Aluminium Private Limited) represented by its Director Rakesh Jolly in respect of Land at Kathua (Jammu and Kashmir) for setting up Industrial Complex.
	<b>Period:</b>	20 years commencing from 1st May 2001.
	<b>Stamp</b>	Rs. 4900/- on the said document.
	<b>Yearly rent:</b>	Rs. 2760 per Kanal of land for Four Kanal .First two year's of ground Rent is taken as advance which is equal to Rs 22,080.
	<b>Interest Free Security Deposit:</b>	Rs. 45,000 per Kanal for 4 Kanal of land aggregating amount equal to Rs 1,80,000 which is non refundable Is paid to the said authority.
	<b>Registration:</b>	Registration at Sub registrar Office, Kathua
	<b>Liabilities, if any:</b>	No liability
<b>3</b>	<b>Lease Deed:</b>	Executed between Smt. Usha Bansal w/o Subhash chander Bansal Having built up property bearing Khasara No. 44/24 situated at Shahibabad Daulapur and M/s Aravali Aluminium Pvt. Limited represented by its Director Sri.Rakesh Jolly.(Rent agreement) for godown situated at Khasara No. 44/24 at Shahibabad Daulapur
	<b>Period:</b>	Eleven Months w.e.f. 15/11/2007.
	<b>Stamp</b>	Rs. 50/- on the said document.
	<b>Monthly rent:</b>	Rs. 13,000 per month.
	<b>Interest Free Security Deposit:</b>	Nil
	<b>Registration:</b>	Registration not required
	<b>Liabilities, if any:</b>	Not any
<b>4</b>	<b>Lease Deed:</b>	Executed between Smt. Neeru Aggarwal W/O Sh Pramod Kumar Aggarwal R/o D-1/7 Janakpuri New Delhi 58 (Land Lord) and M/s Aravali Aluminium Pvt.Limited represented by Mr. S. K. Dwivedi.(Rent agreement) for office premises situated at G-29 Second Floor, Vardhman Tower, Vikas Puri, New Delhi, 110018
	<b>Period:</b>	Three years w.e.f. 16/01/2008.
	<b>Stamp</b>	Rs.17050 (Seventeen Thousand and Fifty only) on the said document.
	<b>Monthly rent:</b>	Rs. 64,000 per month.
	<b>Interest Free Security Deposit:</b>	Rs. 1,92,000 (One Lac Ninety two thousand)
	<b>Registration:</b>	Registered at Sub Registrar II Janakpuri New Delhi..
	<b>Liabilities, if any:</b>	Not any

Most of our owned properties are mortgaged and security (in the form of charges) is usually created in favour of our lenders.

## KEY INDUSTRY REGULATIONS

### 1. 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 the 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.

Our Company is complying with the guidelines with regard to disposal of waste material, waste emissions etc.

### 2. Labour Laws

#### i) 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. Also, in accordance with the provisions of the Act the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return on Form 12 A is required to be submitted to the commissioner.

#### ii) 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.

#### iii) 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 in 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.

#### iv) 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.

#### v) Contract Labour (Regulation and Abolition) Act, 1970

The Act applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour. The Act provides for the welfare of the contract labour, their wages, appointment of the inspecting staff and maintenance of registers, records, etc. As per the said Act, the establishments covered are required to be registered as the Principal Employer.

**vi) 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.

**vii) 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.

**viii) 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.

**ix) 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 exhibits 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.

**4. Tax Related Legislations**

**i) 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.

**ii) Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic /Foreign 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 31<sup>st</sup> October of the Assessment Year .Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

**iii) 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.

**iv) 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 sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

**v) 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.

## HISTORY AND CORPORATE STRUCTURE OF OUR COMPANY

### a. HISTORY AND MAJOR EVENTS

Incorporated as 'Aravali Aluminium Private Limited' on December 13, 2002 under the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana. On January 13, 2007 the name of the Company was changed to 'Aravali Infrapower Private Limited' and was subsequently changed to 'Aravali Infrapower Limited' on January 29, 2007.

#### Milestones

Date	Activities
13.12.02	Incorporated as Private Limited Company under the Companies Act, 1956
14.03.03	Takeover of M/s Aravali Zinc & Alloys, an aluminium alloy manufacturing unit, as a going concern
17.10.04	Purchased land for setting up of non ferrous alloy manufacturing plant at notified tax exempted area in Jammu and Kashmir
04.01.05	Commencement of commercial production at J&K unit
02.08.06	Purchased land measuring 10 acres at notified tax exempted area in Uttarakhand for setting up a manufacturing unit for production of EHV Transmission Tower and Overhead Aluminium conductors
28.12.06	Name of the Company was changed to 'Aravali Infrapower Private Limited'.
20.01.07	Conversion of Company into a Public Company
06.06.07	Takeover of Pioneer Construction Company, a 25 year old EPC Company, as a going concern
28-02-08	Take over of 'Techno Engineering Company', an 18 year old tower manufacturing unit, having manufacturing plants at Chandigarh and Mohali as a going concern.
31.03.08	Acquisition of the Company Parekh Electrawire Industries Limited having a running manufacturing unit for aluminium conductors at Gujarat
31.03.08	Achieved turnover of Rs. 100 crore.
28.04.08	Commencement of trial production at Sitarganj unit
25.07.2008	Commencement of commercial production at Sitarganj unit.
19.09.08	Purchased land Measuring 5 acres with building constructed thereon at Dera Basi, Punjab for relocation of Chandigarh and Mohali unit of Techno Engineering Company

#### Focus Areas of Business

Our Company caters to the following sectors:

- 1) Power sector
- 2) Telecom sector
- 3) Automobile Industry
- 4) Electrical cable Industry

#### b. Main Objects of the Company

1. To carry on in India or elsewhere the business as Seller, Purchaser ,Importer, Exporter, Fabricators, 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 the business as producer, manufacturer, processors ,Importer exporters, buyers, sellers, distributors of transmission towers, telecom towers ,windmill towers ,and towers parts and galvanised or non galvanised ,fabricated or non fabricated structure.

3. To carry on the business as producer ,manufacturer, processors ,Importer exporters, buyers, sellers, distributors , stockist agents and brokers of all aluminium alloy conductors all aluminium conductors , aluminium conductors steel reinforced, aluminium wire ,alloy wire, aluminium standard conductor, aluminium alloy standard conductors, aluminium conductors galvanised steel reinforced solution treated and annealed alloy wire ,aerial bunched cable ,PVC insulated conductors ,PVC covered conductors ,PVC wire and cables GI stay wire, GI wire, earth wire aluminium wire rod-ingots aluminium alloy wire rod-ingots and any materials and products made wholly or partially from any one or more of the metals and materials mentioned there is or there derivatives.
4. To carry on the business of building ,establishing ,setting up ,acquiring ,developing ,managing, providing, operating, and/or maintaining ,fully or partially ,infrastructure facility of all description including ,without limitation ,relating to power ,power transmission /distribution telecommunication ,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 generals or special contractors for design ,construction, manufacture, erection , maintenance, alteration ,restoration of all types and description in India and overseas ,as contractor or subcontractors for the whole or part of such works including power generation or distribution ,cable lines ,power transmission towers ,towers and networking of all types on and for the purpose to acquire any land ,building ,tenements ,premises, equipments, spares/parts of all kinds ,descriptions ,design ,configuration, and in connection there with implementation, customisation ,certification, inspection, resource poll management in relation to all kinds of infrastructure services inter-alia including but not limited to telecom ,cellular services ,basic telecom services and IT enabling services, industrial purpose and other infrastructure industries and in connection therewith to acquire sell dispose of, lease, hire goods /services of any nature /description.
5. The service 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 system/antenna space ,wireless and radio /television broadcast transmission Business process, Outsourcing and information technology facilities ,telecom and enterprise network and other structure ,system and communication equipments of similar nature ),associated management service ,facilities management service ,facility management services relating to people ,infrastructure, and technology in connection with the above facilities.
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 ,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
7. To acquire and takeover 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.

#### **Changes in Memorandum & Articles of Association of the Company**

SL.NO	Date of Alteration	Nature of Alteration
1	23.6.03	Increase in Authorised Capital from Rs 15 Lacs to 20 Lacs
2	29.3.04	Increase in Authorised Capital from Rs 20 Lacs to 50 Lacs
3	01.03.05	Increase in Authorised Capital from Rs 50 Lacs to 200 Lacs
4	28.12.06	Change of name from Aravali Aluminium Private Limited to Aravali Infrapower Private Limited
5	28.12.06	Alteration of the objects clause
6	20.01.07	Change of status of the Company from Private Limited to Public Limited
7	13.02.07	Increase in Authorised Capital from Rs 200 Lacs to 500 Lacs
8	09.05.07	Increase in Authorised Capital from Rs 500 Lacs to 1300 Lacs
10	09.05.07	Alteration of the objects clause
11	05.12.07	Alteration of the articles of association
12	25.02.08	Alteration of the articles of association
13	25.08.08	Increase in Authorised Capital from Rs 1300 Lacs to 2200 Lacs

### **Changes in Registered Office of the Company**

The Registered office of the Company was initially located 514, GH-13, Paschim Vihar, New Delhi-110063. W.e.f July 02, 2007, it was changed to the present address.

### **c. Subsidiaries of the Issuer Company and their business**

#### **Company's only subsidiary is M/s Parekh Electrawire Industries Limited:**

Parekh Electrawire Industries Limited was incorporated as a Private Limited Company on the 30th May 1972 under the name and style of PAREKH ELECTRAWIRE INDUSTRIES PRIVATE LIMITED vide Certificate of Incorporation no. 2097 issued by the Registrar of Companies Gujarat, Dadra and Nagar Haveli. On 20/11/1996 Company has passed the necessary resolution under section 21, section 31, section 44 of the Company converting itself as a Public Company and the approval of Central Govt. was accorded on 20/12/1996. Fresh certificate of Incorporation to this effect was issued by Registrar of Companies of Gujarat, Dadra and Nagar Haveli on 20th day of December 1996. Company on 23<sup>rd</sup> of Aug. 2007 had received Fresh Certificate of Incorporation consequent upon change of name from Registrar of Companies of Gujarat, Dadra and Nagar Haveli and from this date name of the Company changed to SHAH PAPERPLAST INDUSTRIES LIMITED. For this purpose Company has passed necessary resolution under section 21 of the Companies Act, 1956 and approval of Central Govt. was accorded for the name change of the Company. On 7<sup>th</sup> March 2008 Company again changed its name as its prior name and received Fresh Certificate of Incorporation consequent upon change of name from Registrar of Companies of Gujarat, Dadra and Nagar Haveli and from this date name of the Company changed to PAREKH ELECTRAWIRE INDUSTRIES LIMITED. For it Company has passed necessary resolution under section 21 of the Companies Act, 1956 and approval of Central Govt. was accorded for the name change of the Company under MCA-21 Campaign of Ministry of Corporate Affairs.

The shares of Parekh Electrawire Industries Limited are not listed.

The main objects of the Company are as under:

1. To undertake and to carry on the business of manufacturing and merchandising all kinds of ferrous and non-ferrous and metal wire products, and carry on any other business of manufacturing and merchandising generally and without limitation, all types of products and articles made from ferrous and non-ferrous metals.
2. To undertake and carry on the business or businesses of manufacturing, drawings, designing, procession, assembling, fabricating, importing, exporting and generally dealing in all kinds of ferrous and non-ferrous products, wire drawings, strip drawing, sheet rolling, processing, embossing, rewinding, machines, equipments, implements, apparatus, utensils, accessories etc. including all their components parts, tools and accessories, and to do all other acts and things necessary in connection with the business or matters aforesaid.
3. To undertake and carry on the business of manufacturing and merchandising all kinds and types of utensils, electrical motors, bettries, electrical, wire drawing, P.V.C. Wires, and conductors, wire and strips, rods and bars, and such other parts and components and also to acquire, erect, manage, maintain, sell, distribute, and to export, import, and generally deal in all kinds of ferrous and non-ferrous wire products for industrial, commercial, and domestic purpose and for consumer use or for public utility.
4. To carry on in India or elsewhere the business as manufactures, producers, processors, importers, exporters, buyers, sellers, stockists, agents, contractors, exchangers, providers, distributors, coworkers, collaborators, consultants, transporters, suppliers and dealers in all kinds, classes, application, specifications, descriptions, characteristics, colours and uses of papers including writing paper, printing paper, absorbent paper, packing and wrapping paper, wall and ceiling paper, news print paper, Filter paper, antique paper, ivory finish paper art paper, bangle or board paper, badami, brown or bugg paper, bible paper, cartridge paper, cloth lines paper, wove paper, tissue paper, biotting paper, antique paper, security paper, waxed and bitument impregnted paper, currency paper, litmus paper, photographic

paper, glass paper, emery paper, toilet paper, cram laid and wove paper, corrugated craft linear paper, specialty paper, greaseproof paper, gummed paper, hand made paper, parchment paper, drawing paper, craft paper, manilla paper, envelope paper, ammonia paper, chemically treated paper, carton paper and craft paper, whether coated, glazed, polished, corrugated, laminated or otherwise and any raw materials, intermediated, ingredients, substances, consumables and allied materials thereof and to do all incidental acts and things necessary for the attainment of the above objects.

**SHAREHOLDERS AGREEMENT**

There are no shareholder agreements as on date of Filing of the Draft Red Herring Prospectus with SEBI.

**Other Agreements**

Except the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

**Financial / Strategic Partners**

There are no financial or strategic partners

## OUR MANAGEMENT

### BOARD OF DIRECTORS

ARAVALI is a professionally managed organization. The Company functions under the control of a Board of Directors. The day to day matters are looked after by qualified key personnel, under the supervision of the Chairman and Managing Director.

Name, Father's Name, Age and Nationality	Designation	Status	Director's Identification Number	Address	Occupation	Qualifications	Date of Appointment (DoA)	Other Directorships
Mr. Rakesh Jolly, S/o Shri Ramesh Jolly  Age: 47 years  Indian	Chairman and Managing Director	Promoter Director	00533817	B-39, SHANKAR GARDEN, VIKAS PURI, NEW DELHI, 110018, Delhi, INDIA	Business	B.sc, CA	DoA: 13/12/2002	As per annexure 1
Mr. Ramaiah Narayanan S/o Shri Palamudai Muthuswamy Ramaiah  Age: 64 years  Indian	Director	Executive Director	01976754	65,, LAXMANPURI, LUCKNOW, 226016, Uttar Pradesh, INDIA	Service	M.Sc	DoA: 30/04/2008	
Mr. Mohinder Kumar Kansal S/o Shri Sumer Chand Kansal  Age: 50 years  Indian	Director	Non-Executive & Independent Director	01654410	D-18, BHAGAT SINGH ROAD, ADARSH NAGAR, DELHI, 110033, Delhi, INDIA	Professional	CA	DoA: 13/08/2007	
Mr. Radha Krishna Pandey S/o Shri Ram Naresh Pandey	Director	Non-Executive & Independent Director	00190017	L-277, Sarita Vihar, New Delhi-110044	Consultant	M.Com, LLB, FCS Post Graduate Diplo	DoA: 01/09/2008	

Age: 69 years						ma in Business Administration		
Indian								

#### Annexure 1- Details of Other Directorships

Sl. No.	Name	Other Directorships/Partnerships
1.	Mr. Rakesh Jolly,	<b>Companies:</b> 1. Aravali Smelters Ltd. 2. Shivalik Organics Ltd. 3. Sreedeb Commercial Private Limited. 4. Aravali Energy Private Limited
2.	Mr. Ramaiah Narayanan	<b>Companies:</b> 1. Pioneer Electric Construction Company Private Limited 2. Parekh Electrawire Industries Limited
3.	Mr. Mohinder Kumar Kansal	<b>Nil</b>
4.	Mr. Radha Krishna Pandey	<b>Companies:</b> 1. PTC Industries Limited 2. Precise Laboratories Private Limited 3. Green Valley Products Private Limited 4. Welcure Drugs and Pharmaceuticals Limited 5. British Healthcare Products India Limited 6. Spice Mobiles Limited 7. A.K. Laboratories Limited 8. Shree Rajasthan Syntex Limited 9. Hanug Toys and Industries Limited 10. Amar Ujala Publications Limited 11. Jindal Polyfilms Limited 12. SEA TV Network Limited 13. Ricoh India Limited

#### Brief Profile of Directors

**1. Rakesh Jolly**, Chairman and Managing Director

Mr. Rakesh Jolly, Aged about 47 years, is the Promoter and CMD of the Company. He is a science graduate and a qualified chartered accountant. He has strong entrepreneur capabilities and rich experience in the area of Business Development. He has built up this business to the present levels and is responsible for the sustained growth of the Company.

**2. Ramaiah Narayanan**, Whole Time Director

Mr. Ramaiah Narayanan, aged about 64 years is an ex-IAS and has long administrative career. An experienced entrepreneur having 28yrs experience in construction of Electrical Transmission Lines. Earlier he was a partner in the 'Pioneer Construction Company', an Construction Co. in the area of Power Transmission.

**3. Mohinder Kumar Kansal**, Independent Director

Mr. Mohinder Kumar Kansal, aged about 50 years, is a practicing chartered accountant.

**4. Radha Krishna Pandey**, Independent Director

Mr. R. K. Pandey, aged about 69 years is the ex-Executive Director of The Delhi Stock Exchange Limited. He has a Masters degree in Commerce, is a Bachelor of Law, Fellow Member of the Institute of Company

Secretaries of India and is also a Diploma holder in Business Administration. He has worked as a Company Secretary of and Finance in-charge of various Private and Public Sector Companies like Hicks Thermometers (India) Limited, Bihar State Text Book Publishing Corporation Limited, UP State Bridge Corporation Limited.

#### **Details of Borrowing Powers**

Vide a resolution passed at the Extra Ordinary General Meeting of the Company held on March 26, 2007, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sums of money which together with money already borrowed by the company shall not exceed in the aggregate at any time Rs. 20000 lacs irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of paid up share capital of the company and its free reserves.

#### **COMPENSATION OF MANAGING DIRECTORS.**

Terms of Appointment & Compensation of Whole time Director/Managing Director

Name: **Rakesh Jolly**

Designation: Chairman and Managing Director

Tenure of Contract: No contract has been entered into with him

#### **Remuneration:**

##### **A) SALARY**

Rs. 50000 p.m. w.e.f. September 01, 2008

##### **B) PERQUISITES (including allowances)**

1. **Car:** To be provided by the company along with full running and maintenance expenses
2. **Driver's Salary**
3. **Telephone**
4. **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling as per the policy of the Company
5. **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules specified by the Company.
6. **Provident Fund:** Company's contribution to Provident fund will be as per the scheme of the Company.
7. **Ex-Gratia Payment:** Payment of ex-gratia shall be made annually as per the policy of the Company.

Name: **Ramaiah Narayanan**

Designation: Whole Time Director

Tenure of Contract: No contract has been entered into with him

#### **Remuneration:**

##### **A) SALARY**

Rs. 38253 p.m. w.e.f. September 01, 2008

##### **B) PERQUISITES (including allowances)**

1. **Car:** To be provided by the company along with full running and maintenance expenses
2. **Driver's Salary**
3. **Rent free accommodation alongwith electricity and water.**
4. **Telephone**
5. **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling as per the policy of the Company
6. **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules specified by the Company.

7. **Provident Fund:** Company's contribution to Provident fund will be as per the scheme of the Company.
8. **Ex-Gratia Payment:** Payment of ex-gratia shall be made annually as per the policy of the Company.

For the purpose of calculating the ceiling perquisites shall be evaluated as per income tax rules wherever applicable and in absence of any such rule the same shall be evaluated at actual cost. The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 309 and other applicable provisions as may be amended from time to time.

#### **Non-Whole time Directors**

Non-executive Directors are currently paid sitting fees of Rs. 1000/- for attending each meeting of the Board and Rs. 750/- for attending each meeting of the committee thereof.

#### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Corporate governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize shareholder's value by attracting financial and human capital and efficient performance. ARAVALI believes that good corporate governance contemplates that corporate actions balance the interest of all shareholders and satisfy the tests of accountability and transparency.

#### **Company's Philosophy on Corporate Governance**

The Board of Directors of Aravali Inrapower Limited committed to ensure that the highest standards of Corporate Governance are implemented and practiced in the company as an integral part of discharging its responsibilities to protect and enhance shareholders' value. The Board understands that effective corporate management and control (Corporate Governance) today are almost as important for investors' decision as the economic performance of a company or that of its share. The Company continuously monitors developments in the area of corporate governance, and leads in developing and implementing best corporate governance practices.

The Company stands committed to good Corporate Governance - transparency, disclosure and independent supervision to increase the value of the Company stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon applying for the in-principle approval for listing of the Equity Shares on the stock exchange. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholders/Investor Grievances, Audit, etc, details of which are as follows:

#### **i. Composition of Board of Directors**

The Board of Directors of the Company consists of 4 (four) directors and has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than 50% of the Board of Directors comprises of non-executive and independent Directors. Three of the Directors on the Board are independent directors.

<b>S.NO</b>	<b>NAME OF DIRECTOR</b>	<b>DESIGNATION</b>	<b>STATUS*</b>
1.	Mr. Rakesh Jolly	Chairman and Managing Director	Promoter Director
2.	Mr. Ramaiah Narayanan	Whole Time Director	Executive Director
3.	Mr. Mohinder Kumar Kansal	Director	Non-Executive & Independent Director
4.	Mr. Radha Krishna Pandey	Director	Non-Executive & Independent Director

\* As per Clause 49 of the Listing Agreement

#### **ii. Audit Committee**

Audit Committee is constituted by Board of Directors consist of 3 directors, represented by 2 Non-Executive Independent Director and 1 Executive Director. The Audit Committee provides directions to and

reviews functions of the Accounts Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal MIS reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

The Audit committee was constituted on September 01, 2008. The members of the Audit Committee are:

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Mohinder Kumar Kansal	Chairman	Independent director
2.	Mr. Radha Krishna Pandey	Member	Independent director
3.	Mr. Rakesh Jolly	Member	Promoter director

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

The scope of the Audit Committee in companies is defined under Clause 49 of the Listing Agreement dealing with Corporate Governance and the provisions of the Companies Act, 1956.

**A. The Audit Committee shall have the following powers:**

1. To investigate any activity within its terms of reference
2. To seek information from any employee
3. To obtain outside legal and other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

**B. The role of the audit committee shall include the following:**

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

2. Recommending to the Board, the appointment, re-appointment and, if required, the Replacement or removal of Statutory Auditor and fixation of audit fees.

3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

4. Reviewing with the management, the annual financial statements before Submission to the Board for approval with particular reference to;

- Matters required to be included in the Directors responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting policies and practices and reasons for the same
- Significant adjustments made in the financial statement arising out of the audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of related party transactions.
- Qualifications in draft audit party transactions.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management the performance of statutory and internal auditors, adequacy of internal control system.

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. Discussion with internal auditors and significant findings and follow up there on

9. 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.

10. 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

11. To look into the reasons for substantial defaults in the payment to the depositors debenture holders shareholders (in case on non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower Mechanism, if and when introduced.

13. Carrying out such other function as may be specifically referred to the committees by the Board of Directors of the Company.

14. To review the following information:

- The management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions(as defined by the Audit Committee), submitted by management;
- Management letters/letters of internal control weaknesses issued by statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal Auditor.

15. Reviewing the financial statements and in particulars the investments made by the unlisted subsidiaries of the company.

### iii. Share Transfer and Shareholder's Grievance Committee

The Share Transfer and Shareholder's grievance Committee constituted on September 01, 2008. The members of the Share Transfer and Investor Grievance Committee are;

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Rakesh Jolly	Chairman	Promoter Director
2.	Mr. Mohinder Kumar Kansal	Member	Independent Director
3.	Mr. Radha Krishna Pandey	Member	Independent Director

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

The role of the above committee shall include the following:

1. The committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities of the Company.
2. The committee also looks, into redressal of shareholders complaints related to transfer of shares.
3. On receipt of balance sheet, non-receipt of declared dividends, etc. The committee oversees performance of the Registrars and Transfer Agents of the Company and Recommends measures for overall improvement in the quality of investor services. The committee also monitors the implementation and compliance of the Company's code of conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
4. The Board has delegated the power of approving transfer of securities to the Directors and the Company Secretary.

### iv. IPO Committee

The Board has formed an IPO committee to look into various matters pertaining to the proposed IPO on September 01, 2008. The members of the IPO Committee are:

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Rakesh Jolly	Chairman	Promoter Director
2.	Mr. Ramaiah Narayanan	Member	Whole Time Director
3.	Mr. Radha Krishna Pandey	Member	Independent Director

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

The role of the above committee shall include the following:

1. Preparation of the offer document: The committee will discuss on the requirements and supply information to the Lead Managers for the preparation of the Prospectus.
2. Co-ordination for the submission of due diligence report.
3. Submitting the report to the Board of Directors on the progress of the IPO
4. Taking necessary action and decisions for the submission of DRHP and filing Red Herring Prospectus with ROC.

#### vi. Compliance with Listing Agreement

The Company in terms of this Draft Red Herring Prospectus intends to list its equity shares on BSE and NSE and intends to comply with the requirements under the respective Listing Agreement of the above-mentioned stock exchanges. Further, we are in compliance with clause 49 of the listing agreement to the extent applicable to a company seeking listing for the first time.

#### d. Shareholding of the Directors

S. No.	Name	No. of Shares Held
1.	Mr. Rakesh Jolly	8553200
2.	Mr. Ramaiah Narayanan	Nil
3.	Mr. Mohinder Kumar Kansal	Nil
4.	Mr. Radha Krishna Pandey	Nil

#### Qualification Shares required to be held by Directors

Directors are not required to hold any qualification shares.

#### e. Interests of Directors (Other than Promoter Directors)

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- a. The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- b. Remuneration of Managing Director/ Executive Directors / Whole time Directors.
- c. Related Party Transactions mentioned on page [\*] of this Draft Red Herring Prospectus.

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

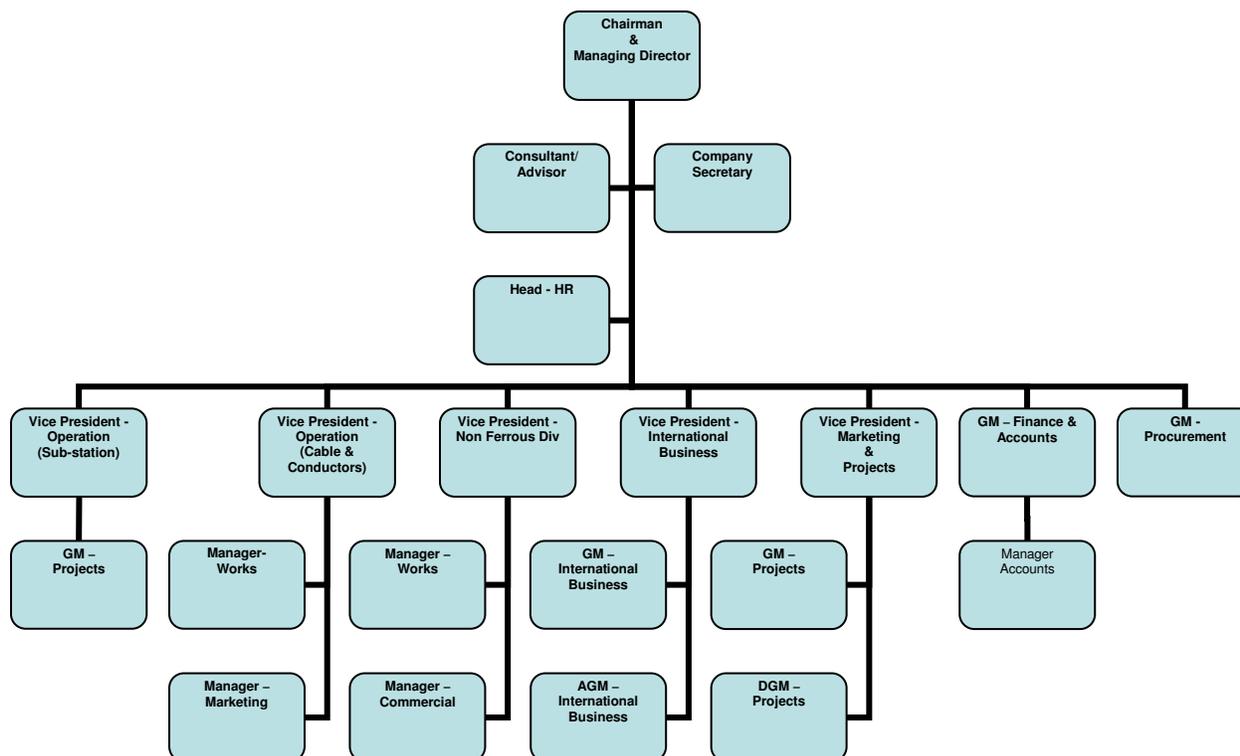
arrangements or are proposed to be made to them other than contracts in the normal course of business and being permitted as per the current rules and regulations governing the same.

### Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name	Date Appointment	of	Date of Cessation	Reason for change/Remarks
Mr Rampal yadav	01-04-2005			Appointed as additional Director
Mr Rampal yadav			30-09-05	Resigned
Mr. Vinod Kumar Luhadiya	04-01- 2007			Appointed as additional Director
Mr. Chander Mohan	04-01- 2007			Appointed as additional Director
Mr. Chander Mohan			02-02- 2007	Resigned
Mr. Mohinder Kansal	13-08-2007			Appointed as additional Director
Mrs. Tarang Khosla	29-09-2007			Appointed as Whole Time Director
Mr. Vinod Kumar Luhadiya			29-09-2007	Resigned
Mrs. Tarang Khosla			30-04-2008	Resigned
Mr. Ramaiah Naryanan	30-04-2008			Appointed as additional Director
Mr. Ankur Sarin			30-04-2008	Resigned
Mr. Radha Krishna Pandey	01-09-2008			Appointed as additional Director

### f. Management Organization Chart



### g. Key Management Personnel

The key management personnel and their designations are as under:

Sr. No.	Name	Age (in years)	Date of Joining	Designation	Qualifications	Overall Experience (in years)	Previous Employment	Shareholding (No. of equity Shares Held)
1.	Rakesh Jolly	47	13.12.2002	Chairman and Managing Director	B.Sc, CA	15	PARTNER IN ARAVALI ZINC & ALLOYS	8553200
2.	A. Hemnawas Pillai	55	31.12.2007	Vice President (Operations)	BE (Electrical), MIE	31	M/s Angelique International Ltd.	Nil
3.	Ankur Sarin	32	01.09.2006	Vice President (Alloys division)	PGDBA	10	-	Nil
4.	Chander Mohan	58	30.01.2007	Vice President (Business Development)	Engineer	32	M/s Raj Transmission Engineering Limited	Nil
5.	Som Nath Sarkar	55	16.05.2008	Vice President (Power Cable and Conductor Deptt.)	M.Sc, PGDBM	33	Hiren Aluminium Limited	Nil
6.	Ramaiah Narayanan	64	07.06.2007	Vice President (Tender and Marketing)	M.sc (Physics)	38	Pioneer construction Company	Nil
7.	Inder Prakash Saboo	46	12.05.2006	General Manager (Finance)	CA, PGDBA	22	Pioneer Polyfab Limited	Nil
8.	Manoranjan Shukla	49	12.05.2008	General Manager (Business Development)	B.Sc. (Mathematics)	25	M/s Raj Transmission Engineering Ltd.	Nil
9.	Mukesh Manchanda	37	29.10.2007	General Manager (International Division)	Electrical Engineer	11	Jakson Engineers Limited	Nil
10.	Ramaiah Jairam	63	06.06.2007	General Manager (Projects)	Electrical Engineer	35	Pioneer construction Company	Nil
11.	S.C.Dutta	52	25.02.2008	General Manager (Procurement)	B.Com	29	SPIIL Limited	Nil
12.	Binod Kumar Singh	47	12.11.2007	Deputy General Manager (Project)	BE (Electrical)	22	Subhash Projects and Marketing Limited	Nil
13.	Sudhir Kumar Dwivedi	39	15.10.2007	Manager (HR)	M.B.A (Personnel Management)	10	M/s DD Industries Limited	Nil
14.	Niraj Kumar	34	12.06.2007	Company Secretary	ACS, MBA	4	In Practice	Nil

**Mr. Rakesh Jolly**, aged about 47 years, is the Promoter and CMD of the Company. He is a qualified chartered accountant and having strong entrepreneur capabilities. He has rich experience in the area of Business Development. He has built up this business to the present levels and is responsible for the sustained growth of the Company. He is also equipped with project management capabilities.

**Mr. A. Hemnawas Pillai**, 55 years, Vice President (Operations), of the Company. He holds a bachelor's degree in Electrical, MIE. He is also a Chartered Engineer having 31yrs of experience in Thermal / Nuclear power plant EHV sub station and transmission Lines up to 400 KV and HVDC 500 KV, with Angelique intl. Ltd.

**Mr. Ankur Sarin**, aged about 32 years is the Vice president of the alloys division of the Company. He has a PGDBA and has 10yrs experience in the industry. He started his career with the Company.

**Mr. Chander Mohan**, aged about 58 years is an associate Member of The Institute of Standard Engineers. He is Vice-President of Business Development department of the Company. He has particular expertise in projects and corporate management. He has been associated with Transmission & Engg. Projects for 32 yrs. He has executed various projects in the transmission sector.

**Mr. Som Nath Sarkar**, aged about 55 Years, is the Vice President of the Power Cable & Conductor department of the Company. He holds a Masters degree in Science from IIT- Kharagpur and is also a management graduate From XLRI- Jamshedpur and also holds quality and productivity certifications. He had been associated with Hiren Aluminum Ltd for 33yrs and has in-depth understanding of manufacturing and processing of metal/alloys & Transmission Line –Equipments.

**Mr. Ramaiah Narayanan**, aged about 64 years is an ex-IAS officer and has a long administrative career. He is an experienced entrepreneur having vast experience in construction of Electrical Transmission Lines. Earlier he was a partner in the 'Pioneer Construction Company', a Construction Co. in the area of Power Transmission which was taken over by our Company.

**Mr. Inder Prakash Saboo**, aged about 46 years is a Chartered Accountant and also holds a PGDBA. He has experience of 22 years in the field of Project Finance and Bank Liasoning. He is General Manager (Finance) of the Company.

**Mr. Manoranjan Shukla**, aged about 49 years is a science graduate and associated as General Manager ( Business Development Department) of the Company. He has an experience of 25 years in the Power Industry.

**Mr. Mukesh Manchanda**, aged about 37 Years, is an electrical engineer. He is associated with the company as General Manager (International Division). He has 11 yrs of experience with the power industry. Prior to this He was working with Jakson Group, New Delhi.

**Mr. Ramaiah Jairam**, aged about 63 years, is an Electrical Engineer. He is General Manager (Projects) of the company with more than 35 yrs of experience in the power transmission industry, with particular expertise in projects and corporate management. He has managed various projects of power transmission lines of different states and Electricity Boards.

**Mr. S. C. Dutta**, aged about 52 years is a Commerce Graduate. He is the General Manager (Procurement) of the Company and has experience in purchase of raw materials required for erection of power transmission line management. Before joining the Company he has worked with SPIL Ltd.

**Mr. Binod Kumar Singh**, aged about 47 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 22 years experience in Project Engineering with Subhash Projects and Marketing Ltd.

**Mr. Sudhir Kumar Dwivedi**, aged about 39 years is the Manager (H.R) of the Company. He holds MBA Degree in Personnel Management. He has 10 years of experience in the industry.

**Mr. Niraj Kumar**, aged about 34 years is the Secretary of the Company and also 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 and also an MBA. He has been associated with the Company for more than a year and previously was engaged as a Company Secretary in practice.

### Interest of key managerial personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent 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 and to the extent of the Equity Shares held by them in the Company, if any.

The persons whose names appear as key management personnel are on the rolls of the Company as permanent employees.

None of the key managerial personnel have any relationship with the promoters or directors of the company except as mentioned in the preceding paragraph.

### Bonus or Profit Sharing Plan for the Key Managerial Personnel:

Except the payment of salaries and perquisites, the company provides other benefits to the employees that are uniform to all the employees of the company and performance based ex-gratia payments. The Company does not have any profit sharing or stock option plans for any of its employees.

### Loans to key managerial personnel

There are no loans outstanding against key managerial personnel as on March 31, 2008.

### Changes in the Key Managerial Personnel in the last one year:

Except for the following, there have been no changes in the Key Managerial Personnel of the Company in the last one year as on September 01, 2008:

Sr. No.	Name	Designation	Date of Joining	Date Leaving	Remarks
1	B. P. Mishra	Senior Vice President, International Division	10.06.2008		Appointed
2	Ajay Krishna	Assistant General Manager (International Division)	14.06.2008		Appointed
3	Ashok Kumar	General Manager (Projects)	25.06.2008		Appointed
4	B. P. Mishra	Senior Vice President, International Division		21.08.2008	Resigned
5	Ajay Krishna	Assistant General Manager (International Division)		21.08.2008	Resigned
6	Ashok Kumar	General Manager (Projects)		11.09.2008	Resigned

### Employees

The total manpower directly employed by the Company as on September 23, 2008 is 239 personnel. Distribution of manpower is as follows:

S. No.	Name of Department	Number of Employees
1.	Human Resource and Administration	26
2.	Finance and Accounts	09
3.	Secretarial & Legal	02
4.	Business Development	02
5.	Purchase	07
6.	International Business	02
7.	Management	01

8.	Operations	01
9.	Projects	85
10.	H.V. - System	26
11.	Telecom	30
12.	Transport	01
13.	Works	45
14.	Quality Control	02
	<b>Total</b>	<b>239</b>

**Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme**

The Company has no Employees Stock Option Scheme/ Employee Stock Purchase Scheme.

**Other Benefits to the Officers of the Issuer Company**

Except the payment of salaries and perquisites, the company provides other benefits to the employees that are uniform to all the employees of the company and performance based ex-gratia payments.

## OUR PROMOTERS

### INDIVIDUAL

**Name:** RAKESH JOLLY

**Designation:** *Chairman and Managing Director*



Permanent Account Number	AAGPJ0316A
Passport Number	G1295608
Voter ID Number	He does not possess a valid voter ID card
DIN	00533817
Driving License Number	He does not possess a valid Driving License
Bank Account No.	54018670077, State Bank Of Mysore Address: B39, Shankar Garden, Vikas Puri, New Delhi-110018

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Rakesh Jolly other than as mentioned in this Draft Red Herring Prospectus.

**Profile:** Mr. Rakesh Jolly, Aged about 47 years, is the Promoter and CMD of the Company. He is a science graduate and a qualified chartered accountant. He has strong entrepreneur capabilities and rich experience in the area of Business Development. He has built up this business to the present levels and is responsible for the sustained growth of the Company.

**Declaration:** It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Rakesh Jolly is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

### BODY CORPORATE

#### 1. Aravali Smelters Limited:

<b>Date of Incorporation</b>	31 <sup>st</sup> Day of December, 1992
<b>CIN</b>	U74899DL1992PLC051517
<b>Nature of Business</b>	Carry on 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.
<b>Status</b>	Not Listed
<b>PAN</b>	AACCA7591H
<b>Bank A/c No.</b>	54018650562
<b>Address of ROC</b>	Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru

Place, New Delhi 110 019
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### Registered Office Of Aravali Smelters Limited

The registered office of Aravali Smelters Limited is situated at G-29, Second Floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi PIN 110018

### Shareholders Details:

S. No	Name	No. of Shares
1.	Kanta Jolly	94500
2.	Rakesh Jolly	69300
3.	Ritu Jolly	56900
4.	Ashok Sarin	19100
5.	Umang Sarin	8100
6.	Ravi Khosla	6000
7.	Ankur Sarin	5600
8.	Tarang Khosla	100
	<b>Total</b>	<b>259600</b>

### Background of the Company

Aravali Smelters Limited was incorporated as a public limited Company on the Thirty first day of December 1992 vide certificate of incorporation no. 55-51517 issued by the Registrar of Companies of NCT of DELHI & HARYANA. It received the Certificate for Commencement of business from Registrar of Companies NCT of DELHI & HARYANA on 17/05/1993. The shares of Aravali Smelters Limited are not listed.

### Board of Directors

The Directors on the Board of Aravali Smelters Limited are:

S.no	Name	Status	Designation	DIN
1.	Mr. Rakesh Jolly	Promoter Director	Director	00533817
2.	Mrs. Tarang Khosla	Non-executive Non- Independent Director	Director	01256146
3.	Mr. Umang Sarin	Non-executive Non- Independent Director	Director	01830540

### Change in Directors in the last 3 years- No Change

### Financial Performance

(Amount Rs in Lacs)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008
<b>Paid up Equity Capital</b>	18.54	21.66	25.96
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	28.64	181.82	392.58
<b>Sales/Total Income</b>	14.12	1.40	1.42
<b>Profit/(Loss) after Tax (PAT)</b>	12.57	0.30	0.05
<b>Earning per Share (in Rs.)</b>	6.76	0.14	0.02
<b>NAV (in Rs.)</b>	25.44	93.94	161.99

Source: Audited Financial Statements

**Declaration:** It is confirmed that Permanent Account Number, Bank Account details, Company Registration no., Address of ROC with whom it is registered of the Aravali Smelters Limited is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

### Common Pursuits

As on date, there are no common pursuits that may lead to conflict of interest in the business of the Company and other firms/companies promoted by the Promoters.

#### **Interest of the Promoter**

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property, if acquired by ARAVALI within two years prior the date of the Draft Red Herring Prospectus. The Promoters are neither interested in any loan or advance given by the Company, nor are they beneficiary of any such loans or advances.

There are companies/firms that have been promoted by one or more of the promoters, and to that extent they may be considered in such company/firm. There are however no common pursuits with the Issue Company nor are there any conflict of interest.

**For further details on the above, please refer to page no. [\*] of this DRHP.**

#### **Payment or benefit to Promoter of the Company**

There are no payments or benefits to the Promoters of the Company except as mentioned in this Draft Red Herring Prospectus

#### **Related Party Transaction**

For details of related party transactions please refer to page no. [\*] of the DRHP.

#### **PROMOTER GROUP**

In addition to our Promoters as specified above, the following individuals (being the immediate relatives of the Promoters/ Managing Director and some of whom hold equity shares) and companies are part of the Promoter Group.

<b>S.No</b>	<b>Name of Entities</b>	<b>NO SHARES HELD</b>
	<b><i>Relatives of Promoters</i></b>	
1	Mrs. Ritu Jolly	0
2	Parinika Jolly	12800
3	Arushi Jolly	17600
4	Kanta Jolly	0
5	Tarang Khosla	0
6	Umang Sarin	0
	<b>Sub-Total</b>	<b>30400</b>
7	Shivalik Organics Limited	1115200
8	Sreedeb Commercial Private Limited	2858800
9	Aravali Energy Private Limited	
10	Parekh Electrawire Industries Limited	
	<b>Sub Total</b>	<b>3974000</b>
	<b>Total</b>	<b>4004400</b>

## **CURRENCY OF PRESENTATION**

In the DRHP, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India. Through out the sections on 'Financial Information' and 'Summary of Financial Information' and 'Management's Discussion and Analysis of Financial Condition and Results of Operation' in the DRHP figures have been expressed in lacs. The term 'lacs' means 'One Hundred Thousand'.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in the DRHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In the DRHP, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

## **DIVIDEND POLICY**

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by the Board before making any recommendations for the dividend, include but are not limited to profits earned during the financial year, liquidity of the Company, obligations towards repayment of debt including maintaining debt service reserves, future expansion plans and capital requirements, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time.

The Board may also, from time to time, pay to the members interim dividend, as appears to the Board to be justified by the profits of the Company.

Our Company has not paid any dividend so far.

## SECTION V- FINANCIAL INFORMATION

### FINANCIAL INFORMATION OF OUR COMPANY

To  
The Board of Directors,  
Aravali Infrapower Limited  
G-29, Third Floor, Vardhman Tower,  
Near PVR Sonia, Vikas Puri,  
New Delhi-110018.

Dear Sirs,

We have examined the financial information of Aravali Infrapower Limited. ("the Company"), as annexed to this report stamped and initialed by us for identification, together with its wholly owned subsidiary 'Parekh Electrawire Industries Limited' which became subsidiary on 31<sup>st</sup> March 2008. Statement for the year ended 31<sup>st</sup> March 2008 is consolidated with its subsidiary Financial Statements which has been prepared in accordance with Part-II of Schedule II of the Companies Act, 1956 ('the Act') and Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as updated till July 30, 2008 ('the Guidelines'), issued by Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with the instructions received by us from the Company requesting us to carry out work in connection with the Draft Red Herring Prospectus (DRHP) being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares (referred to as 'the Issue'). The preparation and presentation of this financial information is the responsibility of the Company's management. This financial information is proposed to be included in the Draft Red Herring Prospectus (DRHP) of the Company in connection with the proposed Initial Public Offer.

#### **A. Financial Information as per Audited Financial Statements:**

We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at 31 March 2008, 2007, 2006, 2005 and 2004 (Annexure I) and the attached 'Restated Summary Statement of Profits and Losses' (Annexure II) for the year ended 31 March 2008, 2007, 2006, 2005 and 2004 and the attached 'Restated Statement of Cash Flows' (Annexure III) for the year ended 31 March 2008 and 2007 together referred to as 'Restated Summary Statements'. These Summary Statements have been extracted from the financial statements of the years ended 31<sup>st</sup> March 2004, 2005, 2006, 2007 and 2008 audited by us for those years, and have been adopted by the Board of Directors / Members for those respective years. Based on our examination of these summary statements, we state that:

- i. The 'Restated Summary Statements' have to be read in conjunction with the notes given in Annexure IV to this report.
- ii. The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31<sup>st</sup> March, 2008 as stated in the Notes forming part of the restated Summary Statements vide Annexure IV to this report.
- iii. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year to which they are related as described in 'Notes Forming Parts of the Restated Summary Statements' appearing in Annexure IV.

#### **B. Other Financial Information**

**We have examined the following information for the years ended 31 March 2008, 2007, 2006, 2005 and 2004 of the Company, proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report:**

- i. Details of Secured and Unsecured Loans (Annexure –V)
- ii. Details of Loans and Advances (Annexure –VI)
- iii. Details of Sundry Debtors (Annexure – VII)
- iv. Statement of Summary of Investments (Annexure – VIII)
- v. Details of Current Liabilities and Provisions (Annexure – IX)
- vi. Statement giving details of Other Income (Annexure – X)
- vii. Details of Contingent Liabilities (Annexure – XI)
- viii. Statement of Rates of Dividend paid (Annexure – XII)
- ix. Summary of Accounting Ratios based on adjusted profits related to earnings per share, net assets value and return on net worth (Annexure – XIII)
- x. Statement of Tax shelters (Annexure –XIV)
- xi. Capitalizations statement of the Company (Annexure-XV)
- xii. Related Party Disclosure (Annexure – XVI)
- xiii. Summary statement of assets and liabilities, Parekh Electrawire Industries Limited (Annexure – XVII)
- xiv. Summary statement of Profit and Losses, Parekh Electrawire Industries Limited (Annexure – XVIII)

In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the years ended 31 March, 2008, 2007, 2006, 2005 and 2004 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

We further confirm that the Company has wholly owned subsidiary within the meaning of Section 4 of the Companies Act, 1956.

The statement of Assets & Liabilities and Profit & Loss of the subsidiary company for each of the five financial years ended on March 31, 2008 and Consolidated Statement of Assets & Liabilities and Profit & Loss of Aravali Infrapower Limited along with its subsidiary for the year ended 31st March 2008 are as set out in Annexure XVII & XVIII respectively.

This report is intended solely for your information and for inclusion in DRHP in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose without our prior written consent.

For & on Behalf of  
**MAHALWALA & Co.,**  
Chartered Accountants

CA MANOJ GUPTA  
Partner  
M.No: 89370  
Place: Faridabad  
Date: September 11, 2008

**Annexure – I**

(Rupees in Lacs)

<b>Summary Statement of Assets and Liabilities ( Restated )</b>							
		AS AT					
		<b>31-Mar-2004</b>	<b>31-Mar-2005</b>	<b>31-Mar-2006</b>	<b>31-Mar-2007</b>	<b>31-Mar-2008</b>	<b>Consolidated at 31-Mar 2008</b>
<b>A</b>	<b>Fixed Assets</b>						
	Gross Block	20.18	182.09	225.88	1,718.89	2,416.29	2,638.16
	Less: Depreciation	0.63	4.34	13.23	33.95	60.19	187.71
	Net Block	19.55	177.75	212.65	1,684.94	2,356.10	2,450.45
	Less: Revaluation Reserve	0.00	0.00	0.00	1,116.57	1,116.57	1,137.62
	Net Block after adjustment for Revaluation Reserve	19.55	177.75	212.65	568.37	1,239.53	1,312.83
	Capital Work in Progress	0.00	0.00	143.00	216.50	3,250.42	3,250.42
	Goodwill	0.00	0.00	0.00	0.00	0.00	39.62
	Unused ECB Funds	0.00	0.00	0.00	0.00	1,600.80	1,600.80
	Total Fixed Assets	19.55	177.75	355.65	784.87	6,090.75	6,203.67
<b>B</b>	<b>Investments</b>	1.02	0.00	15.00	10.00	165.12	2.00
<b>C</b>	<b>Deferred Tax Assets</b>	(3.35)	(3.35)	(3.35)	(3.35)	(10.84)	(10.84)
<b>D</b>	<b>Currents Assets , Loans and Advances</b>						
	Inventories	104.67	321.86	370.95	695.09	2,387.88	2,433.76
	Sundry Debtors	105.56	360.83	629.12	1,912.37	4,571.84	4,585.98
	Cash and Bank Balance	8.22	16.41	4.84	52.42	254.84	268.24
	Loans and Advances	7.07	13.21	203.19	119.49	2,206.41	2,414.75
	Total Current Assets	225.52	712.31	1,208.10	2,779.37	9,420.97	9,702.73
<b>E</b>	<b>Total Assets( A+B+C+D)</b>	242.74	886.71	1,575.40	3,570.89	15,666.00	15,897.56
<b>F</b>	<b>Liabilities and Provisions</b>						
	Loan Funds						
	Secured loans	108.99	444.30	596.92	1,619.45	8,340.31	8,511.08
	Unsecured Loans	13.45	13.96	35.55	128.78	240.73	240.73
	Deferred Tax Liabilities	(1.93)	(1.93)	(1.93)	(1.93)	(9.42)	(9.42)
	Total Loans	120.51	456.33	630.54	1,746.30	8,571.62	8,742.39

	Current Liabilities & Provisions						
	Liabilities	42.27	80.95	53.10	101.42	1,561.93	1,587.20
	Provisions	0.47	6.40	45.00	65.00	136.65	136.69
	Total Current Liabilities	42.74	87.35	98.10	166.42	1,698.58	1,723.89
	Total Liabilities and Provisions	163.25	543.68	728.64	1,912.72	10,270.20	10,466.28
<b>G</b>	<b>Net Worth ( E-F)</b>	79.49	343.03	846.76	1,658.17	5,395.80	5,431.28
<b>H</b>	<b>Represented by Shareholders</b>						
	Share Capital	68.30	177.17	181.17	362.34	859.88	859.88
	Reserve and Surplus	11.61	166.23	668.12	2,139.33	5,201.44	5,257.97
	Less: Revaluation Reserve	0.00	0.00	0.00	1,116.57	1,116.57	1,137.62
	Reserve Net of Revaluation Reserve	11.61	166.23	668.12	1,022.76	4,084.87	4,120.35
	Share Application Money (Pending Allotment)	0.00	0.00	0.00	275.00	452.38	452.38
	Less: Miscellaneous Expenditure to the extend not written off	0.42	0.37	2.53	1.93	1.33	1.33
	Net Worth	79.49	343.03	846.76	1,658.17	5,395.80	5,431.28

**Annexure – II**

(Rupees in Lacs)

<b>Summary Statement of Profit and Losses ( Restated )</b>						
	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Consolidated 2008</b>
<b>Income</b>						
Direct Income (Sales)	1,019.97	1,829.16	3,521.59	6,326.04	10,154.47	10,984.89
Other Income	0.00	44.99	8.36	70.22	23.48	24.05
Sub Total	1,019.97	1,874.15	3,529.95	6,396.26	10,177.95	11,008.94
Increase/ ( Decrease ) in Inventory	0.00	0.00	12.79	36.81	184.19	57.33
Profit on sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	2.47
<b>Total Income</b>	<b>1,019.97</b>	<b>1,874.15</b>	<b>3,542.74</b>	<b>6,433.07</b>	<b>10,362.14</b>	<b>11,068.74</b>
<b>Expenditure</b>						
Raw Material & Consumables Consumed	957.75	1,655.17	2,673.45	5,399.12	8,136.51	8,732.90
Establishment Exp & Other Manufacturing Exp	23.99	70.59	112.69	129.55	458.07	505.63
Freight & Cartage	0.00	0.00	71.73	87.60	79.86	82.01
Repairs & Maintenance	0.00	0.00	1.20	5.95	6.84	8.37
Administrative Expenses	7.64	21.67	25.64	32.41	110.86	131.17
Selling Expenses	0.00	0.00	22.69	25.64	11.90	11.91
Financial Expenses	24.61	40.93	90.07	135.38	335.21	364.49
Preliminary & Deferred Revenue Exp Written Off	0.05	0.05	0.60	0.60	0.60	0.60
Depreciation on Fixed Assets	0.63	4.34	13.23	15.01	24.99	30.97
Total Expenditure	1,014.67	1,792.75	3,011.30	5,831.26	9,164.84	9,868.05
Profit Before Tax	5.30	81.40	531.44	601.81	1,197.30	1,200.69
Provision For Taxation	0.47	6.40	45.00	65.00	135.00	135.04
FBT For The Year	0.00	0.00	0.56	0.98	1.65	2.10
Short Provision In Tax Earlier Year	0.00	0.01	0.00	0.00	0.00	0.00
Deferred Tax Current Year	1.42	0.00	0.00	0.00	0.00	0.00
Profit After Tax	3.41	74.99	485.88	535.83	1,060.65	1,063.55
Add : Surplus brought forward from previous year	0.20	3.61	78.60	14.48	486.31	507.47

Less: Transfer to General Reserve	0.00	0.00	550.00	50.00	50.00	50.00
Less: Capatilisation of Reserve (Bonus Issue)	0.00	0.00	0.00	14.00	0.00	0.00
Balance Carried to Balance Sheet	3.61	78.60	14.48	486.31	1,496.96	1,521.02

(Rupees in Lacs)

<b>STATEMENT OF CASH FLOW (RESTATED)</b>			
<b>Particulars</b>	<b>Financial Year for the Year Ending 31st March</b>		
	<b>2007</b>	<b>2008</b>	<b>Consolidated at 2008</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and prior Period Adjustments	<b>601.81</b>	<b>1,197.30</b>	<b>1,200.69</b>
<b>Adjustments for:</b>			
Depreciation and Amortisation	15.01	24.99	30.97
Impairment Loss provided/(Reversed)	0.00	0.00	0.00
(Profit)/Loss on sale of fixed assets	0.00	0.00	0.00
(Profit)/Loss on sale of Long Term Investments	0.00	0.00	0.00
(Profit)/Loss on sale of Current Investments	0.00	0.00	0.00
Deferred revenue expenditure written off	0.60	0.60	0.60
Interest paid	75.90	257.98	284.60
Interest received	(3.54)	(18.34)	(18.34)
Dividend received	0.00	0.00	0.00
Operating Profit before working capital changes	<b>689.78</b>	<b>1,462.53</b>	<b>1,498.52</b>
<b>Adjustments for:</b>			
Trade and other receivables	(1,282.93)	(2,659.47)	(2,525.19)
Inventories	(324.14)	(1,692.79)	(1,382.65)
Other current assets	83.71	(2,086.92)	(2,152.21)
Trade payable	49.74	1,460.51	948.72
<b>Cash Generated from Operations</b>	<b>(783.84)</b>	<b>(3,516.14)</b>	<b>(3,612.81)</b>
Interest paid	(75.90)	(257.98)	(284.60)
Direct taxes paid	(45.00)	(63.74)	(63.35)
<b>Cash Flow before Prior Period Items</b>	<b>(904.74)</b>	<b>(3,837.86)</b>	<b>(3,960.76)</b>
Prior Period Items	0.00	0.00	0.00
<b>Net Cash used in Operating Activities</b>	<b>(904.74)</b>	<b>(3,837.86)</b>	<b>(3,960.76)</b>

<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets, including capital work in progress	(446.95)	(5,332.10)	(5,310.44)
Goodwill	0.00	0.00	(40.00)
Sale of fixed assets	0.00	0.00	0.00
Additions in investments	5.00	(155.12)	0.00
Sale of investments	0.00	0.00	8.00
(Profit)/Loss on sale of Long Term Investments	0.00	0.00	0.00
(Profit)/Loss on sale of Current Investments	0.00	0.00	0.00
Dividend received on investments	0.00	0.00	0.00
Interest received	3.54	18.34	18.34
<b>Net cash used in Investing Activities</b>	<b>(438.41)</b>	<b>(5,468.88)</b>	<b>(5,324.10)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity capital	275.00	2,676.38	180.54
Premium on shares issued	0.00	0.00	2,372.40
Proceeds of long term borrowings	85.59	4,182.40	4,149.12
Net proceeds of short term borrowings	1,030.14	2,650.38	2,679.27
Redemption of Preference Shares	0.00	0.00	0.00
Dividend and dividend tax paid	0.00	0.00	0.00
<b>Net Cash from Financing Activities</b>	<b>1,390.73</b>	<b>9,509.16</b>	<b>9,381.33</b>
<b>Net Increase/(Decrease) in Cash and</b>			
<b>Cash Equivalent (A+B+C)</b>	<b>47.58</b>	<b>202.42</b>	<b>96.47</b>
<b>OPENING CASH BALANCE</b>	<b>4.84</b>	<b>52.42</b>	<b>171.77</b>
<b>CLOSING CASH BALANCE</b>	<b>52.42</b>	<b>254.84</b>	<b>268.24</b>

NOTE: With effect from 01.04.2004 a new Scheme of applicability of Accounting Standards is applicable. In this scheme, enterprises have been divided into three levels. With large scale enterprises have been classified into Level I enterprise, the Small & Medium Enterprise (SMEs) have been categorized into Level II & Level III enterprises. SMEs have been given some relaxation/exemption in Accounting Standards. In this organization Accounting Standard-3 is applicable only after 01.04.2007. Therefore previous three financial years immediately preceding the year 2006-07 data is not applicable.

**Notes on accounts****A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF PREPARATION**

The Financial Statements are prepared to compile 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. 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.

**3. RECOGNITION OF REVENUES**

- i) Sale represents amount invoiced during the year.
- ii) 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.
- iii) Dividend is recognized as income as and when the right to receive such payment is established.
- iv) Other Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9 - "Revenue Recognition".

**4. FIXED ASSETS:**

Fixed assets are stated at cost (net of CENVAT / MODVAT, if any) including directly attributable cost of bringing them to their respective working condition for intended use, less accumulated depreciation thereupon.

**5. DEPRECIATION:**

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 up to Rs. 5000/- has been fully charged to depreciation.

**6. 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.

**7. INVESTMENTS**

- (a) 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.

- (b) 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.

**8. MISCELLANEOUS EXPENDITURE:**

Preliminary expenses have been amortized in accordance with section 35-D of the Income Tax Act.

**9. 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.
- (b) Goods under process are valued at cost and are determined at material cost plus appropriate share of labour and manufacturing overheads.

**10. EMPLOYEE BENEFITS:**

- a) Short Term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss account of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services with effect from 01.04.2007, the expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses of the post employment and other long term benefits are charged to the Profit & Loss account of the year.

**11. FOREIGN CURRENCY TRANSACTIONS:**

Transactions in foreign currency are accounted at the exchange rates prevailing at the dates of the transactions. Gains/Loses arising out of fluctuation in exchange rates on settlement are recognized in the profit and loss Account except in the case of fixed assets where such gain/ losses are adjusted to the carrying cost of fixed assets.

**12. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provision are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The company has a present obligation as a result of past event,
- b) A probable outflow of resources is expected to settle the obligation and
- c) The amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- (a) A present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- (b) A possible obligation, of which the probability of outflow of resources is remote.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets are neither recognized nor disclosed.

**13. 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 up to 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.

**14. TAXATION**

Provision for Current Tax is made after taking into consideration benefits admissible under the Provisions of Income Tax Act, 1961.

**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 the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## B. NOTES ON ACCOUNTS

### B1. NOTES ON ADJUSTMENT FOR RESTATED FINANCIAL STATEMENTS.

#### 1. SUMMARY

The reconciliation of Profit After Tax as per audited results and the Profit after Tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit and loss.

**TABLE-1**

(Rupees in Lacs)

PARTICULARS	For the Financial Year/Period ended on 31 March				
	2004	2005	2006	2007	2008
<b>Profit after Tax (PAT) as per Audited Accounts.</b>	<b>3.41</b>	<b>74.99</b>	<b>485.88</b>	<b>535.83</b>	<b>967.07</b>
<b>ADJUSTMENTS FOR:</b>					
Change in Accounting Policies	0.00	0.00	0.00	0.00	0.00
Prior Period Adjustments	0.00	0.00	0.00	0.00	0.00
Raw Material & consumable consumed	0.00	0.00	0.00	0.00	104.96
Leave encashment	0.00	0.00	0.00	0.00	0.39
Provision For Gratuity	0.00	0.00	0.00	0.00	(1.77)
Provision for Taxation	0.00	0.00	0.00	0.00	(10.00)
<b>PROFIT AFTER TAX AS RESTATED</b>	<b>3.41</b>	<b>74.99</b>	<b>485.88</b>	<b>535.83</b>	<b>1060.65</b>

**The Explanatory Notes for the Adjustments are discussed below.**

#### a) TREATMENT OF EXCISE DUTY

As per notification no. 56/2002 dt. 14/11/2002, the Kathua unit of the company is eligible for refund of excise duty deposited in Personal Ledger Account after taking full credit of CENVAT availed on the purchases. The company has not accounted for the Excise duty refund amounting to Rs. 1,04,95,980 pertaining to the month of March 2008. The same has been taken into books of accounts on 2<sup>nd</sup> April 2008 as self-credit availed under notification no-56/2002 dt. 14/11/2002. Further impact has been taken into Restated Summary statements.

#### b) PROVISION FOR GRATUITY

The Company has adopted Revised Accounting Standard-15 "Employees Benefits" in restated statements on the basis of actuarial valuation. On that basis, Provision for the Gratuity has been increased by Rs.1.77 Lacs.

c) **ADJUSTMENT REGARDING LEAVE ENCASHMENT**

The Company has adopted Revised Accounting Standard-15 "Employees Benefits" in restated statements on the basis of actuarial valuation. Leave Encashment has been decreased by Rs. 0.39 Lacs.

d) **PROVISION FOR TAXATION**

On the basis of above adjustment, Provision for Taxation has been increased by Rs 10/- Lacs in Restated Statements.

**2. MATERIAL REGROUPING**

Appropriate adjustments, wherever material, have been made in Restated Summary Statements of Assets & Liabilities, Profit & Loss, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the groupings as per audited financials of the Company for the financial year ended 31<sup>st</sup> March 2008 and the requirements of the guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines,2000) as amended up-to-date.

3. The company has adopted Revised AS- 15 'Employee Benefits'. In accordance with the transitional provision of revised AS - 15, additional liability (net of tax) under new method as at 1st April, 2007 as compared to liability provided under Pre-revised AS - 15 to be adjusted against the balance of General Reserve as at 1st April, 2007 is NIL.

a) **Defined Contribution Plan**

Contributions to Defined Contribution Plan, recognized as expense for the year are as under:  
Employer's contribution to Provident Fund 5,69,131.

b) **Defined Benefit Plan**

The employees' gratuity fund scheme is a Defined Benefit Plan(DBP). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**1. Reconciliation of opening and closing balances of DBP**

	Gratuity	Leave Encashment
<b>DBP at the beginning of the year</b>	<b>1,26,862</b>	<b>21,230.</b>
<b>Interest Cost</b>	<b>10,149.</b>	<b>1,698.</b>
<b>Current Service Cost</b>	<b>1,53,539.</b>	<b>85,395.</b>
<b>Benefits Paid</b>	<b>NIL</b>	<b>NIL</b>
<b>Actuarial (gain)/loss</b>	<b>1,567</b>	<b>11,628.</b>
<b>Settlement cost</b>	<b>NIL</b>	<b>NIL</b>
DBP at the end of the year	2,92,117.	1,19,951.

2. Reconciliation of opening and closing balances of Fair Value of Plan Assets

	Gratuity and Leave Encashment
<b>Fair value of plan assets as at the beginning of the year</b>	-
<b>Expected Return</b>	-
<b>Actuarial (gain)/loss</b>	-
<b>Contribution by Employer</b>	-
<b>Benefits Paid</b>	-
<b>Settlement cost</b>	-
<b>Fair value of plan assets as at the end of the year</b>	-
<b>Actual return on plan assets</b>	-
<b>Funded Status</b>	<b>(2,92,197)</b>

3. Reconciliation of amount recognized in Balance Sheet

	Gratuity	Leave Encashment
<b>Fair Value of Plan Assets as at 31<sup>st</sup> March, 2008</b>	--	--
<b>Present value of obligation as at 31<sup>st</sup> March, 2008</b>	<b>2,92,117</b>	<b>1,19,951.</b>
<b>Net asset/(liability) recognized in the Balance Sheet</b>	<b>(2,92,117)</b>	<b>(1,19,951)</b>

4. Expense Recognized during the period in Profit & Loss A/c.

	Gratuity	Leave Encashment
<b>Interest Cost</b>	<b>10,149</b>	<b>1,698.</b>
<b>Current Service Cost</b>	<b>1,53,539</b>	<b>85,395.</b>
<b>Expected return on plan assets</b>	-	-
<b>Net Actuarial (gain)/ loss recognized during the period</b>	<b>1,567</b>	<b>11,628.</b>
Expenses recognized in the statement of Profit & Loss	165,255	98,721.

5. Actual Return on Plan Assets

	Gratuity and Leave Encashment
<b>Expected Return on Plan Assets</b>	-
<b>Actuarial (gain)/ loss</b>	-
<b>Actual return on plan assets</b>	-

## 6. Principal Actuarial Assumptions

	<b>Gratuity and Leave Encashment</b>	
	1994-96 duly modified	
Mortality Table (LIC)		
Discount rate as at 31st March, 2008		8.00%
Future Salary Increase		5.50%
Expected rate of return on plan assets		-
Retirement Age		58 years
Withdrawal Rates		
Upto 30 years		3.00 %
Upto 44 years		2.00 %
Above 44 years		1.00 %

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information. This being the first year of implementation, previous year figures have not been given.

Disclosure in respect of previous four annual periods as required by Revised AS- 15 'Employee Benefits' is not presented as AS-15 is not applicable in the previous year.

### **B2: NOTES ON ACCOUNTS**

1. Previous year figures have been rearranged wherever necessary.

2. Foreign exchange expenditures are as below

(a) Foreign Traveling	Rs. 49,753/-
(b) Purchase	Rs. 2,21,95,020/-

3. Total expenditure on employees who were in receipt of remuneration of Rs. 24,00,000/- or more if employed from the full year or Rs. 2,00,000/- p.m. or more if employed for part of the year.

Nil

4. TREATMENT OF EXCISE DUTY

Excise duty charged Rs. 9,72,45,207/- has been included in the sales value. Like-wise, purchases have been shown net of excise duty refund Rs. 5,31,39,750/- received from the Excise Deptt. The Kathua unit of the Company is eligible for refund of excise duty deposited in Personal Ledger Account after taking full credit of CENVAT available on the purchases. The Company has not accounted for the excise duty refund amounting to Rs.1,04,95,980/- pertaining to the month of March, 2008. The same has been taken into books of accounts on 2<sup>nd</sup> April 2008 as self-credit availed under notification no-56/2002 dt. 14/11/2002.

5. TREATMENT OF EMPLOYEE BENEFITS

Provision for gratuity has been made for the employees of a business taken over by the company during financial year who have been offered VRS. No provision has been made for the other employees of the company since they have not completed the eligibility criteria under the relevant law.

Provision for leave encashment benefit to employees has been made as per the HR policy of the company taking into account accumulated leaves.

6. Sundry Debtors and Creditors are subject to confirmation.

7. In the opinion of the Board of Directors, the current assets. Loans and advances have a value in realization in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

8. Provision for Income Tax has been made in accordance with the prevailing Income tax laws. The Company has a unit at Kathua (J & K), which is entitled for deduction u/s. 80-IB of the Income Tax Act. However, in terms of section 115JB of the Income Tax Act, the Company is liable to pay Minimum Alternative Tax (MAT) on its book profit. The provision for taxation has been made accordingly. Further in terms of the provision of section 115 JAA of the Income Tax Act credit in respect of MAT paid in excess over the tax payable otherwise shall be allowed to the company in the future against the tax liability, if any and as such the MAT so paid by the company till the financial year 2006-07 shall be available for credit amounting to Rs. 16,87,10,602/- (Previous Year Rs. 97,76,375/-).

9. Depreciation on fixed assets has been charged on SLM basis as per the rates provided in the Schedule XIV of the Companies Act.

10. Un-utilized funds lying in ECB loan account has been shown under the fixed assets as the fund is earmarked for acquisition of fixed assets only and can not be utilized otherwise in terms of the facility agreement for the ECB.

11. The Company has installed direct satellite communication line between the works at Kathua and Administrative office at Delhi, which has been installed on single payment basis. Since the advantage of the same shall accrue to the Company on long term basis, therefore the expenses have been provided as "Deferred Revenue Expenditure" and 1/5<sup>th</sup>. of the same have been written off this year.

12. During the year the Company has taken over a partnership firm (Pioneer Construction Co.) on "going concern" basis along with the running business. The said firm used to maintain its books of accounts on cash basis, which now have been maintained on mercantile / accrual basis. The Company recognized / accounted the incomes / expenses, which were due as on the date of acquisition (6.6.08) and were related to the period prior to 31.3.2007, but not accounted for by the firm due to cash accounting.

13. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 5,29,36,385/-

14. CONTINGENT LIABILITIES:

- (a) Company has issued counter indemnity to the banks in respect of Bank Guarantees / letter of credits issued by the Banks totaling to Rs. 1825.10 lacs (approx) (including F.E. Bank Guarantee of \$ 6,06,600 valued Rs. 242.30 lacs). However, the Bank has been provided with margin money of Rs. 178.70 lacs (approx) by way of Fixed Deposit(s).
- (b) The Excise Deptt. has raised a demand of Rs. 15,15,515/- plus penalty of Rs. 15,15,515/- plus interest on the Company, which is being contested by the Company. However, a deposit of Rs. 7,50,000/- has been given by the Company to the Excise Deptt. under protest.
- (c) The Income Tax Deptt. has raised a demand of Rs. 34.32 lacs (including interest) on the firm, which has been taken over by the Company as on 6.6.2007 in respect of A.Y. 2004-05. The Company has filed an appeal against the said demand and pending the disposal of the appeal tax has been deposited to the extent of Rs. 27.82 lacs.

15. FINANCIAL ASSETS ACQUIRED UNDER FINANCIAL LEASES

The year-wise break-up of outstanding obligations as at 31.3.2008

Lease rentals

a.	Total minimum lease payment	61,20,876/-
b.	Not later than 1 year	12,09,000/-
c.	Later than 1 year but not later than 5 years	49,11,876/-

16. An amount of Rs. 22,15,108/- has been deposited as entry tax with the Govt. of Punjab and being refundable has claimed a refund of like amount with the Sales Tax Deptt., Chandigarh, Punjab.

17. (a) The name of small scale Industrial Undertakings to whom the Company owes any sum for more than thirty days are as follows:

	Name of the Party
(i)	Associated Refractories & Minerals
(ii)	Metal Refining System
(iii)	S.R Foundry Works.

(b) Based on the information available with the company, there are no suppliers / service providers who are registered as Micro, Small, or medium enterprises under the "Micro, Small & Medium Enterprise Development Act, 2006, as on 31<sup>st</sup> March 2008.

18. The quantitative information are enclosed as per annexure.

19. Composite of Raw Materials and Components consumed: IMPORTED & INDIGENOUS

	Year Ended March 31, 2008		Year Ended March 31, 2007	
Imported	2.29 %	2,21,95,020/-	27.27 %	14,72,41,090/-
Indigenous	97.31 %	80,19,52,032/-	72.73%	39,26,71,097/-
		82,41,47,052/-		53,99,12,187/-

20. REMUNERATION TO DIRECTORS:

	2007-08	2006-07
Salaries to Directors	8,02,057	5,71,200

Remuneration to Auditors:

Audit fees (inclusive of service tax)	28,090	24,693
Tax Audit fees (inclusive of service tax)	28,090	11,224

21. DEFERRED TAX ASSETS / (LIABILITIES) NET

Deferred tax is recognized, subject to the consideration of prudence on timing differences, representing the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets viz. unabsorbed depreciation and carry forward losses are recognized if there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The profit of the Kathua Unit of the Company is exempted u/s. 80-IB of the Income tax Act, 1961 for initial 10 years. Provision for deferred tax for the period during financial year 2004-05 to 2006-07, as required under Accounting Standard 22 issued by the Institute of Chartered Accountants of India was not required to be made in view of the tax exemption as Kathua Unit was the sole business of the Company. However, during the ongoing year the Company has added new commercial activities which are taxable and deferred tax assets / liabilities needs to be recognized in respect of the taxable profits of the units other than the Kathua Unit.

Deferred tax Assets / (Liabilities)

	as at 01.04.07	For the Current Year	As at 31.03.08
(a) Depreciation	3,35,024	748557	1083581
(b) Disallowable u/s 43B	-	-	-
(c) Research & Development Expenditure	-	-	-
(d) Deferred Revenue Expenditure	-	-	-

22. Segment Reporting – AS-17

After the take over of 2 running business and diversification into new product range, the Company's operations comprise of following segments:

S.NO	Particulars	Rs. in Lacs
1	Production of Non Ferrous Metal & Alloys	6460.95
2	Trading of Non Ferrous Metals.	1746.79
3	Engineering, Construction & Procurement.	999.43
4	Manufacturing of Tower & Tower Parts.	947.29
	<b>Total</b>	<b>10154.46</b>

### 23. RELATED PARTY DISCLOSURE

As per the Accounting Standard (AS-18) Related Party Disclosures issued by the Institute of Chartered Accountants of India, the Company's related parties are as follows:

#### a) Relationship

- i) Associates  
Aravali Smelters Ltd.  
Parekh Electrawire Ind. Ltd.  
Shivalik Organics Ltd  
Sreedeb Commercial Pvt Ltd
- ii) Key Management personnel (Whole time Directors)  
Mr. Rakesh Jolly                      Mr. Ankur Sarin Mrs. Tarang Khosla
- i) Relatives of Key Management Personnel.

#### b) The following transactions were carried out with related parties during the year in the ordinary course of business.

(Rupees in Lacs)

Nature Of Transactions	Associates				Key Management Personnel	Relatives of Key Management Personnel	Total
	Aravali Smelter Ltd	Parekh Electrawire Ind. Ltd.	Shivalik Organics Ltd	Sreedeb Commercial Pvt Ltd			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Share application in the Company.	374.90	0.00	364.00	664.38	0.00	0.00	1403.28
Investment by the Co.	0.00	163.12	0.00	0.00	0.00	0.00	163.12
Salaries.	0.00	0.00	0.00	0.00	8.02	0.00	8.02

### 24. EARNING PER SHARE

Profit attributable to equity share holders	96707048
No of Shares	8598800
Nominal value of shares	10.00
Basic earning per share (Rs.)	11.25
Diluted earning per share (Rs.)	11.25

### 25. 'EMPLOYEE BENEFITS' (AS-15)

The company has adopted Revised AS- 15 'Employee Benefits'. In accordance with the transitional provision of revised AS - 15, additional liability (net of tax) under new method as at 1st April, 2007 as compared to liability provided under Pre-revised AS - 15 to be adjusted against the balance of General Reserve as at 1st April, 2007 is NIL.

#### a) Defined Contribution Plan

Contributions to Defined Contribution Plan, recognized as expense for the year are as under:

Employer's contribution to Provident Fund	5,69,131.
-------------------------------------------	-----------

b) Defined Benefit Plan

The employees' gratuity fund scheme is a Defined Benefit Plan(DBP). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

2. Reconciliation of opening and closing balances of DBP

	Gratuity	Leave Encashment
DBP at the beginning of the year	1,26,862	21,230.
Interest Cost	10,149.	1,698.
Current Service Cost	1,53,539.	85,395.
Benefits Paid	NIL	NIL
Actuarial (gain)/loss	1,567	11,628.
Settlement cost	NIL	NIL
DBP at the end of the year	2,92,117.	1,19,951.

3. Reconciliation of opening and closing balances of Fair Value of Plan Assets

	Gratuity and Leave Encashment
Fair value of plan assets as at the beginning of the year	-
Expected Return	-
Actuarial (gain)/loss	-
Contribution by Employer	-
Benefits Paid	-
Settlement cost	-
Fair value of plan assets as at the end of the year	-
Actual return on plan assets	-
Funded Status	(2,92,197)

3. Reconciliation of amount recognized in Balance Sheet

	Gratuity	Leave Encashment
Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2008	--	--
Present value of obligation as at 31 <sup>st</sup> March, 2008	2,92,117	1,19,951.
Net asset/(liability) recognized in the Balance Sheet	(2,92,117)	(1,19,951)

4. Expense Recognized during the period in Profit & Loss A/c.

	Gratuity	Leave Encashment
Interest Cost	10,149	1,698.
Current Service Cost	1,53,539	85,395.
Expected return on plan assets	-	-
Net Actuarial (gain)/ loss recognized during the period	1,567	11,628.
Expenses recognized in the statement of Profit & Loss	1,65,255	98,721.

5. Actual Return on Plan Assets

	Gratuity and Leave Encashment
Expected Return on Plan Assets	-
Actuarial (gain)/ loss	-
Actual return on plan assets	-

6. Principal Actuarial Assumptions

	Gratuity and Leave Encashment
Mortality Table (LIC)	1994-96 duly modified
Discount rate as at 31st March, 2008	8.00%
Future Salary Increase	5.50%
Expected rate of return on plan assets	-
Retirement Age	58 years
Withdrawal Rates	
Upto 30 years	3.00 %
Upto 44 years	2.00 %
Above 44 years	1.00 %

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information. This being the first year of implementation, previous year figures have not been given and Profit & Loss is not adjusted.

Disclosure in respect of previous four annual periods as required by Revised AS- 15 '**Employee Benefits**' is not presented as AS-15 is not applicable in the previous year.

**B3: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS OF SUBSIDIARY COMPANY, PAREKH ELECTRAWIRE INDUSTRIES LIMITED**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. ACCOUNTING CONVENTION:**

The financial statements are prepared on the historical cost and in accordance with the generally accepted accounting standards unless otherwise stated.

**2. FIXED ASSETS:**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and / or impairment loss if any and cenvat claim (Wherever applicable).

**3. DEPRECIATION :**

Depreciation is charged on WDV method on all fixed assets as per rates specified in schedule V to 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 up to Rs. 5000/- has been fully charged to depreciation.

**4. IMPAIRMENT OF ASSETS:**

As on 31.03.2008, the management has assessed whether there is any indication that as assets may be impaired and the management has made view that nun of the assets needs any adjustment for impairment.

**5. TREATMENT OF EXCISE DUTY:**

Excise duty charged Rs. 1,17,27,237/- has been included in the sales value.

**6. METHOD OF ACCOUNTING:**

Accounts are maintained on accrual method of accounting.

**7. INVENTORIES:**

- (a) The closing stocks of Finished Goods, Raw Materials & Components, Stores, Spares & Tools are valued at lower of cost (FIFO) or realizable value. Stock in Transit is valued at cost.
- (b) Goods under process are valued at cost and is determined at material cost plus appropriate share of labour and manufacturing overheads.

**8. RETIREMENT BENEFITS:**

No provision for gratuity & leave encashment has been made and the same has been treated on cash basis.

**9. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provision are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the company has a present obligation as a result of past event,

- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

(a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.

(c) A possible obligation, of which the probability of outflow of resources is remote.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets are neither recognized nor disclosed.

## 10. DEFERRED TAX

Deferred tax is recognized, subject to the consideration of prudence on timing differences, representing the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets viz. unabsorbed depreciation and carry forward losses are recognized if there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **B. NOTES FORMING PART OF THE ACCOUNTS**

1. "The Company is a Small & Medium Sized Company (SMC) as defined in the General instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to Small & Medium Sized Company."
2. Previous period figures have been rearranged wherever necessary.
3. Total expenditure on employees who were in receipt of remuneration of Rs. 24,00,000/- or more if employed from the full year or Rs. 2,00,000/- p.m. or more if employed for part of the year .  
Nil
4. Sundry Debtors and Creditors are subject to confirmation.
5. In the opinion of the Board of Directors the current assets, Loans and advances have a value in realization in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
6. Provision for Income Tax has been made in accordance with the prevailing Income tax laws.
7. Depreciation on fixed assets has been charged on WDV basis as per the rates provided in the Schedule V of the Companies Act. Depreciation has been calculated after reducing the revaluation amount from the cost. Till the previous financial year, the company has been charging depreciation as specified under the Income Tax Act and to that extent the results of the company are over / under stated. The quantum of the effect as explained above has been worked out for last five years (from 2002-03 to 2006-07) as follows :

(A)	Depreciation charged	: Rs.67,56,334.00
(B)	Depreciation should have been charged	: Rs.52,26,769.00
(C)	Difference in profit stated (A-B)	: Rs 12,29,565.00

8. CONTINGENT LIABILITIES:

- (a) Company has issued counter indemnity to the banks in respect of Bank Guarantees / letter of credits issued by the Banks totaling to Rs. 33.16 lacs (approx). However, the Bank has been provided with margin money of Rs. 13.03 lacs (approx) by way of Fixed Deposit(s).

9. The quantitative information are enclosed as per annexure.

10. REMUNERATION TO DIRECTORS:

	2007-08	2006-07
Salaries to Directors	4,60,080/-	4,60,080/-

11. Remuneration to Auditors:

	2007-08	2006-07
Audit fees (inclusive of service tax)	8,427	6,000

(Rupees in Lacs)

<b>STATEMENT OF SECURED LOANS</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>From Financial Banks</b>					
<b>STATE BANK OF MYSORE</b>					
(Against Hypothecation of Stock & Debtors)	105.52	0.00	0.00	0.00	0.00
<b>ICICI BANK</b> (Vehicle Loan)	0.13	0.00	0.00	0.00	0.00
<b>STANDARD CHARTERED BANK</b> (Vehicle Loan)	3.34	2.43	1.42	0.30	0.00
<b>STATE BANK OF MYSORE</b>					
Cash Credit	0.00	401.02	510.63	811.52	1,132.58
<i>Against hypothecation of Stocks &amp; receivables and goods purchased under LC and Collateral Securities of Land &amp; Building, Plant &amp; Machineries of Kathua (J&amp;K) Unit valued Rs. 190.70 Lacs and Personal Guarantees of the Directors.</i>					
Bill Discounting	0.00	0.00	47.92	0.00	0.00
<i>Against Hypothecation of Stocks &amp; receivables and Further secured by Collateral Securities of (Land, Building, Plant &amp; Machineries) Kathua Unit and Personal Guarantee of the Directors.</i>					
Term Loan	0.00	0.00	0.00	0.00	800.00
<b>KOTAK MAHINDRA BANK</b>					
Medium Term Loan against Hypothecation of Truck & Personal guarantee of the Directors	0.00	31.35	30.49	15.73	1.24
<b>ICICI BANK</b>					
Medium Term Loan against Hypothecation of Truck & Personal guarantee of the Directors	0.00	9.50	6.46	5.69	494.08

ECB Term Loan	0.00	0.00	0.00	0.00	3,288.54
Vehicle Loan	0.00	0.00	0.00	0.00	1.44
Motor Car Loan	0.00	0.00	0.00	0.00	1.22
Car Loan	0.00	0.00	0.00	0.00	2.69
<b>YES BANK</b>					
Cash Credit Hypothecation	0.00	0.00	0.00	474.58	0.00
<i>Against hypothecation of Stocks &amp; receivables and goods purchased under LC and Collateral Securities of Land &amp; Building, Plant &amp; Machineries of Kathua unit and Personal Guarantees of the Directors.</i>					
Bill Discounting	0.00	0.00	0.00	199.43	0.00
<i>Against Hypothecation of Stocks &amp; receivables and Further secured by Collateral Securities of (Land, Building, Plant &amp; Machineries) Kathua Units and Personal Guarantee of the Directors.</i>					
Buyer Credit	0.00	0.00	0.00	103.16	0.00
<i>Against Hypothecation of Stocks &amp; receivables and Further secured by Collateral Securities of (Land, Building, Plant &amp; Machineries) Kathua Units and Personal Guarantee of the Directors.</i>					
<b>HDFC BANK LIMITED</b>	0.00	0.00	0.00	9.04	6.10
<i>Medium Term Loan against Hypothecation of car and secured by the personal guarantee of the directors.</i>					
<b>STATE BANK OF INDIA</b>	0.00	0.00	0.00	0.00	2,356.87
<i>Against Hypothecation of Stocks &amp; receivables and Further secured by Collateral Securities of (Land, Building, Plant &amp; Machineries) Kathua Units and Personal Guarantee of the Directors.</i>					
<b>PUNJAB NATIONAL BANK</b>	0.00	0.00	0.00	0.00	185.27
<b>PUNJAB NATIONAL</b>	0.00	0.00	0.00	0.00	70.28

<b>BANK</b>					
<b>Total Secured Loans</b>	<b>108.99</b>	<b>444.30</b>	<b>596.92</b>	<b>1,619.45</b>	<b>8,340.31</b>
<b>Loans Outstanding as on 31st March 2008</b>				(Rupees in Lacs)	
<b>Particulars</b>	<b>Total Loan Amount</b>	<b>Outstanding as on 31st March 2008</b>	<b>Rate of Interest (Average)</b>	<b>Repayment Schedule / Installment Amt</b>	<b>Security</b>
<b>VEHICLE LOAN</b>					
ICICI (LADEL000121119861)	3.00	2.69	12.15%	EMI- Rs 10035.	Car
ICICI Loan (LADEL00007419004)	3.07	1.44	8.31%	EMI- RS 10165.	Car
KOTAK MAHINDRA LOAN-9579	10.73	1.24	4.75%	EMI- Rs 35071.	Vehicle
TATA MOTORS	3.10	1.22	4.80%	EMI- Rs 9850.	Car
HDFC- 10325084	6.40	3.81		EMI- Rs 16762.	Car
HDFC-10521461	4.72	2.29		EMI- Rs15627.	Car
<b>TERM LOAN FROM BANKS</b>					
ICICI-ECB Term Loan	\$8,400.00	3,288.54	3.1131% + Panel	From June 2009.	First charge on entire Fixed Assets of Uttarakhand unit
STATE BANK OF MYSORE	1,500.00	800.00	12.75%	December 2008.	First charge on entire Fixed Assets of Punjab Unit
<b>LOAN FROM SHEDULE BANK</b>					
ICICI BANK-000751000298	500.00	494.08	12.75%	Cash Credit	Loans are Collaterally Secured by Personal Property & Guarantee of Directors

STAT BANK OF INDIA-30211338572	2900.00	2,356.87	12.25%	Cash Credit	Loans are Collaterally Secured by Hypothecation of Plant & Machinerie s, Land & Buildings of Kathua Unit and Personal Properties & Guarantee of the Directors.
STATE BANK OF MYSORE-54018674129	1,140.00	1,132.58	13.25%	Cash Credit	Loans are Collaterally Secured by Hypothecation of Plant & Machinerie s, Land & Buildings of Kathua Unit and Personal Properties & Guarantee of the Directors.
PUNJAB NATIONAL BANK-12572	Overdrawn	185.27	12.50%	Cash Credit	-
PUNJAB NATIONAL BANK-12581	Overdrawn	70.28	12.50%	Cash Credit	-
		<b>8,340.31</b>			
<b>STATEMENT OF UNSECURED LOANS</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>From Directors</b>	0.53	0.00	0.00	8.50	0.00
<b>From Others</b>	12.92	6.06	0.00	31.08	9.87
<b>ICICI BANK</b> (Business Loan against Personal Guarantee of Directors)	0.00	7.90	5.55	2.75	3.07
<b>STANDARD CHARTERED BANK</b>	0.00	0.00	30.00	22.30	0.00

(Business Loan against Personal Guarantee of Directors)					
<b>IDBI Ltd</b>	0.00	0.00	0.00	7.70	4.48
(Business Loan against Personal Guarantee of Directors)					
<b>KOTAK MAHINDRA BANK LIMITED</b>	0.00	0.00	0.00	33.95	42.58
<b>HDFC BANK Ltd</b>	0.00	0.00	0.00	22.50	24.44
(Business Loan against Personal Guarantee of Directors)					
<b>HDFC BANK LOAN</b>	0.00	0.00	0.00	0.00	5.90
<b>ABN AMRO Bank</b>	0.00	0.00	0.00	0.00	23.92
<b>BARCLAYS BANK</b>	0.00	0.00	0.00	0.00	27.88
<b>Cholamandalam DBS Finance</b>	0.00	0.00	0.00	0.00	11.17
<b>DEVELOPMENT CREDIT BANK</b>	0.00	0.00	0.00	0.00	10.98
<b>INDIA BULLS CREDIT SERVICE</b>	0.00	0.00	0.00	0.00	20.53
<b>RELIANCE CAPITAL LIMITED</b>	0.00	0.00	0.00	0.00	28.72
<b>STANDARD CHARTERED BANK BUSINESS LOAN</b>	0.00	0.00	0.00	0.00	12.51
<b>STANDARD CHARTERED BANK LOAN</b>	0.00	0.00	0.00	0.00	14.68
<b>Total Unsecured Loan</b>	<b>13.45</b>	<b>13.96</b>	<b>35.55</b>	<b>128.78</b>	<b>240.73</b>
<b>Total Loans (Secured &amp; Unsecured)</b>	<b>122.44</b>	<b>458.26</b>	<b>632.47</b>	<b>1,748.23</b>	<b>8,581.04</b>

**Annexure - VI**

(Rupees in Lacs)

<b>STATEMENT OF LOANS &amp; ADVANCES</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
(i) Advances Recoverable in cash or in kind or for value to be received or pending adjustments.	0.15	2.10	22.73	84.80	508.19
(ii) Security Deposits	0.29	1.55	0.00	0.00	13.75
(iii) Other Advances	5.48	7.78	179.20	30.29	346.83
(iv) Advances to Suppliers	0.00	0.00	0.00	0.00	1,320.40
(v) TDS / TCS Receivable	1.15	1.78	1.26	4.40	17.24
<b>Total</b>	<b>7.07</b>	<b>13.21</b>	<b>203.19</b>	<b>119.49</b>	<b>2,206.41</b>

**Annexure – VII**

(Rupees in Lacs)

<b>STATEMENT OF SUNDRY DEBTORS</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Others</b>					
Considered Good	0.81	0.00	6.44	1,818.35	4,115.33
Considered doubtful	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.81</b>	<b>0.00</b>	<b>6.44</b>	<b>1,818.35</b>	<b>4,115.33</b>
<b>Due over six months</b>					
Considered Good	104.75	360.83	622.68	94.02	456.51
Considered doubtful	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>104.75</b>	<b>360.83</b>	<b>622.68</b>	<b>94.02</b>	<b>456.51</b>
<b>Total Sundry Debtors</b>	<b>105.56</b>	<b>360.83</b>	<b>629.12</b>	<b>1,912.37</b>	<b>4,571.84</b>

**Annexure – VIII**

(Rupees in Lacs)

<b>STATEMENT OF INVESTMENTS</b>						
<b>Particulars</b>		<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>Unquoted</b>					
<b>Short Term</b>						
10000	Equity Shares of Rs.10 each of					
	M/s RP Banaspati Pvt Ltd @ premium of Rs90/share.	0.00	0.00	0.00	10.00	0.00
	-Investments	1.02	0.00	15.00	0.00	0.00
<b>Long Term</b>						
10,57,750	Equity Shares of Rs.10 each of					
	M/s Parekh Electrawire Ind Ltd. @ premium of	0.00	0.00	0.00	0.00	163.12
	Rs. 3.20/share.					
1,76,650	Equity Shares of Rs.100 each of					
	M/s Parekh Electrawire Ind Ltd. @ premium of					
	Rs. 3.30/share.					
	SBI Capital Protection Oriented Fund	0.00	0.00	0.00	0.00	2.00
	<b>TOTAL INVESTMENTS</b>	<b>1.02</b>	<b>0.00</b>	<b>15.00</b>	<b>10.00</b>	<b>165.12</b>
	Less : Provision for diminution in value of Investments	0.00	0.00	0.00	0.00	0.00
	<b>AGGREGATE MARKET VALUE</b>	<b>1.02</b>	<b>0.00</b>	<b>15.00</b>	<b>10.00</b>	<b>165.12</b>

**Annexure – IX**

(Rupees in Lacs)

<b>STATEMENT OF CURRENT LIABILITIES &amp; PROVISIONS</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>CURRENT LIABILITIES</b>					
Trade Creditors	37.40	67.94	15.82	88.82	801.53
Advance from customers	0.00	0.00	0.00	0.00	357.69
Other Liabilities	4.87	13.01	37.28	12.60	402.71
<b>Total (A)</b>	<b>42.27</b>	<b>80.95</b>	<b>53.10</b>	<b>101.42</b>	<b>1,561.93</b>
<b>PROVISIONS</b>					
For Taxation	0.47	6.40	45.00	65.00	135.00
For Fringe Benefit Tax	0.00	0.00	0.00	0.00	1.65
<b>Total (B)</b>	<b>0.47</b>	<b>6.40</b>	<b>45.00</b>	<b>65.00</b>	<b>136.65</b>
<b>Total (A+B)</b>	<b>42.74</b>	<b>87.35</b>	<b>98.10</b>	<b>166.42</b>	<b>1,698.58</b>

**Annexure – X**

(Rupees in Lacs)

<b>STATEMENT OF OTHER INCOME</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Interest From Fixed Deposits with Scheduled Banks	0.00	0.94	0.31	1.56	11.47
Interest From Others	0.00	0.93	7.17	1.98	6.86
Income From Dividend	0.00	0.00	0.17	0.00	0.00
Miscellaneous Income :	0.00	42.65	0.01	60.09	5.06
Profit on sale of Non Trade Investments	0.00	0.00	0.22	6.59	0.00
Discount Received	0.00	0.47	0.48	0.00	0.09
<b>Total</b>	0.00	<b>44.99</b>	<b>8.36</b>	<b>70.22</b>	<b>23.48</b>
<b>Net Profit/Loss before tax as restated</b>	<b>5.30</b>	<b>81.40</b>	<b>531.44</b>	<b>601.81</b>	<b>1,197.30</b>
<b>Other Income as % of Net Profit/Loss before tax as restated</b>	<b>0.00%</b>	<b>55.27%</b>	<b>1.57%</b>	<b>11.67%</b>	<b>1.96%</b>

(Rupees in Lacs)

<b>DETAILS OF CONTINGENT LIABILITIES</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Contingent liabilities not provided</b>					
<b>for in respect of :</b>					
1 - Counter guarantees given in respect of Guarantees given by the company's bankers	22.35	46.44	12.75	26.00	1,825.10
2- Duties & tax liabilities disputed by the company					
Income Tax Act	0.00	0.00	0.00	0.00	34.32
Central Excise Act	0.00	0.00	0.00	15.16	15.16
3- Claims against the company not acknowledged as debts	0.00	0.00	0.00	0.00	0.00
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	0.00	0.00	0.00	0.00	0.00
<b>Bills discounted with banks</b>	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>22.35</b>	<b>46.44</b>	<b>12.75</b>	<b>41.16</b>	<b>1,874.58</b>

**Annexure – XII**

(Rupees in Lacs)

<b>Statement of Rates of Dividend Paid</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Equity Share capital	50.00	177.17	181.17	362.34	859.88
Rates of Dividend	0.00	0.00	0.00	0.00	0.00
Dividend amount	0.00	0.00	0.00	0.00	0.00
Dividend Tax	0.00	0.00	0.00	0.00	0.00

**Annexure – XIII**

(Rupees in Lacs)

<b>Statement of Accounting Ratios</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Net Worth (Rs in Lacs)	79.49	343.03	846.76	1,658.17	5,395.80
Restated Earning Attributable to Shareholders (Rs in Lacs)	3.41	74.99	485.88	535.83	1,060.65
No Of Equity Share Outstanding at the end of the period	500,000.00	1,771,700.00	1,811,700.00	3,623,400.00	8,598,800.00
Weighted Avg no of Equity Shares outstanding during the year	500,000.00	1,771,700.00	1,811,700.00	1,816,664.00	4,778,787.00
Earning Per Shares (EPS) Face Value Rs.10 each					
Basic earning Per Share (Rs)	0.68	4.23	26.82	29.50	22.19
Cash Earning Per Share (Rs)	0.81	4.48	27.55	30.32	22.72
Return on Net Worth (%)	4.29%	21.86%	57.38%	32.31%	19.66%
Net Assets Value Per Share	15.90	19.36	46.74	91.28	112.91

**FORMULAE**

Earning Per Shares=Net Profit After Tax/Weighted no of Equity Share

Net Assets Value=Net Worth/No of Equity Share

Return on Net Worth=Net Profit After tax/Net Worth Excluding Revaluation Reserve

Cash Earning Per Shares=(Net Profit After Tax+Depreciation)/Weighted no of Equity Shares

**Annexure – XIV**

(Rupees in Lacs)

<b>TAX SHELTER STATEMENT</b>					
<b>Particulars</b>	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Profit/(Loss) Before Tax as per Audited Accounts(A)</b>	<b>5.30</b>	<b>81.40</b>	<b>531.45</b>	<b>601.80</b>	<b>1,200.70</b>
Effective Rate of Income Tax	35.88%	36.59%	33.66%	33.66%	33.99%
Tax at Normal Tax Rate (B)	<b>1.90</b>	<b>29.78</b>	<b>178.89</b>	<b>202.57</b>	<b>408.12</b>
<b>Adjustments</b>					
<u>Permanent Difference</u>					
<i>U/s 80-IB</i>	0.00	73.09	506.68	539.32	1,004.73
<b>Total Permanent Difference(C)</b>	<b>0.00</b>	<b>73.09</b>	<b>506.68</b>	<b>539.32</b>	<b>1,004.73</b>
<u>Timing Difference</u>					
Difference Between Comp Act & IT Act Depreciation	(3.96)	(23.16)	(30.76)	(19.46)	(38.12)
Allowance under Sec 40(a)/43B	0.00	0.00	0.00	0.00	0.00
Disallowances under Sec 40(a)/43B	0.00	0.00	0.00	0.00	0.00
<b>Total Timing Difference (D)</b>	<b>(3.96)</b>	<b>(23.16)</b>	<b>(30.76)</b>	<b>(19.46)</b>	<b>(38.12)</b>
<b>Net Adjustments (C+D)</b>	<b>(3.96)</b>	<b>49.93</b>	<b>475.92</b>	<b>519.86</b>	<b>966.61</b>
<b>Tax Saving Thereon</b>	<b>(1.42)</b>	<b>18.27</b>	<b>160.19</b>	<b>174.98</b>	<b>328.55</b>

**Annexure – XV**

(Rupees in Lacs)

<b>CAPITALISATION STATEMENT</b>		
<b>PARTICULARS</b>	<b>PRE-ISSUE</b>	<b>POST-ISSUE*</b>
<b>Borrowings</b>		
Secured Loans	8,340.31	
Unsecured Loans	240.73	
Less: Short Term Debts	0.00	
<b>Total Long term Borrowings</b>	<b>8,581.04</b>	
<b>Share Holders Fund</b>		
Equity Share Capital	859.88	
Share Application Money (Pending Allotment)	452.38	
Reserve & Surplus	5,201.44	
Profit & Loss Account	1,496.96	
Less: Revaluation Reserve	1,116.57	
<b>Sub total</b>	<b>6,894.09</b>	
Less; Misc. expenses not written off	1.33	
<b>Total Equity</b>	<b>6,892.76</b>	
<b>DEBT / EQUITY RATIO</b>	<b>1.24</b>	
<p>* Shareholders fund Post issue can be calculated only on the conclusion of the book building process.</p> <p>Note a: Short Term Debts are debts maturing within next one year.</p> <p>Note b: Revaluation Reserve is not considered as the Shareholders Fund.</p>		

**RELATED PARTY DISCLOSURE**

Related Party Relationship pursuant to Accounting Standard (AS-18) for the financial year 2006-2007 are as follows.

**a) Relationship**

- i) Associates  
Aravali Smelters Ltd.  
Shivalik Organics Ltd  
Sreedeb Commercial Pvt Ltd  
Vidushi Metallics
- ii) Key Management personnel (Whole time Directors)  
Mr. Rakesh Jolly                      Mr. Ankur Sarin
- ii) Relatives of Key Management Personnel

**b) The following transactions were carried out with related parties during the year in the ordinary course of business.**

Nature Of Transactions	Associates				Key Management Personnel	Relatives of Key Management Personnel	Total
	Aravali Smelter Ltd	Shivalik Organics Ltd	Sreedeb Commercial Pvt Ltd	Vidushi Metallics			
	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs
Share application in the Company.	110.00	490.00	51.00	0.00	0.00	0.00	275.00
Sale	0.00	0.00	0.00	23.48	0.00	0.00	23.48
Salaries.	0.00	0.00	0.00	0.00	5.71	0.00	5.71

## RELATED PARTY DISCLOSURE

Related Party Relationship pursuant to Accounting Standard (AS-18) for the financial year 2007-2008 are as follows.

### a) Relationship

- i) Associates  
Aravali Smelters Ltd.  
Shivalik Organics Ltd  
Sreedeb Commercial Pvt Ltd  
Parekh Electrawire Industries Ltd
- ii) Key Management personnel (Whole time Directors)  
Mr. Rakesh Jolly      Mr. Ankur Sarin      Mrs. Tarang Khosla
- iii) Relatives of Key Management Personnel

### b) The following transactions were carried out with related parties during the year in the ordinary course of business.

Nature Of Transactions	Associates				Key Management Personnel	Relatives of Key Management Personnel	Total
	Aravali Smelter Ltd	Shivalik Organics Ltd	Sreedeb Commercial Pvt Ltd	Parekh Electrawire industries Ltd			
	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs
Share application in the Company.	374.90	364.00	664.38	0.00	0.00	0.00	1403.28
Sale	0.00	0.00	0.00	163.12	0.00	0.00	163.12
Salaries.	0.00	0.00	0.00	0.00	8.02	0.00	8.02

NOTE: With effect from 01.04.2004 a new Scheme of applicability of Accounting Standards is applicable. In this scheme, enterprises have been divided into three levels. With large scale enterprises have been classified into Level I enterprise, the Small & Medium Enterprise (SMEs) have been categorized into Level II & Level III enterprises. SMEs have been given some relaxation/exemption in Accounting Standards. In this organization Accounting Standard-18 is applicable only after 01.04.2007. Therefore previous three financial years immediately preceding the year 2006-07 data is not applicable.

(Rupees in Lacs)

<b>Summary Statement of Assets and Liabilities, Parekh Electrawire Industries Limited</b>							
		<b>AS AT</b>					
		<b>31-Mar-2004</b>	<b>31-Mar-2005</b>	<b>31-Mar-2006</b>	<b>31-Mar-2007</b>	<b>31-Mar-2008</b>	<b>Consolidated as on 31-Mar-2008</b>
<b>A</b>	<b>Fixed Assets</b>						
	Gross Block	203.75	131.89	121.94	154.48	221.88	2,638.16
	Less: Depreciation	83.41	15.17	12.83	10.69	127.52	187.71
	Net Block	120.34	116.72	109.11	143.79	94.36	2,450.45
	Less: Revaluation Reserve	41.61	41.61	41.61	0.00	0.00	1,137.62
	Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	3,250.42
	Goodwill	0.00	0.00	0.00	0.00	0.00	39.62
	Unused ECB Funds	0.00	0.00	0.00	0.00	0.00	1,600.80
	<b>Total Fixed Assets</b>	<b>78.73</b>	<b>75.11</b>	<b>67.50</b>	<b>143.79</b>	<b>94.36</b>	<b>6,203.67</b>
<b>B</b>	Investments	0.00	0.00	0.00	0.00	0.00	2.00
<b>C</b>	Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00	(10.84)
<b>D</b>	<b>Currents Assets , Loans and Advances</b>						
	Inventories	49.40	49.45	71.51	356.02	45.88	2,433.76
	Sundry Debtors	234.05	374.36	207.88	147.71	14.14	4,585.98
	Cash and Bank Balance	29.40	91.20	21.98	119.36	13.40	268.24
	Loans and Advances	17.53	23.90	17.68	143.06	208.34	2,309.79
	<b>Total Current Assets</b>	<b>330.38</b>	<b>538.91</b>	<b>319.05</b>	<b>766.15</b>	<b>281.76</b>	<b>9,597.77</b>
<b>E</b>	<b>Total Assets( A+B+C+D)</b>	<b>409.11</b>	<b>614.02</b>	<b>386.55</b>	<b>909.94</b>	<b>376.12</b>	<b>15,792.60</b>
<b>F</b>	<b>Liabilities and Provisions</b>						
	<b>Loan Funds</b>						
	Secured loans	6.07	79.67	76.12	143.72	170.77	8,511.08
	Unsecured Loans	106.23	69.17	46.93	31.48	0.00	240.73
	Deferred Tax Liabilities	0.00	0.00	0.00	0.00	0.00	(9.42)
	<b>Total Loans</b>						

		<b>112.30</b>	<b>148.84</b>	<b>123.05</b>	<b>175.20</b>	<b>170.77</b>	<b>8,742.39</b>
	<b>Current Liabilities &amp; Provisions</b>						
	Liabilities	207.56	346.01	115.68	537.06	25.28	1,585.82
	Provisions	9.02	21.86	10.69	0.00	0.39	126.69
	<b>Total Current Liabilities</b>	<b>216.58</b>	<b>367.87</b>	<b>126.37</b>	<b>537.06</b>	<b>25.67</b>	<b>1,712.51</b>
	<b>Total Liabilities and Provisions</b>	<b>328.88</b>	<b>516.71</b>	<b>249.42</b>	<b>712.26</b>	<b>196.44</b>	<b>10,454.90</b>
<b>G</b>	<b>Net Worth ( E-F)</b>	<b>80.23</b>	<b>97.31</b>	<b>137.13</b>	<b>197.68</b>	<b>179.68</b>	<b>5,337.70</b>
<b>H</b>	<b>Represented by Shareholders</b>						
	Share Capital	111.20	123.50	123.50	123.50	123.50	859.88
	Reserve and Surplus	10.64	15.42	55.24	74.18	56.18	5,164.39
	Less: Revaluation Reserve	41.61	41.61	41.61	0.00	0.00	1,137.62
	Share Application Money (Pending Allotment)	0.00	0.00	0.00	0.00	0.00	452.38
	Less: Miscellaneous Expenditure to the extend not written off	0.00	0.00	0.00	0.00	0.00	1.33
	<b>Net Worth</b>	<b>80.23</b>	<b>97.31</b>	<b>137.13</b>	<b>197.68</b>	<b>179.68</b>	<b>5,337.70</b>

(Rupees in Lacs)

<b>Summary Statement of Profit and Losses, Parekh Electrawire Industries Ltd</b>						
	<b>FINANCIAL YEAR ENDED 31ST MARCH</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Consolidated 2008</b>
<b>Income</b>	897.91	1,258.87	1,138.21	966.63	833.46	11,008.94
Increase/ ( Decrease ) in Inventory	12.54	(2.83)	22.06	128.93	(128.86)	57.33
Profit on sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	2.47
<b>Total Income</b>	<b>910.45</b>	<b>1,256.04</b>	<b>1,160.27</b>	<b>1,095.56</b>	<b>704.60</b>	<b>11,068.74</b>
<b>Expenditure</b>						
Manufacturing & Other Expenses	873.12	1,180.49	1,034.15	1,001.65	665.93	9,575.56
Financial Expenses	13.02	55.61	73.47	21.84	29.29	364.49
Preliminary & Deferred Revenue Exp Written Off	0.00	0.00	0.00	0.01	0.00	0.60
Depreciation on Fixed Assets	14.13	15.17	12.83	10.70	5.98	30.97
<b>Total Expenditure</b>	<b>900.27</b>	<b>1,251.27</b>	<b>1,120.45</b>	<b>1,034.20</b>	<b>701.20</b>	<b>9,971.62</b>
<b>Profit Before Tax</b>	<b>10.18</b>	<b>4.77</b>	<b>39.82</b>	<b>61.36</b>	<b>3.40</b>	<b>1,097.12</b>
Provision For Taxation	0.00	0.00	0.00	0.00	0.35	125.04
FBT For The Year	0.00	0.00	0.00	0.17	0.50	2.10
<b>Profit After Tax</b>	<b>10.18</b>	<b>4.77</b>	<b>39.82</b>	<b>61.19</b>	<b>2.55</b>	<b>969.98</b>
Add : Profit/Loss brought forward from previous year	(52.55)	(42.37)	(37.60)	2.22	21.16	507.47
Less: Transferred to General Reserve	0.00	0.00	0.00	0.00	0.00	50.00
Less: Interim Dividend	0.00	0.00	0.00	37.05	0.00	0.00
Less: Dividend Tax	0.00	0.00	0.00	5.20	0.00	0.00
<b>Balance Carried to Balance Sheet</b>	<b>(42.37)</b>	<b>(37.60)</b>	<b>2.22</b>	<b>21.16</b>	<b>23.71</b>	<b>1,427.45</b>

## FINANCIAL STATEMENTS OF SUBSIDIARY/GROUP COMPANIES

### 1. Aravali Smelters Limited:

Aravali Smelters Limited was incorporated as a public limited Company on the Thirty first day of December 1992 vide certificate of incorporation no. 55-51517 issued by the Registrar of Companies of NCT of DELHI & HARYANA. It received the Certificate for Commencement of business from Registrar of Companies NCT of DELHI & HARYANA on 17/05/1993. The shares of Aravali Smelters Limited are not listed.

The main objects of the Company are as under:

- 1) 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.

#### Registered Office Of Aravali Smelters Limited

The registered office of Aravali Smelters Limited is situated at G-29, Second Floor, Vardhman Tower ,Near PVR Sonia, Vikas Puri, New Delhi PIN 110018

The Directors on the Board of Aravali Smelters Limited are:

S.no	Name	Status	Designation	DIN
1.	Mr. Rakesh Jolly	Promoter Director	Director	00533817
2.	Mrs. Tarang Khosla	Non-executive Non- Independent Director	Director	01256146
3.	Mr. Umang Sarin	Non-executive Non- Independent Director	Director	01830540

**Authorized Capital:** The authorized share capital of the Company, as reflected in the Annual Return for the Annual General Meeting held on 28<sup>th</sup> September, 2007 and its Memorandum of Association is Rs. 30,00,000/- (Rupees Thirty Lac Only) divided into 3,00,000 (Three Lac) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Brief Audited Financials of Aravali Smelters Limited are as follows:

Particulars	Amount ( Rs in Lacs)		
	March 31, 2006	March 31, 2007	March 31, 2008
<b>Paid up Equity Capital</b>	18.54	21.66	25.96
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	28.64	181.82	392.58
<b>Sales/Total Income</b>	14.12	1.40	1.42
<b>Profit/(Loss) after Tax (PAT)</b>	12.57	0.30	0.05
<b>Earning per Share (in Rs.)</b>	6.76	0.14	0.02
<b>NAV (in Rs.)</b>	25.44	93.94	161.99

#### Shareholders Details:

S. No	Name	No. of Shares
1.	Kanta Jolly	94500
2.	Rakesh Jolly	69300
3.	Ritu Jolly	56900
4.	Ashok Sarin	19100
5.	Umang Sarin	8100
6.	Ravi Khosla	6000
7.	Ankur Sarin	5600
8.	Tarang Khosla	100
	<b>Total</b>	<b>259600</b>

**Details of Prices of Shares:** Not Listed

**Details of public or rights issue in the preceding three years:** Nil

**Information regarding adverse factors related to the company:**

- The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.
- The Company is not under winding up.
- The company has not made a loss in the immediately preceding year.

## **2. Shivalik Organics Limited:**

Shivalik Organics Limited was incorporated as a public limited Company on the Twenty Seventh day of June, 1996 vide Certificate of Incorporation no.55-79955 issued by the Registrar of Companies N.C.T. of Delhi & Haryana. It received Certificate for commencement of business from Registrar of Companies N.C.T. of Delhi & Haryana on 12/07/1996

The shares of Shivalik Organics Limited are not listed.

The main objects of the Company are as under:

1. To carry on the business of import, export, production, preparation, and manufacturing of and dealing in vegetable ghee, oils of every type and description, whether refined or otherwise and whether hydrogenated or otherwise fatty acids, glycerin stric acid, sterates and all other related organic chemical and for that purpose to set up, install, purchase import or otherwise acquire plant, machinery and related equipment and to import, export, purchase, cultivate oils, seeds, cotton seeds, coconuts plantation, horticulture and fresh produce for the production of vanaspati or vegetable oil and ghee.
2. 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.
3. To carry on the business of margarine and all kinds of fat and oleaginous emulsions and to buy, sell, manufacture, refine, prepare and deal all kinds of fats, oils, and oleaginous substances and all the required ingredients and all the required ingredients for the manufacturer of Company's products.
4. To carry on the business of and deal in all natural, artificial, synthetic of chemical edible food colours and preservatives.

### **REGISTERED OFFICE OF SHIVALIK ORGANICS LIMITED**

The registered office of Shivalik Organics Limited is situated at G-29,Second Floor, Vardhman Tower ,Near PVR Sonia, Vikas Puri, New Delhi PIN 110018 India.

The Directors on the Board of Shivalik Organics Limited are:

<b>S.no</b>	<b>Name</b>	<b>Status</b>	<b>Designation</b>	<b>DIN</b>
1.	Mr. Rakesh Jolly	Promoter Director	Director	00533817
2.	Mrs. Tarang Khosla	Non-executive Non- Independent Director	Director	01256146
3.	Mrs. Ritu Jolly	Non-executive Non- Independent Director	Director	01992006

**Authorized Capital:** The authorized share capital of the Company, as reflected in the Annual Return for the Annual General Meeting held on 27<sup>th</sup> September, 2007 and its Memorandum of Association is Rs. 35,00,000/- (Rupees Thirty Five Lac Only) divided into 3,50,000 (Three Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Brief Audited Financials of Shivalik Organics Limited are as follows:

Particulars	Amount (Rs.in Lacs)		
	March 31, 2006	March 31, 2007	March 31, 2008
<b>Paid up Equity Capital</b>	5.00	7.03	11.79
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	2.46	99.51	332.82
<b>Sales/Total Income</b>	0.48	0.90	0.61
<b>Profit/(Loss) after Tax (PAT)</b>	0.36	0.08	0.07
<b>Earning per Share (in Rs.)</b>	0.71	0.12	0.05
<b>NAV (in Rs.)</b>	14.91	151.55	307.55

#### Shareholders Details:

S. No	Name	No. of Shares
1	Ritu Jolly	42400
2	Rakesh Jolly	38700
3	Kanta Jolly	28300
4	Umang Sarin	4400
5	Ankur Sarin	2900
6	Ashok Sarin	1100
7	Ravi Khosla	100
	<b>Total</b>	<b>117900</b>

**Details of Prices of Shares:** Not Listed

**Details of public or rights issue in the preceding three years:** Nil

#### Information regarding adverse factors related to the company:

- The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.
- The Company is not under winding up.
- The company has not made a loss in the immediately preceding year.

#### 3. Sreedeb Commercial Private Limited:

Sreedeb Commercial Private Limited was incorporated as a Private Limited Company on 21st day of January 1995 Certificate of Incorporation No. 21-68558 issued by the Registrar of Companies, West Bengal. Under MCA 21 plan of Ministry of Corporate Affairs Corporate Identity Number (CIN) U51909WB1995PTC68558 has been allotted to the company.

The shares of Sreedeb Commercial Private Limited are not listed.

The main objects of the Company are as under:

1. 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 to render Marketing services, consultancy services and Professional services of all kinds and every nature.

**REGISTERED OFFICE OF SREDEB COMMERCIAL PRIVATE LIMITED**

The registered office of Sreedeb Commercial Private Limited is situated at 184 Regent Street, Kolkata, West Bengal..

The Directors on the Board of Sreedeb Commercial Private Limited are:

S.no	Name	Status	Designation	DIN
1.	Mr. Rakesh Jolly	Promoter Director	Director	00533817
2.	Ms. Tarang Khosla	Non-executive Non-Independent Director	Director	01256146

**Authorized Capital:** The authorized share capital of the Company, Rs. 6,10,00,000 (Rupees Six Crores Ten Lacs Only) divided into 61,00,000 (Sixty One Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Brief Audited Financials of Sreedeb Commercial Private Limited are as follows:

Particulars	Amount (Rs. in Lacs)		
	March 31, 2006	March 31, 2007	March 31, 2008
<b>Paid up Equity Capital</b>	597.51	597.51	597.51
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	917.13	917.13	917.13
<b>Sales/Total Income</b>	10.23	3.47	2.24
<b>Profit/(Loss) after Tax (PAT)</b>	(0.23)	0.15	0.09
<b>Earning per Share (in Rs.)</b>	0.00	0.002	0.001
<b>NAV (in Rs.)</b>	25.34	25.34	29.36

**Shareholders Details:**

S. No.	Name	No. of Shares
1	Aravali Smelters Limited	2055090
2	Shivalik Organics Limited	1754410
3	Rajgharana Vinimai Private Ltd	664420
4	Subhkamna Tie Up Private Ltd	585900
5	Pawanputra Advisory Services Private Ltd	447500
6	Punctual Tradecom Private Ltd	331940
7	Sreeradhe Merchants Private Ltd.	84880
8	Super Sine Sales Private Ltd.	19000
9	Kanta Jolly	18000
10	Aditya Joshi	17000
11	Rakesh Jolly	16000
12	ANC Engineering & Manufacturing Co. Ltd.	10000
13	Myriad Traders Private Ltd.	10000
14	Pankaj Infotech Private Ltd.	8000
15	Micro Mac Computers Private Ltd.	4000
16	Logitura Solutions Private Ltd.	3000
17	Sunlit Tradex Private Ltd.	3000
18	Realtime Buildwell Private Ltd	3000
19	Parth Realtech Private Ltd	3000

<b>20</b>	First choice Buildwell Private Ltd	2200
<b>21</b>	Parkcity Buildwell Private Ltd	2000
<b>TOTAL</b>		<b>6042340</b>

**Details of Prices of Shares:** Not Listed

**Details of public or rights issue in the preceding three years:** Nil

**Information regarding adverse factors related to the company:**

- The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.
- The Company is not under winding up.
- The company has not made a loss in the immediately preceding year.

#### **4. Aravali Energy Private Limited:**

Aravali Energy Private Limited was incorporated as a Private Limited Company on the 19th June 2008, Certificate of Incorporation to this effect was issued on 19th June 2008 by the Registrar of Companies of National Capital Territory of Delhi and Haryana. Under MCA-21 plan of Ministry of Corporate affairs CIN - U23101DL2008PTC17977 allotted to the Company.

The shares of Aravali Energy Private Limited are not listed.

The main objects of the Company are as under:

1. To generate electrical power by conventional, non- conventional methods including coal, gas, lignite oil, bio-mass, thermal, solar, hydel, geo-hydel, hydro, wind and tidal waves.
2. To carry on the business of manufacturers, seller, importers, exporters, suppliers and dealers of all kinds of power generation equipments, including Wind mills and Turbines, Hydro- turbines, Thermal-turbines, Solar Modules, Panels.
3. To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on control, take on hire/lease power plants, co-generation power plants, Energy Conservation Projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical power and energy.
4. To purchase, create, generate or otherwise acquire, accumulate, use, distribute, sell, exchange, market, supply or otherwise dispose of electrical power energy to; the State Electricity Boards, State Governments, Local Authorities, licenses, specific industrial unit and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area subject to stipulations, if any made by any State Government, Central Government, Local Authority, State Electricity Board and any other competent Authority in accordance with the applicable provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any statutory modifications or re-enactment thereof and rules made thereunder.
5. To Establish captive power plants on a co-operative basis for a group of industrial and other consumer and supply power to the participants in the cooperative effort either directly or through the transmission lines of the State Electricity Boards or other authorities by entering into appropriate arrangements.
6. To carry on business of a general electric power supply company in all its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines accumulators, lamps and work and to generate, accumulate, distribute and supply electricity and to light

cities, towns, streets, docks, industries, markets, theaters, buildings and all other places, both private and public.

### REGISTERED OFFICE OF ARAVALI ENERGY PRIVATE LIMITED

The registered office of Aravali Energy Private Limited is situated at G-29, Second Floor, Vardhman Tower, Near PVR Sonia, Vikas Puri, New Delhi PIN 110018 India.

The Directors on the Board of Aravali Energy Private Limited are:

S.no	Name	Status	Designation	DIN
1.	Mr. Rakesh Jolly .	Promoter Director	Director	00533817
2.	Mrs. Ritu Jolly	Promoter Director	Director	01992006

**Authorized Capital:** The authorized share capital of the Company, as reflected in its Memorandum of Association is Rs. 5,00,000 (Rupees Five Lacs Only) divided into 50,000 (Fifty Thousand ) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Brief Audited Financials of Aravali Energy Private Limited are as follows:

As the Company is a new Company, information about financial performance of Aravali Energy Private Limited is not available.

### Shareholders Details:

S. No	Name	No. of Shares
1	Rakesh Jolly	5000
2	Ritu Jolly	5000

**Details of Prices of Shares:** Not Listed

**Details of public or rights issue in the preceding three years:** Nil

### Information regarding adverse factors related to the company:

- The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.
- The Company is not under winding up.
- The company has not made a loss in the immediately preceding year.

### 5. Parekh Electrawire Industries Limited:

Parekh Electrawire Industries Limited was incorporated as a Private Limited Company on the 30th May 1972 under the name and style of PAREKH ELECTRAWIRE INDUSTRIES PRIVATE LIMITED vide Certificate of Incorporation no. 2097 issued by the Registrar of Companies Gujarat, Dadar and Nagar Haveli. On 20/11/1996 Company has passed the necessary resolution under section 21, section 31, section 44 of the Company converting itself as a Public Company and the approval of Central Govt. was accorded on 20/12/1996. Fresh certificate of Incorporation to this effect was issued by Registrar of Companies of Gujarat, Dadra and Nagar Haveli on 20th day of December 1996. Company on 23<sup>rd</sup> of Aug. 2007 had received Fresh Certificate of Incorporation consequent upon change of name from Registrar of Companies of Gujarat, Dadra and Nagar Haveli and from this date name of the Company changed to SHAH PAPERPLAST INDUSTRIES LIMITED. For this purpose Company has passed necessary resolution under section 21 of the Companies Act, 1956 and approval of Central Govt. was accorded for the name change

of the Company. On 7<sup>th</sup> March 2008 Company again changed its name as its prior name and received Fresh Certificate of Incorporation consequent upon change of name from Registrar of Companies of Gujarat, Dadra and Nagar Haveli and from this date name of the Company changed to PAREKH ELECTRAWIRE INDUSTRIES LIMITED. For it Company has passed necessary resolution under section 21 of the Companies Act, 1956 and approval of Central Govt. was accorded for the name change of the Company under MCA-21 Campaign of Ministry of Corporate Affairs.

The shares of Parekh Electrawire Industries Limited are not listed.

The main objects of the Company are as under:

1. To undertake and to carry on the business of manufacturing and merchandising all kinds of ferrous and non-ferrous and metal wire products, and carry on any other business of manufacturing and merchandising generally and without limitation, all types of products and articles made from ferrous and non-ferrous metals.
2. To undertake and carry on the business or businesses of manufacturing, drawings, designing, procession, assembling, fabricating, importing, exporting and generally dealing in all kinds of ferrous and non-ferrous products, wire drawings, strip drawing, sheet rolling, processing, embossing, rewinding, machines, equipments, implements, apparatus, utensils, accessories etc. including all their components parts, tools and accessories, and to do all other acts and things necessary in connection with the business or matters aforesaid.
3. To undertake and carry on the business of manufacturing and merchandising all kinds and types of utensils, electrical motors, bettries, electrical, wire drawing, P.V.C. Wires, and conductors, wire and strips, rods and bars, and such other parts and components and also to acquire, erect, manage, maintain, sell, distribute, and to export, import, and generally deal in all kinds of ferrous and non-ferrous wire products for industrial, commercial, and domestic purpose and for consumer use or for public utility.
4. To carry on in India or elsewhere the business as manufactures, producers, processors, importers, exporters, buyers, sellers, stockists, agents, contractors, exchangers, providers, distributors, coworkers, collaborators, consultants, transporters, suppliers and dealers in all kinds, classes, application, specifications, descriptions, characteristics, colours and uses of papers including writing paper, printing paper, absorbent paper, packing and wrapping paper, wall and ceiling paper, news print paper, Filter paper, antique paper, ivory finish paper art paper, bangle or board paper, badami, brown or bugg paper, bible paper, cartridge paper, cloth lines paper, wove paper, tissue paper, blotting paper, antique paper, security paper, waxed and bitument impregnted paper, currency paper, litmus paper, photographic paper, glass paper, emery paper, toilet paper, cramlaid and wove paper, corrugated craft linear paper, specialty paper, greaseproof paper, gummed paper, hand made paper, parchment paper, drawing paper, craft paper, manilla paper, envelope paper, ammonia paper, chemically treated paper, carton paper and craft paper, whether coated, glazed, polished, corrugated, laminated or otherwise and any raw materials, intermediated, ingredients, substances, consumables and allied materials thereof and to do all incidental acts and things necessary for the attainment of the above objects.

#### **REGISTERED OFFICE OF PAREKH ELECTRAWIRE INDUSTRIES LIMITED**

The registered office of Parekh Electrawire Industries Limited is situated at C-3/3 -3/4 G.I.D. Estate, Mill Road Nadiad Gujarat 387 001 as per Form No.18 provided to us by the Company.

The Directors on the Board of Parekh Electrawire Industries Limited are:

<b>S.no</b>	<b>Name</b>	<b>Status</b>	<b>Designation</b>	<b>DIN</b>
1.	Mr. Rakesh Jolly	Promoter Director	Managing Director	00533817
2.	Mr. Chandravadan Chimanlal Shah	Non-executive Non-Independent Director	Director	00073376
3.	Mr. Ramaiah	Non-executive	Whole Time Director	01976754

	Narayanan	Non-Independent Director		
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**Authorized Capital:** The authorized share capital of the Company, as reflected in the Annual Return for the Annual General Meeting held on 21<sup>st</sup> August, 2008 and its Memorandum of Association is Rs. 2,00,00,000 (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Brief Audited Financials of Parekh Electrowire Industries are as follows:

Particulars	Amount (Rs in Lacs)		
	March 31, 2006	March 31, 2007	March 31, 2008
<b>Paid up Equity Capital</b>	123.50	123.50	123.50
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	11.41	32.57	35.12
<b>Sales/Total Income</b>	1138.20	1095.56	704.59
<b>Profit/(Loss) after Tax (PAT)</b>	39.82	61.19	2.55
<b>Earning per Share (in Rs.)</b>	3.22	4.95	0.02
<b>NAV (in Rs.)</b>	10.92	12.63	12.84

**Shareholders Details:**

S. No.	Name	No. of Shares
1	Aravali Infrapower Limited	1234400
2	Rakesh Jolly	100
3	Tarang Khosla	100
4	Ritu Jolly	100
5	Ankur sarin	100
6	Kanta Jolly	100
7	Aravali Smelters Ltd.	100
<b>TOTAL</b>		<b>1235000</b>

**Details of Prices of Shares:** Not Listed

**Details of public or rights issue in the preceding three years:** Nil

**Information regarding adverse factors related to the company:**

- The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.
- The Company is not under winding up.
- The company has not made a loss in the immediately preceding year.

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

The investors should read the following discussion of our financial condition and results of operations together with our audited financial statements for each year ending March 31, 2008, 2007, 2006, 2005 and 2004 including the notes thereto and the reports thereon which appear in the section titled "Financial Information of the Company" beginning on page No. [\*] of this Draft Red Herring Prospectus.

The financial statements have been prepared in accordance with Indian GAAP, the Companies Act and SEBI guidelines and restated as described in the report of our statutory auditor viz. M/s. Mahalwala & Co. dated September 11, 2008 in the section titled "Financial Information of the Company" on page no. [\*] of this Draft Red Herring Prospectus.

The fiscal year of the company ends on March 31<sup>st</sup> of each year, so all references to a particular fiscal year are to the twelve month period ended 31<sup>st</sup> day of that year.

### OVERVIEW OF THE BUSINESS

The Company was incorporated on 13<sup>th</sup> December 2002 as Aravali Aluminium Pvt. Ltd. and keeping in view the foray of the company into Power Transmission Infrastructure development, the name of the company was changed to Aravali Infrapower Pvt. Ltd. for which a fresh certificate of incorporation was obtained on 13<sup>th</sup> January 2007. Later on, the company was converted into public limited company on 29<sup>th</sup> January 2007.

The day to day activities of our company are being looked after by Mr. Rakesh Jolly who is the Managing Director of the company.

Aravali Infrapower Ltd. is an ISO 9001-2000 certified Company engaged in the manufacturing of high grade Aluminium, Zinc and Copper Alloys. It has a modern plant equipped with hi-tech on line testing laboratory at Kathua in state of Jammu & Kashmir. The Company is regularly supplying goods to blue chip auto giants and manufacturer of Electrical cables.

To capitalize on the emerging opportunities in the power transmission and distribution sector, the company has diversified into transmission infrastructure business by providing total turnkey and tailor made infrastructure solution to power sector covering surveys, engineering, procurement and construction of transmission lines and now, company is engaged in construction of EHV Transmission lines, electric sub-stations and rural electrification work. It has recently acquired two firms M/s. PIONEER CONSTRUCTION COMPANY, which is engaged in construction/execution of High Voltage Transmission lines upto 400 KV for the last 25 year for PGCIL, State Electricity Board of U.P., Bihar, West Bengal, DVC, Railways etc. and M/s. TECHNO ENGINEERING COMPANY, who are into designing and manufacturing of transmission line towers & sub-station structures up to 400 KV for the last 18 years and is approved vendor of Power Grid Corporation of India Ltd. for sub-station structures. The Company has also acquired Parekh Electrawire Industries Limited, which is running a plant at Nadiad, Gujarat for manufacturing of overhead aluminium conductors for over 20 years.

At present, we are executing orders received from various power utilities like Power Grid Corporation of India Ltd. (PGCIL), Haryana Vidyut Prasaran Nigam Ltd. (HVPNL), Uttar Pradesh State Electricity Board, (UPSEB), Madhya Pradesh State Electricity Board (MPSEB), Bihar State Electricity Board (BSEB), West Bengal State Electricity Board (WBSEB) & Delhi Transco Limited (DTL).

### FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION

Except as otherwise stated in this Red Herring Prospectus, the Risk Factors given in this Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- **General economic and business conditions;**

The company will be affected by the general economic condition of the country particularly economic condition affecting the Indian infrastructure sector. India's GDP Growth, industrial growth and infrastructure demand has been and will continue to be important factors in determining our operating results and future growth.

- **Growth in the Infrastructure Sector;**

The government of India's focus on infrastructure and sustained increase in budgetary allocation and the development of a structured and comprehensive infrastructure policy that encourages greater

private sector, and public-private participation as well as increased funding by national / international and multilateral development financial institutions for infrastructure projects in this country. Our ability to benefit from the considerable investment proposed in the infrastructure sector in the medium and long term will be crucial for our operations.

- **Increasing competition in the Infrastructure Industry;**

We expect competition to intensify due to possible new entrants in the market, existing competitions further expanding their operations and our entry into new market where we may compete with well established infrastructure companies. Our competition varies depending on the size, nature and complexity of the projects and on the geographical region in which the project is executed.

- **Geographically widespread operations**

Our nation wide operations may be exposed to uncertain political, legal, environment, and government instability. Our ability to manage, evolve and improve our operational financial and internal controls across the organization and to integrate our wide spread operations and derive benefits from our national presence is key to our growth strategy and results of operations.

- **Changes in fiscal, economic or political conditions in India;**

Equipment rental business depends mainly on infrastructure activity carried out in the country, and these activities will depend on the general economic scenario of the country, funds allocation by the Government of India. Infrastructure spends is still dependent to a large extent on the priority given by the government towards such projects. The government's budgetary position (or other financial closures) also plays an important role in determining healthy cash flows and timely completion of the projects.

**Some other factors that may affect company's current business are as follows:-**

- Company's ability to successfully implement its strategy and its growth and expansion plans.
- Increases in labour costs, prices of equipments to be purchased and insurance premium.
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error.
- Changes in laws and regulations that apply to the EPC Company.
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism.
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.
- Ability to train attracts and retains people.
- Mismatch of cash flows and achievement of spreads.
- Internal or external factors which may affect the working of the company.
- Inability to pay statutory dues which may be a state or central government subject.

**SUMMARY OF FINANCIAL RESULTS**

(Rs. In Lacs)

PARTICULARS	AS	AT	AS	AT	AS	AT
	31.03.2008		31.03.2007		31.03.2006	31.03.2005
<b>INCOME</b>						
SALES	10154.47		6326.04		3521.59	1829.16
% Increase / Decrease	60.52		79.64		92.52	79.33
Other Income	23.48		70.22		8.36	44.99
% Increase / Decrease	-66.56		739.95		-81.42	100.00
Increase / (Decrease) in Stock	184.19		36.81		12.79	0.00
Total	10362.14		6433.07		3542.74	1874.15

% Increase / Decrease	61.08	81.58	89.03	83.75
<b>EXPENDITURE</b>				
Raw Material & Consumables Consumed	8136.51	5399.12	2673.45	1655.17
% to Income	78.52	83.93	75.46	88.32
Establishment & Other Expenses	556.67	248.74	208.31	70.59
% to Income	5.37	3.87	5.88	3.77
Administration Expenses	110.86	32.41	25.64	21.67
% to Income	1.07	0.50	0.72	1.16
Preliminary & Deferred Revenue Expd. written off	0.60	0.60	0.60	0.05
% to Income	0.01	0.01	0.02	0.00
Total	8804.64	5680.87	2908.00	1747.48
% to Income	84.97	88.31	82.08	93.24
Profit before Interest, Depreciation and Tax	1557.50	752.20	634.74	126.67
Depreciation	24.99	15.01	13.23	4.34
Profit before Interest and Tax	1532.51	737.19	621.51	122.33
Interest & Finance Charges	335.21	135.38	90.07	40.93
Net Profit Before Tax	1197.30	601.81	531.44	81.40
Less :- Provision for Income Tax for current year	135.00	65.00	45.00	6.40
Less :- Fringe Benefit Tax	1.65	0.98	0.56	0.00
Less :- Income Tax For Earlier Years	0.00	0.00	0.00	0.01
Less :- Provision for Deferred Tax Liabilities for the year	0.00	0.00	0.00	0.00
Profit After Tax	1060.65	535.83	485.88	74.99
% to Income	0.10	0.08	0.14	0.04

### Comparison of the F.Y. ended March 31<sup>st</sup> 2008 with F. Y. ended March 31<sup>st</sup> 2007

#### Total Income

The total income recorded an increase of 61.08% with Rs. 10362.14 Lacs for the year ended on 31<sup>st</sup> March 2008 as against Rs. 6433.07 Lacs for the year ended 31<sup>st</sup> March 2007.

**Total Expenditure**

The total expenditure accounted for 84.97% of the total income during the year ended on 31<sup>st</sup> March 2008 at Rs. 8804.64 lacs as compared to 88.31% of total income at Rs. 5680.87 lacs for the year ended 31<sup>st</sup> March 2007.

**Finance Charges**

Finance charges during the year ended 31<sup>st</sup> March 2008 are Rs. 335.21 lacs as against Rs. 135.38 lacs for the year ended 31<sup>st</sup> March 2007.

**Depreciation**

Depreciation during the year ended 31<sup>st</sup> March 2008 is Rs. 24.99 lacs as against Rs. 15.01 lacs for the year ended 31<sup>st</sup> March 2007.

**Comparison of the F.Y. ended March 31<sup>st</sup> 2007 with F. Y. ended March 31<sup>st</sup> 2006****Total Income**

The total income recorded an increase of 81.58% with Rs. 6433.07 Lacs for the year ended on 31<sup>st</sup> March 2007 as against Rs. 3542.74 Lacs for the year ended 31<sup>st</sup> March 2006.

**Total Expenditure**

The total expenditure accounted for 88.31% of the total income during the year ended on 31<sup>st</sup> March 2007 at Rs. 5680.88 lacs as compared to 82.08% of total income at Rs. 2908.00 lacs for the year ended 31<sup>st</sup> March 2006.

**Finance Charges**

Finance charges during the year ended 31<sup>st</sup> March 2007 are Rs. 135.38 lacs as against to Rs. 90.07 lacs for the year ended 31<sup>st</sup> March 2006.

**Depreciation**

Depreciation during the year ended 31<sup>st</sup> March 2007 is Rs. 15.01 lacs as against to Rs. 13.23 lacs for the year ended 31<sup>st</sup> March 2006.

**Comparison of the F.Y. ended March 31<sup>st</sup> 2006 with F. Y. ended March 31<sup>st</sup> 2005****Total Income**

The total income recorded an increase of 89.03% with Rs. 3542.74 Lacs for the year ended on 31<sup>st</sup> March 2006 as against Rs. 1874.15 Lacs for the year ended 31<sup>st</sup> March 2005.

**Total Expenditure**

The total expenditure accounted for 82.08% of the total income during the year ended on 31<sup>st</sup> March 2006 at Rs. 2908.00 lacs as compared to 93.24% of total income at Rs. 1747.47 lacs for the year ended 31<sup>st</sup> March 2005.

**Finance Charges**

Finance charges during the year ended 31<sup>st</sup> March 2006 are Rs. 90.07 lacs as against to Rs. 40.93 lacs for the year ended 31<sup>st</sup> March 2005.

**Depreciation**

Depreciation during the year ended 31<sup>st</sup> March 2006 is Rs. 13.23 lacs as against to Rs. 4.34 lacs for the year ended 31<sup>st</sup> March 2005.

## SECTION VI- LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below:

- There are no outstanding litigation suits, criminal or civil, involving economic offences or proceeds or tax liability against our company and our Directors that would have material adverse effect on our Business.
- There are no overdue, defaults to the Financial Institutions/Banks, Re-Scheduling of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters of the Company.
- There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigations against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.
- There is no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI other than those mentioned above.

#### I. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

##### A. FILED AGAINST THE COMPANY

###### 1. LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation pending against the Company involving criminal offences.

###### 2. LITIGATIONS INVOLVING SECURITIES AND ECONOMIC LAWS

(A) A demand notice dated 04/03/05, for Rs. 507043/- including interest U/s 234B for Rs. 98960/- has been issued by the Income Tax Department (Dy. Commissioner of Income- Tax, Circle-5, Patna) to the Pioneer Construction Company U/s 144 read with Section 143(3) for the Previous year 2001-02 (AY 2002-03) (Pioneer Construction Company is a division of Aravali Infrapower Limited).

These amounts already have been deposited by the company under protest.

Against this order Appeal has been filed by the Company with the ITAT on 26/03/2005. The matter is still pending.

**If Company fails in Appeal at Tribunal it can appeal to High Court and thereafter at Supreme Court, however if company loses this case it cannot get the refund of the said amount, from the Income Tax Department.**

(B) A demand notice dated 26/12/2006, for Rs. 3432496/- 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 (AY 2004-05) (Pioneer Construction Company is a division of Aravali Infrapower Limited).

A penalty has also been imposed by the department U/s 271(1)(b) amounting Rs. 10,000 in the said notice.

These amounts except Rs. 125000/- have already been deposited by the Company with the income tax department under protest.

Against this order appeal dated 06/06/07 has been filed by the Company with the ITAT. The matter is still pending with the Income Tax Appellate Authority.

**If Company fails in Appeal at Tribunal it can appeal to High Court and thereafter at Supreme Court, however if company loses this case it cannot get the refund of the paid amount, from the Income Tax Department. Additionally it would also have to pay a sum of Rs. 125000/-.**

(C) There was a dispute between UB Engineering Limited and Pioneer Construction Company (Pioneer Construction Company is a division of Aravali Infrapower Limited) relating to a previous business relationship (erection of transmission tower) between them.

Both parties opted for Arbitration on 12.11.2004 according to a written agreement between them. On 12.12.2005 the arbitrator had given award in favour of Pioneer Construction Company. On 10.07.2006 UB Engineering Limited filed an appeal with the High Court of Delhi against the Arbitration Award. Case No. OMP 392/06 has been allotted to this matter. Matter is still pending in the High Court of Delhi.

**If Company loses the case at High Court it can appeal to Supreme Court. If company finally loses the case it cannot recover an amount of Rs.5500000/-.**

(D) Department of Value Added Tax , Government of NCT of Delhi has issued several notices totaling Rs. 1532632/- vide Notice Nos. 2483/20-12-06, 2484/20-12-06, 2485/20-12-06 dated 20-12-06 against the Company for making default in assessment of Tax and Interest Under CST Act,1956 for the period from 01.06.06 to 31.08.06.

Against this order an appeal has been filed by the Company with the Tribunal.

Decision of appellate authority (Tribunal) is in favour of the Company which has been passed by Tribunal vide order dated 11/06/2008. However against this order an appeal has been filed by the VAT department in the Delhi High Court on 18/08/2008 (Case No. STA/13/2008). Next date of hearing in this matter is 29<sup>th</sup> September 2008.

**In this case if company loses the case at High Court it can appeal to Supreme Court. If company finally loses the case it will have to pay Rs. 1532632/- with interest as decided by the hon'ble Court.**

(E) A demand notice dated 20.11.2007, for Rs. 547647/- had been issued by Sales Tax Authorities at Chhattisgarh to the Pioneer construction Company (Pioneer Construction Company is a division of Aravali Infrapower Limited). This demand notice has been issued for the Financial Year 2001-02. Against this order appeal has been filed by the Company dated 22/11/07. Matter is still pending.

**In this case if company loses at tribunal it can file an appeal with the High Court and thereafter with Supreme Court. If Company finally loses it will have to pay Rs. 547647/- with interest as decided by the Hon'ble Court..**

(F) As per letter dated 11/10/2007 issued by the Income Tax department (Deputy Commissioner of Income Tax, Circle 2 (1) ) to the Company in respect of assessment year 2005-06, department has asked Company to deposit some documents by 24/10/2007.

The Company has deposited all the required documents. Observations of the department on these documents are still awaited.

(G) Dy. Excise & Taxation Commissioner (ST)-cum-Revisional Authority at Jhajjar had issued notice for recovery of Rs. 18,49,079, from M/s Aravali Zinc & Alloys (Aravali Zinc And Alloys, a partnership firm which has been purchased by Aravali Infrapower Limited after its incorporation.) U/s 40 of the Haryana Govt. Sales Tax Act read with sections 61(2) (a) and (e) of Haryana Value Added Tax Act 2003 and U/s 9(2) of Central Sales Tax Act for the Assessment year 2000-01 vide R.c. No. 1824 dated 04/08/2006..

Against this order an appeal has been filed by the company to the appellate authority.

However company has applied for the payment of aforesaid amount in installments (it is a precondition for admitting an appeal). Department has accepted the above said application.

**If company loses the case it can appeal to the tribunal thereafter in High Court and Supreme Court. If company finally loses the case it can not get refund the amount which has already been paid by the company.**

(H) A Demand cum Show Cause Notice has been issued by the Office of the Commissioner of Central Excise, (Delhi-V) Rohtak vide Demand cum Show Cause Notice No. IV (16) Hqrs AE/D/-III/161/2001 dated 17/02/2005 for Rs. 1515515/- plus interest (Rupees Fifteen Lacs Fifteen Thousand Five Hundred and Fifteen only) under rule 12 of CENVAT credit rule 2002 read with Section 11A of the Central Excise Act, 1944, against the Aravali Zinc And Alloys, a partnership firm which has been purchased by Aravali Infrapower Limited after its incorporation.

On 26/09/2006 Joint Commissioner of Central Excise (Delhi V) vide Order No. 26/JC/GS/06 had confirmed the abovesaid demand and ordered for recovery of the same Under Section 11 AB of Central Excise Act,1944. Penalty of Rs. 1515515/- plus interest (Rupees Fifteen Lacs Fifteen Thousand Five Hundred and Fifteen only) upon Aravali Zinc And Alloys and penalty of Rs.10,000 upon Sh. Rakesh Jolly has also been imposed by the abovesaid authorities under 209 A of erstwhile Central Excise Rule,1944 read with Section 38 A of the said Act and read with Rule 26 of Central Excise Rules 2001 & 2002.

Mr. Rakesh Jolly who was the partner in Aravali Zinc & alloys. is Promoter (director) of Aravali Infrapower Limited .

Against this order appeal has been filed by Aravali Zinc And Alloys and also by Mr. Rakesh Jolly to the Commissioner Central Excise (Appeal) dated 15/11/2006.

On 25/10/2007 vide Final Order No. 458-462/KKG/RKT/2007 dated 24/10/2007 Office of the Commissioner Central Excise (Appeals) had rejected the said appeals.

Against this Order an appeal has been filed by the Company and Mr. Jolly to the Custom, Excise & Service Tax Appellate Tribunal dated 25/01/2008.

Appeal is under consideration before the honourable tribunal. However Company and Mr. Rakesh Jolly has obtained stay order in this matter vide Stay Order No.304-308 / 08- Ex. dated 27/03/2008.

**If the appeal fails company can appeal to High Court and thereafter at Supreme Court if**

**company finally loses the case the amount already paid i.e. 50% of the total amount involved is not recoverable by the Company and the company has to pay balance amount with the central Excise Authorities along with interest.**

3. LITIGATION INVOLVING STATUTORY LAWS

There is no litigation pending against the Company involving statutory laws.

4. LITIGATION INVOLVING CIVIL LAWS

There is no litigation pending against the Company involving civil laws.

5. LITIGATION INVOLVING LABOUR LAWS

There is no litigation pending against the Company involving labour offences except as mentioned below.

Pioneer Construction Company has received a notice for claim dated 06-07-2007 for Rs. 168279 (One Lac Sixty Eight Thousand Two Hundred Seventy Nine) from Asst. Provident Fund Commissioner, Patna under Section 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1979 for not fulfilling its obligations under section 6 of the abovementioned Act. (Pioneer Construction Company is a Division of Aravali Infrapower Limited).

The Company had already sent its objection dated 25.08.2008 against this demand to the concerned department. Presently Company is waiting for reply from the department.

**B. FILED BY THE COMPANY**

• LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation filed by the Company involving criminal offences

• LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

There is no litigation filed by the Company involving securities or economic offences.

• LITIGATION INVOLVING STATUTORY LAWS

There is no litigation filed by the Company involving statutory law.

• LITIGATION INVOLVING CIVIL LAWS

There is no litigation filed by the Company involving civil laws.

**II Outstanding litigations involving the Promoter/ Directors of the Company**

1. LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation involving Promoter/Directors of the Company involving criminal offences

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

There is no litigation filed against the promoter and directors/promoters except as mentioned below.

(A) Central excise department issued a demand notice vide Order No. 26 /JC/GS/06 dated 12/09/06 on Aravali Zinc and Alloys. The details of the same are already mentioned under the heading of litigations filed against the Company, earlier in this section.

A penalty of Rs.10,000 was imposed upon Sh. Rakesh Jolly by virtue of his being a partner of Aravali Zinc and Alloys, under the same order, as already mentioned.

3. LITIGATION INVOLVING CIVIL LAWS:

There is no litigation involving Promoter/Directors of the Company involving civil laws.

4. LITIGATION INVOLVING LABOUR LAWS:

There is no litigation involving Promoter/Directors of the Company involving labour laws.

There is no litigation filed by any of the Directors/Promoter of the Company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS: **NIL**

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS: **NIL**

3. LITIGATION INVOLVING STATUTORY LAWS: **NIL**

4. LITIGATION INVOLVING CIVIL LAWS: **NIL**

5. LITIGATION INVOLVING LABOUR LAWS: **NIL**

### **III. OUTSTANDING LITIGATIONS INVOLVING PROMOTER GROUP COMPANIES**

#### **A. FILED AGAINST THE PROMOTER GROUP COMPANIES**

**1. LITIGATION INVOLVING CRIMINAL LAWS: NIL**

There is no litigation pending against the Promoter Group Companies involving criminal laws

**2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS: NIL**

There is no litigation pending against the Promoter Group Companies involving Economic laws.

**3. LITIGATION INVOLVING STATUTORY LAWS**

There is no litigation pending against the Promoter Group Companies involving statutory laws.

**4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation pending against the Promoter Group Companies involving civil laws.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation pending against the Promoter Group Companies involving labour offences.

#### **B. FILED BY THE PROMOTER GROUP COMPANIES**

**• LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation filed by the Promoter Group Companies involving criminal laws.

**• LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation filed by the Promoter Group Companies involving securities or economic offences.

**• LITIGATION INVOLVING STATUTORY LAWS**

There is no litigation filed by the Promoter Group Companies involving statutory law.

**• LITIGATION INVOLVING CIVIL LAWS**

There is no litigation filed by the Promoter Group Companies involving civil laws..

## **MATERIAL DEVELOPMENTS**

### **Material developments after the date of the last balance sheet**

Except as stated in the sections titled, "Management's Discussion and Analysis of Financial Statements and Results of Operations", "Financial Statements", "Capital Structure" on page [ \* ], [ \* ] and [ \* ], respectively, of this DRHP, no material developments have taken place after March 31 2008, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company.

### GOVERNMENT AND OTHER APPROVALS

The Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies required for its present business and no further approvals are required from any government authorities for us to continue our present and proposed activities except as mentioned in the Section titled "Risk Factors" on page no. [\*] of this DRHP. The important licenses and approvals procured/to be procured by the Company are as follows: -

**The Company has obtained the following Government and/or statutory approvals/ licenses/ permissions:**

Sl. No.	Name of Registration	Name of Issuing Authority/Department	Licence/ Registration No. & Date	Validity
1.	Certificate of Incorporation for incorporation of the Company as a private limited company in the name of Aravali Aluminium Private Limited	Registrar of Companies, Delhi & Haryana	U27109DL2002PTC1 18032dated 13-12-2002	NA
2.	Fresh Certificate of Incorporation consequent upon change of name of the Company to Aravali Infrapower Private Limited	Registrar of Companies, Delhi & Haryana	U27109DL2002PTC1 18032dated 13-01-2007	NA
3.	Fresh Certificate of Incorporation consequent upon change of name on conversion of the Company into public limited company	Registrar of Companies, Delhi & Haryana	U27109DL2002PLC1 18032dated 29-01-2007	NA
4.	Permanent Account Number	Income Tax Department, Government of India	AAECA1132C	NA
5.	TDS Account Number	National Securities Depository Limited, Mumbai.	DELA12679C	NA
6.	Import Export Code	Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India	IEC No. 0504017462 dated 11-06-2004 (Issued in the name of Aravali Aluminium Private Limited)	NA
7.	Service Tax Registration No. for "Transport of Goods by Road, Erection, Commissioning, and Installation"	Superintendent (Service Tax) Office of the Assistant Commissioner, Customs, Central Excise & Service Tax, Delhi	No AAECA1132CST00 dated 09-03-2005	NA
8.	Central Sales Tax Registration	Central Sales Tax Department, Delhi	No. LC/06/07600281054 /1204 dated 15-02-2004	NA

9.	Central Excise Registration Certificate under Central Excise Act, 1944 for its unit situated at Kathua, Jammu & Kashmir	Office of the Assistant Commissioner, Central Excise Division-III Department of Central Excise, Jammu & Kashmir	AAECA1132CXM002 dated 20-12-2004	NA
10.	Employees Provident Fund Registration, Kathua (J&K)	Office of Regional Provident Fund Commissioner Ghaziabad, Uttar Pradesh	PF Code No. DPPC JK/J 2917	NA
11.	Employees Provident Fund Registration, Delhi	Office of Regional Provident Fund Commissioner Delhi	PF Code No. DL/36893	NA
12.	Employees Provident Fund Registration, Chandigarh	Office of Regional Provident Fund Commissioner Punjab and U.T. of Chandigarh	PF Code No. PB/CH 20974	NA
13.	Employees State Insurance Registration, Jammu	Office of Regional Director, (11-A Extn. Shastri Nagar, Jammu -180004)	License No. 19/4049/56	NA
14.	Employees State Insurance Registration, Delhi	Office of Regional Director, (Rajendra Bhawan, Rajendra Place, New Delhi)	License No. 11-40-103310-1001	NA
15.	Employees State Insurance Registration, Chandigarh	Office of Regional Director, Chandigarh	License No. 17/30640	NA
16.	Air Consent u/s 21 of Air (Prevention & Control of Pollution) Act, 1981 from J&K Pollution Control Board, Jammu/Srinagar for its factory situated at Kathua.	J&K Pollution Control Board, Jammu/Srinagar	Consent order no. SPCB/T/NOC/932/04 /3340-41	Validity: 08-10-2007 to 07-10-2008
17.	Water Consent u/s 25-26 of the Water (Prevention & Control of Pollution) Act, 1974 from J&K Pollution Control Board, Jammu/Srinagar for its factory situated at Kathua.	J&K Pollution Control Board, Jammu/Srinagar	Consent order no. SPCB/T/NOC/932/04 /3340-41	Validity: 08-10-2007 to 07-10-2008
18.	Hazardous Waste (Management & Handling) Rules, 1989	J&K Pollution Control Board, Jammu/Srinagar	Consent order no. SPCB/T/NOC/932/04 /3340-41	Validity: 08-10-2007 to 07-10-2008
19.	Water Consent u/s 25-26 of the Water (Prevention & Control of Pollution) Act, 1974	Punjab Pollution Control Board	Consent order no. RPN/WPC/99-14/F-338	Validity: 27-08-99 to 22-08-2014

	from Punjab Pollution Control Board for its factory situated at Mohali.			
20.	Air Consent u/s 21 of Air (Prevention & Control of Pollution) Act, 1981 from Punjab Pollution Control Board for its factory situated at Mohali.	Punjab Pollution Control Board	Consent order no. RPN/APC/2000-15/P-258	Validity: 09-11-2000 to 08-11-2015
21.	Consent to Establish new Unit of the Company at Sitarganj, Uttaranchal	Uttarakhand Environmental Protection and Pollution Control Board.	consent letter no. UPPCB/HO/NOC-994/08/95 dated 28-04-2008	
22.	Factory Licence for factory situated at Sitarganj.	Asst. Director of Factories, Haldwani Nainital	Licence No. U.S.N-1275	1-09-2008 to 31-12-2008
23.	Factory Licence for factory situated at Chandigarh.	Additional Chief Inspector of Factories, Union Territory Chandigarh	Licence No. CI F/UT/CHD/718	Issued on 19-12-2000. Latest renewal of this licence is effective till 31-12-2008.
24.	Factory Licence for factory situated at Kathua.	Chief Inspector of Factories, J & K, Srinagar	Licence No. 1240-J/573	Issued on 16-11-2006. Latest renewal of this licence is effective till 31-12-2008.
25.	Contract Labour & Abolition) Act 1970	Registering officer, Labour office , Kathua	Licence No. 62/CA 2007	28-12-2007
26.	Contract Labour & Abolition) Act 1970	Asst. Labour Commissioner , Nainital	Licence No. CL/264/08	29-05-2008
27.	Jammu & Kashmir Value Added Tax Registration	Dy. Commissioner Department of Commercial Tax, Jammu & Kashmir	No 01921100918	04-03-2005 to 03-03-2010
28.	Delhi Value Added Tax Registration	Dy. Commissioner VAT department, Delhi	LC/063/0760028105 4/1204	15-02-2004
29.	Karnataka Value Added Tax Registration	Dy. Commissioner Department of Commercial Tax, Bangalore	No 29380804515	01-06-2008
30.	U.P. Value Added Tax Registration	Dy. Commissioner Department of Commercial Tax, U.P.	No 09652300377 in the name of Pioneer Construction Company a partnership firm acquired by the Company. After its acquisition above said certificate of registration has been endorsed in favour of the Company.	04-01-1993
31.	Uttaranchal Value	Dy. Commissioner	No 05007110998	01-04-2007

	Added Tax Registration	Department of Commercial Tax (Govt. of Uttaranchal)		
32.	Licence to work as an Electricity Contractor	Electrical Inspector, Uttaranchal Govt.	Licence no. USN-51	01-04-2008 to 31-03-2008
33.	Approval for Electricity connection at Sitarganj unit for 1800 KVA	Uttarakhand Power Corporation Limited	Official notification no. 929/interim/E7	05-07-2008 till cancelled
34.	ISO 9001:2000 compliance of registration in recognition of the Company's Quality System awarded to the Company for our J&K Unit	QMS International, LLC	Approval No. 1/05061. Accredited by the Joint Accreditation System, Australia and New Zealand.	10-05-2008 to 09-05-2011

Besides the above there are no pending approvals to be applied for by the Company except as mentioned in risk factor no. 1 mentioned on page no. [\*] of the DRHP, as far as the present business is concerned. The approvals which form a part of the Risk Factors as appearing on page [\*] of the DRHP will be required during the time of the execution of the project after the issue.

## SECTION VII- OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority For The Present Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, present Issue of Equity Shares has been authorised vide Special Resolution passed at the Annual General Meeting of the Company held on 25-08-08 and a resolution passed by the Board of Directors on 01-09-08.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, other companies/entities promoted by our Promoters and companies/entities with which our Directors are associated as directors, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Our Company, our Directors, our Promoters, other companies/entities promoted by our Promoters have not been detained as wilful defaulters by RBI or Government authorities and there are no violation of securities laws committed by them in the past or pending against them.

### Eligibility For The Issue:

We are eligible to make the Issue in accordance with clause 2.2.1 of the SEBI Guidelines as explained below:

Clause 2.2.1 of the SEBI Guidelines states as follows:

"An unlisted company may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

- (a) The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:  
**Provided that** if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;
- (b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;  
**Provided further that** extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;
- (c) The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);
- (d) In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and
- (e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.)"

The net tangible assets, monetary assets, distributable profits and net worth as derived from the restated financial statements prepared in accordance with SEBI Guidelines, for the last five financial years ended March 31, 2008 is set forth below:

Particulars	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Net Tangible Assets	13813.14	3397.82	1465.65	802.21	202.33
Monetary Assets	254.84	52.42	4.84	16.41	8.22

Monetary Assets as a %age of Net Tangible Assets	1.84%	1.54%	0.33%	2.04%	4.06%
Distributable Profit	1060.65	535.83	485.88	74.99	3.41
Net Worth	5395.80	1658.17	846.76	343.03	79.49

Note: Net Tangible assets have been calculated as the sum of fixed assets plus current assets less current liabilities

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000, failing which the entire application monies will be refunded forthwith. In the event that there is any delay in refunding application monies, the Company shall pay interest on the application monies at the rate of 15% per annum for the period of delay.

### Disclaimer Clause

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 26, 2008 WHICH READS AS FOLLOWS:**

**WE, THE UNDER NOTED LEAD MERCHANT BANKER (S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:**

**1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS/LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

**2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

**(A) THE DRAFT PROSPECTUS/LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**(C) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS / LETTER OF OFFER 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 SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

**3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS/LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

**4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

**5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.**

**6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER.**

**7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH.**

**WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.**

**8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER.**

**9. 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.**

**10. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

**11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR**

**INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**

**12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

**13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER:**

**(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**

**(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME "**

**THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY 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(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."**

#### **GENERAL DISCLAIMER STATEMENT FROM THE COMPANY AND THE LEAD MANAGER**

Investors who bid in this offer will be required to confirm and will be deemed to have represented to the Company, the underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity shares of the Company and will not issue, sell, pledge or transfer the Equity shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of the Company. The Company, the underwriters and their respective directors, officers, agents, affiliates, and representatives accept to responsibility or liability for advising any investor or whether such investor is eligible to acquire equity Shares of the Company.

#### **CAUTION**

Investors may note that the Company and the BRLM accept no responsibility for statements made otherwise than in this DRHP or in the advertisements or any other material issued by or at instance of the Company and/or the BRLM and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding among the BRLM and the Company dated September 24, 2008 and the Underwriting agreement to be entered among the Underwriters and our Company.

All information shall be made available by the Company, the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

#### **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, cooperative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) permitted insurance companies and pension funds and to NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI as defined under the Indian laws.

This DRHP does not, however, constitute an offer to sell or an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this DRHP comes is required to inform himself or herself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this DRHP has been filed with SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this DRHP may not be

distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this DRHP nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE) (Designated Stock Exchange)**

As required, a copy of the Draft Red Herring Prospectus has been submitted to the Bombay Stock Exchange Limited.

The disclaimer clause shall be inserted after grant of in-principle approval from BSE.

**DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)**

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE).

The disclaimer clause shall be inserted after grant of in-principle approval from NSE.

**UNDERTAKING FROM PROMOTERS AND DIRECTORS**

We accept full responsibility for the accuracy for the information given in the DRHP and confirm that to the best of their knowledge and belief, there are no other facts, their omissions of which make any statement in the DRHP misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. We further declare that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The Promoter/Directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of the DRHP has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/ material has been suppressed/withheld and/or amounts to a mis-statement / mis-representation, the Promoter/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

**FILING**

A copy of the Draft Red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, at Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, will be delivered for registration to the Registrar of Companies, Delhi and Haryana at New Delhi and a copy of the Prospectus to be filed under Section 60 of the Act would be delivered for registration with the Registrar of Companies, Delhi and Haryana at IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019.

**LISTING**

Initial listing applications have been made to the Bombay Stock Exchange Limited (Designated Stock Exchange) and National Stock Exchange of India Limited for permission to list the Equity Shares and for an official quotation of the equity shares of the Company. The BSE will be the Designated Stock Exchange. In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the DRHP. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

Our Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the Issue.

**IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below:

**"Any person who:**

(a) make 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

The written consents of Promoters, Directors, Company Secretary, Compliance Officer, Auditors, Legal Advisors, Book Running Lead Manager to the Issue, Registrars to the Issue, Bankers to the Company and to act in their respective capacities, have been obtained and filed along with a copy of the Draft Red Herring Prospectus with SEBI and will be filed along with the Red Herring Prospectus with the Registrar of Companies, Delhi and Haryana at New Delhi as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus.

#### EXPERT OPINION

Except as stated specifically in the DRHP, we have not obtained any expert opinions.

#### EXPENSES OF THE ISSUE

The expenses of the Issue payable by the Company inclusive of brokerage, fees payable to the BRLM, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses are estimated as follows:

#### DETAILS OF FEES PAYABLE

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:

(Rs. In lacs)

Particulars	Expenses	As a percentage of Total Expenses	As a percentage of the Issue size
Fees payable to Lead Managers	[*]	[*]	[*]
Fees payable to Co- Lead Managers	[*]	[*]	[*]
Fees payable to Registrars to the issue	[*]	[*]	[*]
Fees payable to Legal Advisors to the issue	[*]	[*]	[*]
Fees payable to bankers to the issue	[*]	[*]	[*]
Underwriting commission, brokerage and Selling Commission	[*]	[*]	[*]
Marketing and advertisement expenses	[*]	[*]	[*]
Stationary, printing and dispatching expenses	[*]	[*]	[*]
Legal fees, listing fees, book building charges, auditors fees	[*]	[*]	[*]
Miscellaneous	[*]	[*]	[*]
<b>Total</b>	[*]	[*]	[*]

All expenses with respect to the Issue would be borne by our Company, except as agreed between the BRLM and our Company.

#### FEES PAYABLE TO THE BRLM, BROKERAGE AND SELLING COMMISSION

The total fees payable to the BRLM, including underwriting commission, brokerage and selling commission for the Issue will be as per the MoU executed between our Company and the BRLM dated September 24, 2008, copy of which is available for inspection at the Registered Office/Corporate Office of our Company.

### FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The total fees payable to the Registrar to the Issue will be as per the MoU executed between our Company and the Registrar dated September 23, 2008, copy of which is available for inspection at the Registered /Corporate Office of our Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

### PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. We have not made any public issue previously.

### PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

We have not made any allotments of Equity Shares for consideration other than cash except as mentioned below:

Sl.No	Date	Name	No. of Shares	Consideration
1 a	14.03.2003	RAKESH JOLLY	100500	Share in business of firm 'Aravali Zinc & Alloys
1 b	14.03.2003	RITU JOLLY	39500	Share in business of firm 'Aravali Zinc & Alloys
2 a	07.06.2007	MADHU RAMAIAH	16000	Share in business of the firm 'Pioneer Construction Company'
2 b	07.06.2007	RAMAIAH NARAYANAN	8000	Share in business of the firm 'Pioneer Construction Company'
2 c	07.06.2007	R. JAIRAM	48000	Share in business of the firm 'Pioneer Construction Company'
2 d	07.06.2007	VIJAY RAMAIAH	14000	Share in business of the firm 'Pioneer Construction Company'
3	28.02.2008	R.B.GUPTA	10000	Business of the firm 'Techno Engineering Company'
		<b>TOTAL</b>	<b>236000</b>	

### COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

We have not made any public or rights Issue since our inception and have accordingly not paid any commission or brokerage.

### PARTICULARS REGARDING PREVIOUS PUBLIC ISSUES MADE BY COMPANIES UNDER THE SAME MANAGEMENT DURING THE LAST THREE YEARS

There are no listed companies under the same management.

### PROMISE VIS-A-VIS PERFORMANCE

#### (A) LAST THREE ISSUES MADE BY ARAVALI INFRAPOWER LIMITED.

Our Company has not made any issue of equity shares to the public prior to the present Public Issue.

#### (B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP

There is no Listed venture of the Promoter Group.

### OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES OR OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this DRHP.

### STOCK MARKET DATA

This being an initial public Issue, no stock market data is available.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES OF THE COMPANY**

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement executed between the Registrar to the Issue, and the Company, provide for retention of records with the Registrar to the Issue for a period as specified under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 from the last date of dispatch of letters of intimation to successful applicants, Demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant and the respective Syndicate Member or collection center where the application was submitted.

#### **DISPOSAL OF INVESTOR GRIEVANCES**

Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, Company or Registrar will seek to redress these complaints as expeditiously as possible.

Company has appointed Mr. Niraj Kumar, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post Issue related query. He can be contacted at:

#### **Aravali Infrapower Limited**

G-29, 3rd floor, Vardhman Tower, Near-PVR Sonia, Vikas Puri, New Delhi-110018

Tel.: +91-11- 28541826 / 7/ 8 Fax: +91-11- 28541823

Email: ipo@aravaliinfrapower.com Website: www.aravaliinfrapower.com/new

#### **CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF**

We have not changed our auditors during past three years

#### **CAPITALIZATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS**

There have been no capitalisation of reserves or profits since inception of the Company.

#### **REVALUATION OF ASSETS DURING THE LAST FIVE YEARS**

We have not revalued our assets since inception of the Company.

**SECTION VIII- ISSUE RELATED INFORMATION**

**ISSUE STRUCTURE**

**PUBLIC ISSUE OF [\*] EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF Rs. [\*] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [\*] PER EQUITY SHARE) AGGREGATING Rs. 10000 LACS ("THE ISSUE") BY ARAVALI INFRAPOWER LIMITED ("THE COMPANY" OR "ISSUER" OR "ARAVALI") COMPRISING OF, [\*] EQUITY SHARES OF FACE VALUE OF RS.10/- AGGREGATING TO RS. 400 LACS RESERVED FOR THE EMPLOYEES OF THE COMPANY (HEREINAFTER REFERRED TO AS THE "EMPLOYEES RESERVATION PORTION") AND A NET OFFER TO THE PUBLIC OF [\*] EQUITY SHARES OF RS.10/- EACH AGGREGATING TO RS. 9600 LACS (HEREINAFTER REFERRED TO AS THE "NET OFFER TO THE PUBLIC".) THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE [\*] % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.**

	<b>QIBs including Mutual Funds</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>	<b>Employee Reservation Portion</b>
Number of Equity Shares *	Upto [*] Equity Shares or Net Issue to Public less allocation to Non Institutional bidders and Retail bidders.	At least [*]Equity Shares or Net Issue to Public less allocation to QIBs and Retail Individual Bidders.	At least [*] Equity Shares or Net Issue to public less allocation to QIBs and Non Institutional Bidders	upto [*] Equity Shares
Percentage of Issue Size available for allocation	Up to 50% of the Net Issue to the public or Net Issue to Public less allocation to Non-Institutional Bidders and Retail Individual Bidders (Out of the portion available for allocation to qualified institutional buyers, 5% shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers).	At least 15% of Net Issue to Public or Net Issue to public less allocation to QIBs and Retail Individual Bidders.	At least 35% of Net Issue to Public or Net Issue to Public less allocation to QIBs and Non-Institutional Bidders.	Up to 4% of Issue size
Basis of Allocation if respective category is oversubscribed	Proportionate  (a) [*] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and	Proportionate	Proportionate	Proportionate

	(b) [*] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.			
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares.	[*] Equity Shares and in multiple of [*] Equity Shares thereafter	[*] Equity Shares and thereafter in multiple of [*] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [*] Equity Shares so that the bid does not exceed the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiples of [*] Equity Shares so that the bid does not exceed the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiples of [*] Equity Shares so that the bid amount does not exceed Rs. 1,00,000	Such number of Equity Shares in multiples of [*] Equity Shares so that the bid does not exceed [*] Equity Shares.
Mode of Allotment	Compulsorily in Dematerialised form	Compulsorily in Dematerialised form	Compulsorily in Dematerialised form	Compulsorily in Dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Size of allocation	Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter	Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter	Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter	Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter
Who can Apply * *	A public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a mutual fund registered with the Board; a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual; a multilateral and bilateral development financial institution; a	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific, institutions, societies and trusts	Individuals including NRIs and HUFs (in the name of Karta) applying for up to Rs. 1,00,000/-	Eligible employees of the Company as per the definition given on page no. [*]

	venture capital fund registered with SEBI; a foreign venture capital investor registered with SEBI; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); a provident fund with minimum corpus of Rs. 25 crores; a pension fund with minimum corpus of Rs. 25 crores); 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.			
Terms of Payment	Margin Amount applicable to QIB Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid cum Application Form to the Member of the Syndicate	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate	Margin Amount applicable to Employee Reserved Portion at the time of submission of Bid-cum- Application Form to the members of the Syndicate***
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on Bidding

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

\* Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than Mutual Fund Portion i.e. [\*] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to QIB portion and be allocated proportionately to

QIB bidders. The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Employees of the Company will be added back to the Net Issue.

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

\*\*\* Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page [\*] of Draft Red Herring Prospectus.

## TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, 1956 Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, the Memorandum and Articles of the Company the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allocation 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, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Ranking of Equity Shares

The Equity Shares being offered are subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects, with the other existing Equity Shares of the Company, including right to receive dividend and other corporate benefits (including dividend), if any, declared by the Company after the date of Allotment. .

### Mode of payment of Dividend

We shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956.

### Face Value, Issue Price, Floor Price and Price Band

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this DRHP at a price band of Rs. [\*] to [\*] per Equity Share. The Company undertakes that at any given point of time there shall be only one denomination of the Equity Shares of the Company.

### Compliance with SEBI Guidelines

The Company shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

### Rights of the Equity Shareholders

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

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

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section titled "Main Provisions of the Articles of Association" on page [\*] of this 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 Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be compulsorily in dematerialised mode, the tradable lot is one Equity Share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum of [\*] Equity Shares to successful bidders. For details of allocation and allotment, see "Issue Procedure- Basis of Allotment and Allocation" on page [\*] of this Draft Red Herring Prospectus.

### Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Delhi, India.

### **Nomination Facility to the Investor**

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

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

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.**

### **Minimum Subscription**

" If the company does not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest prescribed under Section 73 of the Companies Act, 1956."

If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date without assigning any reason thereof.

### **Arrangements for Disposal of Odd Lots**

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

### **Restriction on Transfer and Transmission of Shares**

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the public shall be allotted on a proportionate basis to QIB's out of which 5% are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds. Further, not less than 15% of the net issue to the public shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net issue to the public shall be available for allotment on a proportionate basis to the Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. The Syndicate Members have the right to reject a Bid received from QIBs at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders and bids under the Employee reservation portion, our Company would have a right to reject the Bids only on technical grounds.

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

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allotment of Equity Shares, dispatch of CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Draft Red Herring Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid Cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Eligible Non residents, NRIs or FIIs applying on a repatriation basis	Blue
Employee Reservation Portion	Pink

**Note** There will be a separate ASBA Form for the Resident Retail Individual Investor applying through ASBA process. For details, please refer section "ASBA Process" in Draft Red Herring Process.

### Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
5. FIIs registered with SEBI on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
6. State Industrial Development Corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. Provident funds with minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to invest in Equity Shares;

9. Pension funds with a minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to invest in Equity Shares;
10. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
11. Venture Capital Funds registered with SEBI;
12. Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
13. Indian Mutual Funds registered with SEBI;
14. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
15. Multilateral and bilateral development financial institutions;
16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
17. Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares;
18. Any other QIBs permitted to invest in the Issue under applicable law or regulation; and.
19. Eligible employees of the Company.

**Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.**

**Participation by Associates of BRLM and the Syndicate Members:**

Associates of BRLM and the Syndicate Members may Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLM and the Syndicate Members shall be on a proportionate basis.

Further, the BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.**

**How to Apply-availability of Forms, Prospectus and mode of payment**

**1) Application by Mutual Funds:**

**As per the current regulations, the following restrictions are applicable for investments by mutual funds:**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds

No mutual fund under its scheme should own more than 10% of any Company's paid-up capital carrying voting rights. These limits would have to be adhered to by the Mutual Funds for investment in the Equity Shares.

In case of a Mutual Fund, a separate bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the bids clearly indicate the scheme concerned for which the bid has been made.

**2) Application by NRIs**

Bid cum Application forms have been made available for NRIs at the Registered office of the Company, with the members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) Account shall use the form meant for Resident Indians (white in colour.). All instruments accompanying bids shall be payable at Mumbai.

### **3) Application by FIIs**

#### **As per current regulations, the following restrictions are applicable for investment by FIIs:**

No single FII can hold more than 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual.

#### **Bids by NRIs or FIIs on Repatriation basis**

Bids and revision to bids must be made:

- On the bid cum application form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid amount of up to less than Rs 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity shares and in multiples of [\*] Equity Shares so that the Bid amount exceeds Rs. 1,00,000; for further details. Please refer to the sub-section titled "Maximum and Minimum Bid size" on page no. [\*] of this DRHP.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Financial Institutions but not in the names minors, firms or partnerships, foreign nationals or their nominees or OCB's
- Refunds, dividends and other distributions, if any, will be payable in India Rupees only and net of band charges and/or commission, in case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision form through Indian Rupee drafts purchased abroad, such payments in India 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 the space provided for this purpose in the Bid Cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account or conversion of foreign currency.

#### **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 Investors) Regulations 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of the Company's paid-up equity capital.

### **4) Application by ASBA investors:**

For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

**The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.**

## **MAXIMUM AND MINIMUM BID SIZE**

### **1) For Retail Individual Bidders**

The Bid must be for a minimum of [\*] Equity Shares and in multiples of [\*] Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000. In case the maximum Bid amount is more than

Rs. 1,00,000, due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category.

The cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final issue price as determined at the end of the Book Building process.

## **2) For Non-Institutional Bidders and QIBs Bidders**

The Bid must be for a minimum of such number of Equity Shares, so as to ensure that the minimum Bid amount exceeds Rs.1,00,000. Further, the Bid should be in multiples of [\*] Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI existing guidelines a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/-. In case the Bid Amount reduces to Rs 1,00,000/- or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under Retail portion.

Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-Off Price.

A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

## **Right to Reject Bids**

In case of QIB bidders, our Company, in consultation with the BRLM and/or Syndicate Members may reject bids at the time of submission of the bid provided that the reasons for rejecting the same shall be provided for such bidder in writing. In case of QIB bidders, Non Institutional Bidders and Retail Individual Bidders who bid, the Company has the right to reject bids on technical grounds. Consequent reference shall be made by cheque or pay order or draft and will be sent to the bidders address at the bidders risk.

## **3) For Bidders in the Employee Reservation Portion:**

The Bid by Eligible Employees must be for a minimum of [\*] Equity Shares and in multiples of [\*] Equity Shares thereafter. The maximum Bid in this portion cannot exceed [\*] Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at "Cut-off".

## **Information for the Bidders**

1. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
2. The members of the Syndicate had circulated copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares of the Company) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from the registered office of the Company or from any of the BRLM or Syndicate Members.
4. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
5. Investors who are interested in subscribing to our Company's Equity Shares should approach the BRLM or Syndicate Members or their authorised agent(s) to register their Bid.
6. For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

## **Method and Process of Bidding**

- (a) The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- (b) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM, or Syndicate Member or their authorised agent(s) to register their Bid.
- (c) The Bidding Period shall be open for at least 3 working days and not more than 10 working days. In case the price band is revised, the revised price band will be published in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place

where the registered office of the Company is situated and the Bidding period will be extended for a further period of three working days, subject to the total Bidding period not exceeding 13 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.

- (d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph 'Bids at Different Price Levels' under section titled 'Issue Procedure' on page no [\*] of this DRHP and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph 'Build up of the Book and Revision of Bids' under section titled 'Issue Procedure' on page [\*] of this DRHP.
- (f) The BRLM, and Syndicate Members will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form
- (g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- (h) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into Escrow Account' under section titled 'Issue Procedure' on page [\*] of this DRHP.
- (i) For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

### **Bids at Different Price Levels**

- (a) The Price Band has been fixed at Rs. [\*] to Rs. [\*] per Equity Share of Rs.10 each, Rs. [\*] being the Floor Price and Rs. [\*] being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re 1/-.
- (b) In accordance with SEBI Guidelines, the Company, in consultation with the BRLM, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially and as disclosed in the Red Herring Prospectus. In addition to this, the cap on the Price Band should not be more than 20% of the floor of the Price Band.
- (c) In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding / Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper in Marathi, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members and the Bidding Period shall be extended for a further period of three days, subject to the total bidding period not exceeding 10 days.
- (d) The Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (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 may bid at "Cut off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.

- (f) Retail Individual Bidders or eligible employees who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders or eligible employees bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders or eligible employees (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders or eligible employees who bid at cut-off price shall receive the refund of the excess amounts from the Escrow Account/ refund account(s).
- (g) In case of an upward revision in the Price Band announced as above, the Retail Bidders or eligible employees who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000/- for Retail Bidders or Rs. 1,00,000/- for Eligible Employees, if the Bidder wants to continue to bid at Cutoff Price), with the Syndicate Member to whom the original bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 1,00,000 for retail Bidders or for Eligible Employees, the Bid will be considered for allocation under the Non-Institutional portion in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that the 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 downward revision in the Price Band announced as above, Retail Bidders or eligible employees who have bid at Cut-Off Price could either revise their Bid or the excess amount at the time of bidding would be refunded from the Escrow Account/ refund account(s).
- (i) In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application shall remain [\*] Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.
- (j) For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

### **Option to Subscribe**

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders **will not have** the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

## **ESCROW MECHANISM**

### **Escrow Account for the Issue**

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Prospectus and an Escrow Agreement. The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payments of refunds to the Bidders shall also be made from the Escrow collection Banks as per the terms of the Escrow Agreement with the Company and this DRHP.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLM, and Syndicate Members to facilitate collection from the Bidders.

For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

### **Terms of Payment and Payment into the Escrow Collection Account**

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph 'Payment Instructions' under section titled 'Issue Procedure' on page no. [\*] of this DRHP and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid

price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, each QIB shall, with the submission of the bid cum application form draw a cheque or demand draft for 10% of the maximum amount of his bid in favour of the Escrow account of the Escrow collection bank. The balance amount shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected and the margin amount will be refunded.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

### **Electronic Registration of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges
- (c) Aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
  - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
  - Investor Category – Employee, Individual, Corporate, NRI, FII, or Mutual Fund, etc.
  - Numbers of Equity Shares bid for
  - Bid price
  - Bid-cum-Application Form number
  - Whether payment is made upon submission of Bid-cum-Application Form
  - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or to the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

- (g) The members of the Syndicate have the right to review the Bid. The Syndicate Members have right to reject a bid received from a QIB at the time of receipt of Bids. However, a Syndicate Members shall disclose the reason for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders, bids under the Employee Reservation Portion and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed in the section titled 'Issue Procedure' on page no. [\*] of this DRHP.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, and BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this DRHP has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.
- (j) For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

#### **Build Up of the Book and Revision of Bids**

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Hindi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
- (d) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (e) 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
- (f) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms
- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
- (h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (j) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with

the BRLM, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

- (k) Revision option is not available to ASBA investor. for details, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

#### **Price Discovery and Allocation / Allotment**

- (a) After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with our Company.
- (b) Our Company in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to QIB Bidders, which will be on proportionate basis.
- (c) QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional Margin Amount within a period of two days from the date of the letter communicating the request for such additional margin money.
- (d) The allocation for QIBs would be not more than 50%, of Net Issue of which 5 % shall be reserved for Mutual Funds on a proportionate basis. The allocation to Non-Institutional Bidders would be not less than 15% of the Issue Size and allocation for Retail Individual Bidders will be not less than 35% of the Issue Size on proportionate basis, subject to valid Bids being received at or above the Issue Price. The allocation for Employee reservation portion shall not exceed [\*] equity shares.
- (e) Under subscription, if any, in the Non-Institutional Portion and / or Retail Portion would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company and BRLM. Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the Net issue to the public and allocated in accordance with the basis of allotment described in the paragraph "Basis of Allotment" under section titled 'Issue Procedure' on page [\*] of this DRHP.
- (f) Allocation to QIBs, Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI while granting permission for Allotment of Equity Shares to them
- (g) The BRLM, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders
- (h) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI DIP Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- (i) The allotment details shall be put on the website of the Registrar to the issue.
- (j) For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

#### **Signing of Underwriting Agreement and RoC Filing**

The Company, the BRLM and the Syndicate Members shall enter into an underwriting agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

After signing the Underwriting Agreement, the Company will update and file the Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects

#### **Filing of the Prospectus with the RoC**

The Company will file a copy of the Prospectus with the Registrar of Companies, Delhi and Haryana at New Delhi, in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956

#### **Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English National Daily with wide circulation, one Hindi National Newspaper and a regional language Newspaper with wide circulation at New Delhi.

#### **Advertisement regarding Issue Price and Prospectus**

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule

XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note**

- (a) The BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account of the Company at the time of bidding shall pay in full the amount payable into the Escrow Account of the Company by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Company at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Company. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder

#### **Designated Date and Allotment of Equity Shares**

- (a) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders' depository account. Allotment of the Equity Shares to the allottees would be made within two working days of the date of Allotment
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be offered only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (c) The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment.
- (d) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour) or Eligible Employee Bid Cum Application Form (pink in colour) as the case may be;
- (c) Ensure that the Bid is only within the Price Band;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be transferred in the dematerialized form only;
- (e) Ensure that the DP account is activated;
- (f) Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- (g) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (h) Ensure that you have been given a TRS for all your Bid options; and
- (i) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS
- (j) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (k) Ensure that you mention your Permanent Account Number (PAN) allotted under the I. T. Act; and
- (l) Ensure that the Bid-Cum-Application Form Number is mentioned on the reverse of the cheque / demand draft.

##### **Don'ts:**

- (a) Do not Bid for lower than the minimum Bid size;

- (b) Do not Bid/ revise Bid to a price that is less than the Floor of the Price Band or higher than the Cap of the Price Band;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- (f) Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- (g) A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.
- (h) Submit Bids accompanied by Stockinvest
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

#### **Bids by Permanent Employees of the Company**

- ❖ For the purpose of this reservation, Employee means permanent employees of our Company of our Company as on [\*].
- ❖ Bids under Employee Reservation Portion by Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).
- ❖ Employees, as defined above, should mention the employee number at the relevant place in the Bid cum Application Form
- ❖ The sole/ first bidder should be Employees as defined above.
- ❖ Only Employees, as defined above, would be eligible to apply in this Issue under this Reservation Portion.
- ❖ Bids by Employees, as defined above, 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.
- ❖ Employees, as defined above, who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Employees whose minimum Bid amount exceeds Rs. 100,000.
- ❖ The maximum bid in this category can be for [\*] Equity Shares.
- ❖ If the aggregate demand in this category is less than or equal to [\*] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees, as defined above, to the extent of their demand.
- ❖ Under subscription in this category would be added back to the Net Issue to 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, refer to paragraph 'Basis of Allotment' under section titled 'Issue Procedure' on page [\*] of this DRHP.

#### **INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM, or Syndicate Members. For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

#### **Bids and Revisions of Bids**

Bids and revisions to Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and pink colour for eligible employees).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bids must be for a minimum of [\*] Equity Shares and in multiples of [\*] thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- (d) For Non Institutional 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. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

- (e) For Employees, the Bid must be for a minimum of [\*] Equity Shares and shall be in multiples of [\*] Equity Shares thereafter. The maximum Bid in this portion cannot exceed [\*] Equity Shares.
- (f) In single name or in joint names (not more than three).
- (g) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

### **Bidder's Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

### **Bidders Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.**

**These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum application Form would not be used for these purposes by the Registrar.**

**Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.**

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or is liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

## **Bids under Power of Attorney**

**In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.**

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

The 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 that we may deem fit, in consultation with the BRLM.

## **Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

- NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following: Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at G-29, 3rd floor, Vardhman Tower, Near-PVR Sonia, Vikas Puri, New Delhi-110018 Tel.:+91-11- 28541826 / 7/ 8 Fax: +91-11- 28541823 or from members of the Syndicate or the Registrar to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

## **Bids and revision to Bids must be made:**

- On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- **By NRIs** – For a minimum of [\*] Equity Shares and in multiples of [\*] thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details please see paragraph 'Maximum and Minimum Bid Size' under section titled 'Issue Procedure ' on page no. [\*] of this DRHP.
- **By FIIs** – for a minimum of such number of Equity Shares and in multiples of [\*] that the Bid Amount exceeds Rs. 1,00,000. For further details please see paragraph 'Maximum and Minimum Bid Size' under section titled 'Issue Procedure ' on page no. [\*] of this Draft Red Herring Prospectus.

- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs and foreign venture capital funds and all Non-Residents, NRIs, FIIs and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U. S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U. S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in United States to 'qualified institutional buyers' as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

### **Payment Instructions**

The Company shall open an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

### **Payment into Escrow Account to the Issue:**

- (i) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
- (ii) In case of QIBs, Margin Amount of 10% on bid amount shall be payable by the Bidders at the time of Bidding. On receipt of the CAN, in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the difference shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- (iii) The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - In case of Resident QIBs Bidders: **"Escrow Account – AIPL Public Issue – QIB Resident"**
  - In case of Non Resident QIBs Bidders: **"Escrow Account – AIPL Public Issue – QIB NR"**
  - In case of Resident Bidders: **"Escrow Account – AIPL Public Issue"**
  - In case of Non Resident Bidders: **"Escrow Account – AIPL Public Issue -NR"**
  - In case of Eligible Employees: **"Escrow Account– AIPL Public Issue–Eligible Employees"**
  - 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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (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 Non-Resident Ordinary (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 or FCNR Account.
- In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- (iv) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
- (v) The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders until Designated Date.
- (vi) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue.
- (vii) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

**Payments should be made by cheque or demand draft drawn on any Bank (including a Co-Operative Bank), which is situated at, and is a member of or sub-member of the banker's clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.**

**Cash/ Stockinvest/ Money Orders/Postal Orders will not be accepted.**

#### **Payment instructions for ASBA Investor**

For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus

#### **Payment by Stockinvest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

#### **Submission of Bid-cum-Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLM or Syndicate Member at the time of submitting the Bid. **The BRLM/ members of the Syndicate may at its discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.**

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 BRLM or the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus

#### **Other Instructions**

##### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bids made by eligible employees both under employee reservation portion as well as in the net issue to the public shall not be treated as multiple bids.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion

### **Procedure for Application by Mutual Funds**

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

### **PAN or GIR Number**

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I. T. Act. **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.**

### **UNIQUE IDENTIFICATION NUMBER – MAPIN**

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 and circular issued in connection thereto by its circular bearing number MAPIN/CIR-13/2005. However, in a press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN.

### **Company Right to Reject Bids**

The Syndicate Members have right to reject a Bid received from QIB at the receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders and Eligible Employees, The Company and BRLM have a right to reject bids based on technical grounds.

Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- (a) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- (b) Age of First Bidder not given;
- (c) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- (d) PAN not stated. See the section titled "Issue Procedure—PAN or GIR No" beginning on page [\*] of this DRHP;
- (e) Bids for lower number of Equity Shares than specified for that category of investors;
- (f) Bids at a price less than lower end of the Price Band;
- (g) Bids at a price more than the higher end of the Price Band;
- (h) Bids at cut-off price by Non-Institutional and QIB Bidders;
- (i) Bids for number of Equity Shares which are not in multiples of [\*];
- (j) Category not ticked;
- (k) Multiple bids as defined in this DRHP;

- (l) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- (m) Bid-cum-Application Form does not have the stamp of the BRLM, or Syndicate Members;
- (n) Bid-cum-Application Form does not have Bidder's depository account details;
- (o) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum- Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum-Application Form
- (p) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
- (q) Bids accompanied by money order/postal order/cash /Stockinvests;
- (r) Signature of sole and / or joint bidders missing;
- (s) Bids by OCBs;
- (t) In case no corresponding record is available with the Depositories that matches the parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID).
- (u) Bids by U. S residents or US persons other than "qualified institutional buyers" as defined in Rule 144A of the U. S. Securities Act of 1933.
- (v) Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.
- (w) Bids through ASBA process by Non-institutional & QIB Bidders

#### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a 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:

- (a) an agreement dated February 19, 2008 between NSDL, us and Registrar to the Issue;
- (b) an agreement dated February 22, 2008 between CDSL, us and Registrar to the Issue.

#### **All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.**

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- (c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- (f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum- Application Form or Revision Form, it is liable to be rejected.
- (g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- (h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

As this Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

#### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number

of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque/ draft number and issuing bank thereof.

The Company has appointed Mr. Niraj Kumar, as Compliance Officer. He can be contacted at the Registered Office of the Company.

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

## **Basis of allotment or allocation**

### **A. For Retail 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 Issue size, less allotment to Non Institutional Bidders, QIB Bidders and Employees 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 demand.
- 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 subject to minimum allocation being equal to the minimum bid/application size of [\*] Equity Shares. For the method of proportionate basis of allotment, please refer to paragraph 'Method of Proportionate Basis of Allotment' under section titled 'Issue Procedure' on page no. [\*] of this DRHP.

### **B. For Non Institutional Bidders**

- Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size, less allotment to QIBs Bidders, Retail Individual Bidders and Employees 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 subject to minimum allocation being equal to the minimum bid/application size of [\*] Equity Shares. For the method of proportionate basis of allotment please refer to paragraph 'Method of Proportionate Basis of Allotment' section titled 'Issue Procedure' on page no. [\*] of this DRHP.

### **C. For QIBs**

- Upto 50% of the Net Issue to the Public i.e. [\*] Equity shares shall be allotted to QIBs of which 5% is reserved for Mutual Funds i.e [\*] Equity Shares and balance shares will be available for allocation to all QIBs including Mutual Funds on proportionate basis.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size, less allotment to Non Institutional Bidders, Retail Individual Bidders and Employees shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

- (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
- (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
  - (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to
  - (ii) Mutual Funds as calculated in (a) above.
  - (iii) The subscription level for this category shall be determined based on the overall subscription in the QIB
  - (iv) Portion less allocation only to Mutual Funds as calculated in (a) above.
  - (v) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

The aggregate allotment to QIB Bidders shall be upto [\*] Equity Shares

#### **D. For Employee Reservation portion**

Only Eligible Employees are eligible to apply under the 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 up to a minimum of [\*] Equity Shares. For the method of proportionate basis of allotment please refer section paragraph 'Method of Proportionate Basis of Allotment' under section titled 'Issue Procedure' on page no. [\*] of this DRHP.

**The unsubscribed portion, if any, out of the Equity Shares in any of the Reserved Categories will be added to the categories of Non Institutional Bidders and Retail Bidders, in a proportion to be determined by the Company in consultation with the BRLM.**

**Method of proportionate basis of allocation in the QIB, Retail, Non-Institutional and Employee Reservation Portion.**

In the event of the Issue being over-subscribed, we shall finalize 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 finalized in a fair and proper manner.

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 by them.
- (b) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the oversubscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than [\*] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate Allotment is less than [\*] Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be Allotted a minimum of [\*] Equity Shares;

- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be Allotted a minimum of [\*] Equity Shares.
- (f) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

#### **LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO SELF CERTIFIED SYNDICATE BANKS IN ASBA PROCESS**

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allotment. Applicants residing at 68 centers where clearing houses are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- ❖ Allotment of Equity Shares shall be made only in dematerialized form not later than 15 days of the Bid/Issue Closing Date;
- ❖ Refunds shall be made within 15 days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS;
- ❖ The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days of the Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

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

For ASBA process, please refer section "ASBA Process" in the Draft Red Herring Prospectus.

#### **PAYMENT OF REFUNDS**

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, 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.

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

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company undertakes that:

- ❖ Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- ❖ Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- ❖ The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

### **Mode of making refunds**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS** – Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the above mentioned 68 centres.

2. **Direct Credit** – Applicants having bank accounts with the Refund Banker(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 the Company.

3. **RTGS** – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be

linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, 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 Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

**Please note that applicants having a bank account at any of the 68 centres where the clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.**

#### **Undertakings by the Company**

The Company undertakes as follows:

- (a) that the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- (b) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment.
- (c) that the issuer company shall apply in advance for the listing of equities on the conversion of debentures/ bonds.
- (d) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- (e) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (f) that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- (g) that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- (h) that no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

- (i) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

#### **Utilization of Issue proceeds**

The Board of Directors of the Company Certify that:

1. all monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
3. details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of this Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

#### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 49% of our total issued capital.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, and Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

#### **Foreign Investment**

Foreign investment in India is regulated by the Foreign Exchange Management Act, 1999 (FEMA), the regulations framed by the Reserve Bank of India (RBI) and policy guidelines issued by the Ministry of Industry (through various Press Notes issued from time to time). Foreign investment in companies in the media sector is under the automatic route (i.e., prior approval of the FIPB is not required).

Foreign investment by way of subscription to equity shares in companies in the media sector currently does not require the prior approval of the RBI (vide Press Note 8 of 2000) or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by the Company. GoI has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments. **As per current foreign investment policies, foreign direct investment in the industry is allowed up to 74% under the automatic route.**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

### **Subscription by Non-Residents**

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- ❖ No single FII can hold more than 10% of our post-issue issued capital.
- ❖ In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital. As of now, the aggregate FIIs holding in our Company cannot exceed 49% of the total issued capital of our Company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

- ❖ The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the VCF or FVCI can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

As per the current regulations, OCBs cannot participate in this Issue.

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 happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However, we shall update this Draft Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

## ASBA PROCESS

### Important information/instructions for ASBA Investors

**Background:** In its continuing endeavour to make the existing public issue process more efficient SEBI has introduced a supplementary process of applying in public issues, viz: the "Applications Supported by Blocked Amount (ASBA)" process. Accordingly SEBI (DIP) Guidelines 2000 has been amended for ASBA process.

**The salient features of circular no. SEBI/CFD/DIL/DIP/31/2008/30/7 dated July 30, 2008 available on SEBI website for "Additional mode of payment through Applications Supported by Blocked Amount (hereinafter referred to as "ASBA") are mentioned below for understanding the ASBA process:**

1. **Meaning of ASBA:** ASBA is an application for subscribing to an issue, containing an authorisation to block the application money in a bank account.

2. **Self Certified Syndicate Bank (SCSB):** SCSB is a bank which offers the facility of applying through the ASBA process. The list of SCSBs will be displayed by SEBI on its website at [www.sebi.gov.in](http://www.sebi.gov.in) from time to time. ASBAs can be accepted only by SCSBs, whose names appear in the list of SCSBs displayed in SEBI's website and available at the back of this form. PRESENTLY ONLY FIVE BANKS NAMELY CORPORATION BANK, HDFC BANK, ICICI BANK, STATE BANK OF INDIA AND UNION BANK OF INDIA ARE RECOGNISED AS SCSBs. RETAIL INDIVIDUAL INVESTORS MAINTAINING THEIR ACCOUNT IN ANY OF THESE BANKS MAY USE ASBA FACILITY SUBJECT TO FULL FILLING ALL THE TERMS AND CONDITIONS STIPULATED IN THIS REGARDS. The details of these banks and branches wherein ASBA investor can approach are given below.

These Banks deemed to have entered into an agreement with the issuer and shall be required to offer the ASBA facility to all its account holders for all issues to which ASBA process is applicable.

A SCSB shall identify its Designated Branches (DBs) at which an ASBA investor shall submit ASBA and shall also identify the Controlling Branch (CB) which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and Merchant Bankers. The SCSB, its DBs and CB shall continue to act as such, for all issues to which ASBA process is applicable. The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it. The SCSB shall communicate the following details to Stock Exchanges for making it available on their respective websites. These details shall also be made available by the SCSB on its website:

- ❖ Name and address of the SCSB
- ❖ Addresses of DBs and CB and other details such as telephone number, fax number and email ids.
- ❖ Name and contact details of a nodal officer at a senior level from the CB.

3. **Eligibility of Investors:** An Investor shall be eligible to apply through ASBA process, if he/ she :

- ❖ is a "Resident Retail Individual Investor";
- ❖ is bidding at cut-off, with single option as to the number of shares bid for;
- ❖ is applying through blocking of funds in a bank account with the SCSB;
- ❖ has agreed not to revise his/her bid;
- ❖ is not bidding under any of the reserved categories.

Such investors are hereinafter referred as "ASBA investors".

4. **ASBA Process in brief:** An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account to be blocked, is maintained. The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money shall remain blocked in the bank account till finalization of the basis of allotment in the issue or till withdrawal/ failure of the issue or till withdrawal/ rejection of the application, as the case may be. The application data shall thereafter be uploaded by the SCSB in the electronic bidding system through a web enabled interface provided by the Stock Exchanges. Once the basis of allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant bank accounts and for transferring

the requisite amount to the issuer’s account. In case of withdrawal/ failure of the issue, the amount shall be unblocked by the SCSB on receipt of information from the pre-issue merchant bankers.

**5. Obligations of the Issuer:** The issuer shall ensure that adequate arrangements are made by the Registrar to the Issue to obtain information about all ASBAs and to treat these applications similar to non-ASBA applications while finalizing the basis of allotment, as per the procedure specified in the Guidelines.

**6. Applicability of ASBA process:** ASBA process shall be applicable to all book-built public issues which provide for not more than one payment option to the retail individual investors.

**7. Withdrawal of Application Form:** In case an ASBA investor wants to withdraw his/ her ASBA during the bidding period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/ she shall submit the withdrawal request to the Registrar to the Issue. The Registrar shall delete the withdrawn bid from the bid file.

**Other Information for ASBA Investors:**

1. SCSB shall not accept any ASBA after the closing time of acceptance of bids on the last day of the bidding period.
2. SCSB shall give ASBA investors an acknowledgment for the receipt of ASBAs.
3. SCSB shall not upload any ASBA in the electronic bidding system of the Stock Exchange(s) unless –
  - ❖ it has received the ASBA in a physical or electronic form; and
  - ❖ it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
4. SCSB shall ensure that the details of a particular ASBA are uploaded only once in the electronic bidding system of any one of the Stock Exchange(s). SCSB shall be solely responsible for the completion and accuracy of all details entered/ uploaded on the electronic bidding system of the Stock Exchange(s).
5. In case of withdrawal of bids by ASBA investors during the bidding period, SCSB shall ensure deletion of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account within the timelines specified in the ASBA process.
6. SCSB shall ensure that information about revision in the bidding period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA investors.
7. SCSB shall ensure that complaints of ASBA investors arising out of errors or delay in capturing of data, blocking or unblocking of bank accounts, etc. are satisfactorily redressed.
8. SCSB shall be liable for all its omissions and commissions in discharging responsibilities in the ASBA process.
9. Registrar to the Issue shall act as a nodal agency for redressing complaints of ASBA and non-ASBA investors, including providing guidance to ASBA investors regarding approaching the SCSB concerned.
10. The Stock Exchange(s) shall ensure that an issue specific code is generated from the electronic bidding system, so that SCSBs does not face any problem in segregating the ASBA issue-wise.
11. In case of withdrawal of ASBA during the bidding period, the Stock Exchange(s) shall provide the facility of enabling SCSBs to –
  - ❖ delete the ASBA from the electronic bidding system or mark the withdrawal individually against the original bid uploaded; or
  - ❖ upload withdrawal of the ASBA in batch mode, in the electronic bidding system.

**The ASBA process is presented in a tabular form as under:**

Sr. No.	Details of ASBA process	Timeline/Due date
1.	An ASBA investor, intending to subscribe to a book built public issue, shall submit a completed ASBA form1 to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes –(i) Submit the form physically with the Designated Branches (DBs) of the SCSB (“Physical ASBA”); Or	Bidding Period

	(ii) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").	
2.	The SCSB shall give an acknowledgement specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.	Bidding period
3.	If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB.	Bidding Period
4.	After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA. The SCSB shall then capture/ upload the following details in the electronic bidding system provided by the Stock Exchange(s) for the particular public issue: (i) Application number (ii) DP ID, Client ID (iii) Bid Quantity (iv) PAN	
A.	In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the abovementioned details, except the application number which shall be system generated. The SCSB shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).	
5.	The SCSB (Controlling Branch (CB) or DBs) shall generate a Transaction Registration Slip/ Order number, confirming upload of ASBA details in the electronic bidding system of the Stock Exchange(s). The Transaction Registration Slip/Order number shall be given to the ASBA investor as a proof of uploading the details of ASBA, only on demand.	Bidding Period
6.	In case an ASBA investor wants to withdraw his/ her ASBA during the bidding period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.	Bidding Period
7.	The Stock Exchange(s) shall make available the updated electronic bid file to the Registrar to the Issue.	Bidding Period
8.	The SCSB shall send the following aggregate information to the Registrar to the Issue after closure of the bidding period: (i) Total number of ASBAs uploaded by the SCSB (ii) Total number of shares and total amount blocked against the uploaded ASBAs.	T+1 (where T stands for closing date of the bidding period)
9.	The Registrar to the Issue shall reconcile the compiled data received from the Stock Exchange(s) (as explained in para 7 above) and all SCSBs (as explained in para 8 above) (hereinafter referred to as the "reconciled data").	
10.	The Registrar to the Issue shall then match the reconciled data with the depository's database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository's database, such ASBA shall be rejected by the Registrar.	T to T+11
11.	The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.	
12.	In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/ she shall submit the withdrawal request to the Registrar to the Issue. The Registrar shall delete the withdrawn bid from the bid file.	
13.	The Registrar to the Issue shall reject multiple ASBAs determined as such, based on common PAN.	

14.	The Registrar to the Issue shall finalise the basis of allotment and submit it to the Designated Stock Exchange for approval.	T+12
15.	Once the basis of allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the CB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer's account within the timelines specified in the ASBA process: (i) Number of shares to be allotted against each valid ASBA (ii) Amount to be transferred from the relevant bank account to the issuer's account, for each valid ASBA (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer's account (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.	T+13
16.	SCSBs shall unblock the relevant bank accounts for: (i) Transfer of requisite money to the issuer's account against each valid ASBA. (ii) Withdrawn/ rejected/ unsuccessful ASBAs.  The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue.	T+14
17.	The Issuer shall make the allotment.	T+15
18.	The Registrar to the Issue shall credit the shares to the demat account of the successful ASBA investors.	T+15

## **SECTION IX- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

1. In these Regulations unless the context otherwise require:
  - (a) "The Company" or "this company" means ARAVALI INFRAPOWER LIMITED
  - (b) "the Act" means the "Companies Act, 1956" and every statutory modification or re-enactment thereof and references to Sections of the Act shall be deemed to mean and include references to sections enacted in modification or replacement thereof.
  - (c) "these Regulations" means these Articles of Association as originally framed or as altered, from time to time.
  - (d) "the office" means the Registered office for the time being of the Company.
  - (e) "the Seal" means the common seal of the Company.
  - (f) Words importing the singular shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing persons shall include bodies corporate and all other persons recognized by law as such.
  - (g) "month" and "year" means a calendar month and calendar year respectively.
  - (h) Expressions referring to writing shall be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.
  - (i) Unless the context otherwise requires, the words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modifications shall bear the same meaning as in the Act or any statutory modifications thereof, in force at the date at which these regulations become binding on the Company.
2. The Regulations contained in Table A in Schedule 1 to the Companies Act 1956 shall not apply to the Company and the Regulations herein contained shall be the regulations for the management of the Company and for the observance of its members and their representatives. They shall be binding on the Company and its members as if they are the terms of an agreement between them.

### **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 s).
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 offered 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.
  9. Subject to section 187-C of the Act, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
  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 certificate, 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 in respect of 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 to 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 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.
16. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (2) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.

- (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in references to the sale.
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 pe of payment of the call money pay to the Company at the time or times and pe 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 duty 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 dividends 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 Transfers" and therein shall fairly and distinctly enter particulars of every transfer and 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 they do not approve, provided that the registration of transfer shall not be refused on the ground of transferer 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. (a) 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.
- (b) 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 renounceable 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 be 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 executing 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 withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.
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 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 or 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% (twelve 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 duly 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 transferee 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 or disposal of the share.

46. The provisions of these regulations as to forfeiture shall apply, in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
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 up to 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.
50. The Directors may subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

#### **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.
52. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit:

provided the Board may, from time to time, fix the minimum amount of Stock transferable, so however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
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.
54. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholder" respectively.

## Dematerialization of securities

### 54A. Definition: for the purpose of this Article

#### SHARE WARRANTS

55. The Company may issue share warrant, subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect of any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share; and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
56. (1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognised as depositor of the share warrant.
- (3) The company shall, on two days written notice, return the deposited share warrant to the depositor.
57. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company.
- (2) The bearer of a share warrant shall be entitled in all other respect to the same privileges and advantages as if he was named in the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.
58. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original.

#### 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 share is 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 capital 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 Extraordinary 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 proceed 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 pe to pe.
- (2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took pe.
- (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 pes 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.
78. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office not less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll.
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



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 and 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 pe. A Debenture Director shall not be liable to retire by rotation, but he, shall be counted in determining the number of retiring Directors.
91. In the course of its business and for its benefit the Company shall, subject to the provisions of the Act be entitled to agree with any person, firm, corporation, government, financing institution or other authority that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors. Special Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed as such Special Director may if the agreement so provide, appoint another Director in his pe. 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 Director 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.
96. Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.

#### **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 use 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 R.B.I., 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.
104. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board may, from time to time, by resolution determine.

#### **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 far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Articles.
112. (1) A committee may elect a chairman of its meetings.  
(2) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.
113. (1) A committee may meet and adjourn as it thinks proper.  
(2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present and in case of an equality of votes, the chairman shall have a second or casting vote.
114. All acts done by any meeting of the Board or by a committee there of by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Directors or persons acting as aforesaid: or that they or any of them were disqualified or had vacated office or were not entitled to act as such or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office was qualified, had continued to be a Director his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
115. Subject to Section 289 of the Act and except a resolution which the Act requires specifically to be 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, the Board of directors may, from time to time, appoint one or more of their body to the office of Managing Director/s or Whole Time Director/s for a period not exceeding 5(Five) years at a time and on such terms and conditions as 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 Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a director so appointed, shall whilst holding such office, be subject to retirement by rotation, and his appointment shall be automatically determined if he ceases to be a director. However, he shall be counted in determining the number of retiring directors. A Managing Director/Whole Time Director reappointed as a director immediately on retirement by rotation, shall

continue to hold his office of managing Director/Whole Time Director, and such reappointment as such director shall not be deemed to constitute a break in his appointment as Managing Director/Whole Time Director

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 vary 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.
119. Any provision in the Act or these regulations requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the 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 at least one Director and of the Secretary 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 earned 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.
127. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.
128. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
129. (a) No dividend shall bear interest against the Company, irrespective of reasons for which it has remained unpaid.
- (b) There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

#### **ACCOUNTS**

130. (1) The Board shall cause proper books of accounts to be maintained under section 209 of the Act.

- (2) The Board shall, from time to time, determine whether and to what extent and at what times and under what conditions or regulations, the accounts and books of the Company or any or them, shall be open to the inspection of members not being Directors.
- (3) Subject to provisions of section 209 A of the Act, no member (not being a Director) shall have any right of inspecting any account or book or document of the Company, except as conferred by law or authorised by the Board or by the Company in General Meeting.

#### **BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

131. Balance sheet and Profit and Loss Account of the Company will be audited once in a year by a qualified auditor for Correctness as per provision of the Act.
132.
  - (1) The first auditor of the Company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first Annual General Meeting.
  - (2) The Board of Directors may fill up any Casual Vacancy in the office of the Auditors.
  - (3) The remuneration of the Auditors shall be fixed by the Company in the annual general meeting except that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

#### **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 clause (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.

#### **SECRECY**

135. Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to visit or inspect the Company's works without the permission of the Board of Directors or the managing Director to require discovery of any information respecting any details of the Company's business, trading or customers of any matter with is or may be in the nature of a trade secret, mystery of trade or secret process or any other matter which may related to the conduct of the business of the Company or which in the opinion of the Directors, it will be inexpedient in the interest of the Company to disclose.

#### **WINDING UP**

136. (1) If the company shall be would up the liquidator may, with the sanction of a special resolution of the company, and any other sanction required by the Act, divide amongst the members in specie or kind, the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.
- (2) For the purpose aforesaid, the liquidator may set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (3) The liquidator may, with the like sanction, vest the whole or any part of such assets trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

137. Subject to the provision of section 201 of Act every Director, auditor, secretary; and other officer or servant of the Company (all of whom are hereinafter referred to as officer or servant) shall be indemnified by the Company and it shall be the duty of the Directors but of the funds of the company to pay, all bonafide costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done or omitted by him as such officer or servant or in any way in the discharge of the duties; and in particular and so as not to limit the generality of the foregoing provisions against any liability incurred by

such officer or servant in defending any bonafide proceedings whether civil or criminal in which a judgment is given in his favour or in which he is acquitted or in discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court The amount for which such indemnity is provided shall immediately attach as a charge on the property of the company.

## SECTION X- OTHER INFORMATION

### MATERIAL CONTRACTS & DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of the DRHP) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus will also be delivered to the Registrar of Companies, Delhi and Haryana at New Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company, from 10.00 a.m. to 4.00 p.m. on working days from the date of the Draft Red Herring Prospectus until the date of closure of the Issue.

#### MATERIAL CONTRACTS

1. Memorandum of Understanding dated September 24, 2008, between our Company and the BRLM.
2. Memorandum of Understanding dated September 23, 2008, between our Company and Registrar to the Issue i.e. M/s MAS Services Limited.
3. Escrow Agreement dated [\*] between our Company, BRLM, Escrow Collection Bank, Syndicate Members and the Registrar to the Issue.
4. Underwriting Agreement dated [\*] between our Company, BRLM, the members of the Syndicate and the Registrar to the Issue.
5. Syndicate Agreement dated [\*] between the Company, BRLM, and the members of the Syndicate.
6. Sanction letters for various loans.

#### DOCUMENTS FOR INSPECTION

1. The Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of the Company dated December 13, 2002.
3. Copy of the resolution passed at the meeting of the Board of Directors held on September 01, 2008 and copy of Resolution passed by the shareholders of our company at the Extra Ordinary General Meeting passed under Section 81(1A) dated August 25, 2008.
4. The report of, the Statutory Auditors, M/s Mahalawala & Co., Chartered Accountants dated September 11, 2008 prepared as per Indian GAAP.
5. Statement of Possible Tax Benefits Certificate dated September 11, 2008 received from the Statutory Auditors, M/s Mahalawala & Co., Chartered Accountants as mentioned in this DRHP.
6. Certificate from Statutory Auditors dated September 25, 2008 regarding the sources and deployment of funds.
7. Consent of Directors, Legal Advisors to the Issue, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Syndicate Members, Compliance Officer and Company Secretary to include their names in this DRHP, and to act in their respective capacities
8. Annual Returns for the last 5 financial years.
9. Resolution of the meeting of the Board of Directors of the Company held on for the constitution of audit committee, Shareholders'/ Investor Grievance Committee and Remuneration Committee.
10. Tripartite agreement between NSDL, the company and the Registrar to the issue dated February 19, 2008.
11. Tripartite agreement between CDSL, the company and the Registrar to the issue dated February 22, 2008.
12. Due Diligence Certificate dated September 26, 2008 addressed to SEBI from Chartered Capital And Investment Ltd.
13. SEBI observation Letter No. [\*] dated [\*], in-seriatim reply dated [\*] and fresh Due Diligence Certificates dated [\*], [\*], [\*] and [\*] respectively.
14. In-principle listing approval dated [\*] and [\*] issued by NSE and BSE respectively
15. Copy of the board resolution dated [\*] and [\*] authorising the Red Herring Prospectus and Prospectus respectively.

Any of the contracts or documents mentioned in the DRHP may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the DRHP is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules and regulations made thereunder or guidelines issued thereunder, as the case may be. We further certify that all the statements in the DRHP are true and correct.

### **SIGNED BY THE DIRECTORS OF THE COMPANY**

**Mr. RAKESH JOLLY**

(Chairman and Managing Director)

**Mr. RAMAIAH NARAYANAN**

(Whole Time Director)

**Mr. MOHINDER KUMAR KANSAL**

(Independent Director)

**Mr. Radha Krishna Pandey**

(Independent Director)

**Mr. Niraja Kumar**

Company Secretary and Compliance Officer

Place: New Delhi

Date: