



DRAFT RED HERRING PROSPECTUS
Dated April 06, 2011
Please read Section 60B of the Companies Act, 1956
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Book Built Issue

APR Constructions Limited

(Our Company was originally formed as a partnership firm in the name and style of M/s. A. Prabhakar Reddy & Co. vide partnership deed dated April 28, 1983. The partnership firm was converted into a public limited Company on December 03, 2004 under part IX of the Companies Act, 1956 as "APR Constructions Limited". Our Company is registered with the Registrar of Companies, Andhra Pradesh at Hyderabad with Corporate Identification Number U45200AP2004PLC044776 and received certificate of Commencement of Business dated December 24, 2004.)

Registered Office: Flat No. 404, 5th Floor, Bhanu Enclave, Sundarnagar, Erragadda,
Hyderabad – 500 038, Andhra Pradesh, India. **Tel:** 91 40 23813833; **Fax:** 91 40 23708788;
Contact Person: Mr. Prakash Reddy Pentareddy, Company Secretary and Compliance Officer;
Email: company.secretary@aprc.com; **Website:** www.aprc.com

PROMOTERS OF OUR COMPANY : MR. ADALA PRABHAKARA REDDY, MRS. ADALA VINDHYAVALI AND MR. PULAGAM HARIKRISHNA

PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹ 10 EACH OF APR CONSTRUCTIONS LIMITED ("APRCL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ 10,400 LAKHS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED BY OUR COMPANY AT LEAST 2 WORKING DAYS PRIOR TO THE BID / ISSUE OPENING DATE.

In case of revision in the Price Band, the Bidding Period shall be extended for at least three additional Working Days, subject to the Bidding Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (the "BSE") and The National Stock Exchange of India Limited (the "NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and the terminals of the other members of the Syndicate.

The Issue is being made through a Book Building Process in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company may, in consultation with the BRLMs, allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only.

In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Any Bidder, except Anchor Investors, may participate in this Issue through the ASBA process by providing details of the relevant bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. For details, please see the chapter "Issue Procedure" beginning on page 213 of this Draft Red Herring Prospectus.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for its Equity Shares. The face value of the shares is ₹ 10 each and the Floor Price is [●] times the face value and Cap Price is [●] times the face value. The Issue Price (as determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in the section "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

IPO GRADING

This Issue has been graded by CRISIL Limited as [●]/5, indicating [●]. The IPO grade is assigned on a five-point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For more information on the IPO grading, please refer to section titled "General Information" beginning on page 38 of this Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received In-principle approvals from BSE and NSE vide their letters dated [●] and [●] respectively. [●] shall be the Designated Stock Exchange for the purpose of this Issue.

BOOK RUNNING LEAD MANAGERS

 BOB Capital Markets Limited 3rd Floor, South Wing, UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Tel: 91 22 61389300; Fax: 91 22 66718535; Email: ipo.aprc@bobcaps.in; Website: www.bobcaps.in Contact Person: Mr. Amit Porwal/ Mr. Riddhesh Shah SEBI Registration No.: INM 000009926	 Karvy Investor Services Limited "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. Tel: 91 40 2331 2454/ 2342 8774; Fax: 91 40 2337 4714; E-mail: aprclipo@karvy.com; Website: www.karvy.com Contact Person: Mr. M P Naidu/ Ms. Samatha SEBI Registration No.: INM 000008365	 Saffron Capital Advisors Private Limited A- 102, Everest Grande, Mahakali Caves Road, Andheri (East), Mumbai - 400 093. Tel: 91 22 4082 0917/0915; Fax: 91 22 4082 0999; E-mail: aprcl.ipo@saffronadviser.com; Website: www.saffronadviser.com Contact Person: Mr. Amit Wagle/ Mr. Arun Babu SEBI Registration No.: INM000011211	 Karvy Computershare Private Limited Plot No. 17 - 24, Vithalrao Nagar, Madhapur, Hyderabad – 500081. Toll free No. 1-800-3454001; Tel: 91 40 44655000; Fax: 91 40 2343 1551; Email: apr.ipo@karvy.com Website: http://karisma.karvy.com, Contact Person: Mr. M Murali Krishna SEBI Registration No.: INR000000221
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BID / ISSUE PROGRAMME**

BID/ISSUE OPENS ON	[●]	BID/ISSUE CLOSES FOR QIB BIDDERS ON [●]*
		BID/ISSUE CLOSES FOR NON- QIB BIDDERS ON [●]

* Our Company may consider closing the Bidding Period for QIB Bidders one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations

**Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date

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SECTION I – GENERAL INFORMATION

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
Articles/Articles of Association/ AoA	The articles of association of our Company, as amended.
Auditor/ Statutory Auditor	The Statutory Auditor of our Company, being M/s J. B. Reddy & Co., Chartered Accountants.
Board/ Board of Directors/ our Board	The board of directors of our Company, as constituted from time to time, or committees thereof.
Company/ our Company/ APRCL/ Issuer	APR Constructions Limited, a public limited company incorporated under the Companies Act.
Director(s)	The director(s) of our Company, unless otherwise specified.
Equity Shares	Equity Shares of our Company of face value of ₹10 each
Group Companies	Includes those companies, firms, ventures promoted by our Promoters, irrespective of whether such entities are covered under Section 370(1) (B) of the Companies Act or not, as disclosed in the section titled "Group Companies" beginning on page 140 of this DRHP.
Memorandum/ Memorandum of Association/ MoA	The memorandum of association of our Company, as amended from time to time.
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2(zb) of the SEBI (ICDR) Regulations.
Promoter(s)	The Promoters of our Company are Mr. Adala Prabhakara Reddy, Mrs. Adala Vindhyavali and Mr. Pulagam Harikrishna
Promoter Directors	Mrs. Adala Vindhyavali and Mr. Pulagam Harikrishna
Registered Office	Flat No. 404, 5 th Floor, Bhanu Enclave, Sundarnagar, Erragadda, Hyderabad – 500 038, Andhra Pradesh, India.
We/ us/ our	The Company together with its joint ventures

Issue Related Terms

Term	Description
Allot/ Allotment/ Allotted	The allotment of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with minimum application of ₹1000 lakhs.
Anchor Investor Allocation Notice	Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares at the Anchor Investor Issue Price
Anchor Investor Bid/ Issue Period	The day, one working day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Portion	Upto 30% of the QIB Portion which may be allocated by our Company to

Term	Description
	Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors
ASBA Account	Account maintained with an SCSB which shall be blocked by such SCSB to the extent of appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bid Cum Application Form	<p>The application form, whether physical or electronic, in terms of which an ASBA Bidder shall make a Bid containing an authorisation to block the Bid Amount in an ASBA Account and which will be considered as an application for Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus.</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms will be available for download from the respective websites of the Stock Exchanges.</p>
ASBA Bidder (s)	Prospective investors in this Issue who intend to Bid/ apply through ASBA
ASBA or Application Supported by Blocked Amount	The application (whether physical or electronic) used to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Revision Form	The form used by the ASBA Bidder to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid Cum Application Forms or any previous revision form(s)
Banker(s) to the Issue or Escrow Collection Bank(s)	The banks which are clearing members and registered with the SEBI as a Banker to the Issue, in this case the Escrow collection bank
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled "Issue Procedure – Basis of Allotment" beginning on page 239.
Bid(s)	<p>An indication to make an offer during the Bid/ Issue Period by a Bidder, or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purpose of ASBA Bidders, it means an indication to make an offer during the Bid/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares.</p>
Bid Amount	The highest Bid Price indicated in the Bid cum Application Form and in case of ASBA Bidders, the Bid amount mentioned in the ASBA Form.
Bid cum Application Form	The form in terms of which the Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as the application for Allotment pursuant to the terms of Red Herring Prospectus.
Bid Price	The prices indicated within the optional Bids in the Bid cum Application Form.
Bid/ Issue Closing Date	Except in relation to Anchor Investor, the date after which the members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Telugu newspaper, with wide circulation.
Bid/ Issue Opening Date	Except in relation to Anchor Investor, the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Telugu newspaper, each with wide circulation
Bidder	Any prospective investor who makes a Bid through the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, pursuant to the terms of the Red Herring Prospectus.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders (except Anchor

Term	Description
	Investors) and the ASBA Bidders can submit their Bids, including any revisions thereof
BOBCAPS	BOB Capital Markets Limited
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI (ICDR) Regulations.
Book Running Lead Managers or BRLMs	Book Running Lead Managers to this Issue, comprising BOBCAPS, KISL and SAFFRON
CAN or Confirmation of Allocation Note	The note or advice or intimation or confirmation sent to the Bidders who have been allocated Equity Shares, after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revision thereto
CDSL	Central Depository Services (India) Limited.
Controlling Branches	Such branches of the SCSBs which coordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf
Cut-Off Price	Any price within the Price Band determined by our Company in consultation with the BRLMs, at which only the Retail Individual Bidders are entitled to Bid, for Equity Shares of an amount not exceeding ₹2,00,000. No other categories of Bidders are entitled to Bid at the Cut Off Price.
Depositories	NSDL and CDSL
Depository Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Form from the ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the bank account specified by the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board approves the Allotment of the Equity Shares.
Designated Stock Exchange	[●]
DP ID	Depository Participant Identity
Draft Red Herring Prospectus or DRHP or Draft Offer Document	The Draft Red Herring Prospectus dated April 06, 2011 issued in accordance with the SEBI (ICDR) Regulations, which does not have complete particulars of the number of shares and the price at which the Equity Shares are offered.
Eligible NRI	NRI(s) from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid for the Equity Shares offered thereby
Escrow Account(s)	Accounts opened with the Escrow Collection Banks for this Issue to which cheques or drafts are issued by the Bidders (excluding the ASBA Bidders)
Escrow Agreement	An agreement to be entered into among our Company, the Registrar to the issue, the Escrow Collection Bank(s), the Book Running Lead Managers, and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The Escrow Collection Bank(s), in this case being [●], which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened.
FII	Foreign Institutional Investor, as defined under SEBI (Foreign Institutional

Term	Description
	Investors) Regulations, 1995, as amended and registered with SEBI.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form.
Floor Price	The lower end of the Price Band: (a) which shall not be lesser than the face value of the Equity Shares; (b) below which the Issue Price will not be finalised; and (c) below which no Bids will be accepted, subject to any revision thereto
IPO Grading Agency	CRISIL Limited, the credit rating agency appointed by our Company for grading this Issue.
Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time.
Issue / Public Issue	The public issue of Equity Shares of face value of ₹10 each aggregating to ₹10,400 Lakhs through this DRHP
Issue Agreement	The agreement dated March 09, 2011 entered into among our Company and the BRLMs, pursuant to which certain agreements are agreed to in relation to the issue.
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Book Running Lead Managers on the Pricing date.
Issue Proceeds	The proceeds of the Issue that will be available to our Company
KISL	Karvy Investor Services Limited
Legal Advisor / Legal Advisor to the Issue	PVR Associates
Listing Agreement	The Company's equity listing agreement to be entered with the Stock Exchanges
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares, available for allocation to Mutual Funds only.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
NECS	National Electronic Clearing System.
NEFT	National electronic fund transfer service.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Net QIB Portion	The portion of the QIB Portion, less the number of the Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals) other than QIBs or Retail Individual Bidders and who have Bid for an amount in excess of ₹2,00,000.
Non-Institutional Portion	The portion of this Issue being not less than 15% of the Issue consisting of [●] Equity Shares, available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Non Resident	All eligible Bidders that are persons resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
Non Resident Indian or NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
OCB or 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 and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.

Term	Description
Pay-in-Period	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Period and if the price fixed as a result of Book Building is higher than the price at which the allocation is made to Anchor Investor, the Anchor Investor shall bring in the additional amount. For Bidder other than Anchor Investors, the period commencing on the Bid Opening Date and continuing till the Bid Closing Date
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised at least two working days prior to the Bid/ Issue Opening Date, in an English daily national newspaper, a Hindi daily national newspaper and a Telugu newspaper each, with wide circulation.
Pricing Date	The date on which the Issue Price is finalised by our Company in consultation with the Book Running Lead Managers.
Prospectus	The prospectus of our Company to be filed with the RoC in accordance with Section 60 of the Companies Act containing, <i>inter alia</i> , 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	The bank account opened with the Banker(s) to the Issue under Section 73 of the Companies Act to receive money from the Escrow Account on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
QIB Portion	The portion of this Issue being upto 50% of the Issue consisting of [●] Equity Shares available for allocation to QIBs on a proportionate basis, subject to valid Bids received at or above the Issue Price.
QIBs or Qualified Institutional Buyers	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, multilateral and bilateral financial institutions, scheduled commercial banks, Mutual Funds, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹2500 lakhs, pension funds with a minimum corpus of ₹2500 lakhs, National Investment Fund set up by Government of India, Insurance funds set up and managed by army, navy or airforce of the union of India, eligible for bidding in this Issue and Insurance funds set up and managed by the Department of Posts, India.
Red Herring Prospectus or RHP	The Red Herring Prospectus issued by our Company in accordance with Sections 60B of the Companies Act which does not contain, <i>inter alia</i> , complete particulars of the price at which the Equity Shares are offered and the size of this Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Refund Account(s)	The account opened with the Refund Banker(s), from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Banker(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [●].
Refunds through electronic transfer of funds	Refunds through NECS, direct credit, NEFT or RTGS or the ASBA process, as applicable.
Registrar / Registrar to the Issue	Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders, including HUFs (applying through their Karta) and Eligible NRI Bidders, who have Bid for an amount less than or equal to ₹2,00,000 in any of the bidding option.
Retail Portion	The portion of this Issue being not less than 35% of this Issue, consisting of [●]

Term	Description
	Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders, except the ASBA 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).
SAFFRON	Saffron Capital Advisors Private Limited
Self Certified Syndicate Bank or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offers services in relation to ASBA, including blocking of funds in bank accounts, are recognised as such by SEBI and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html .
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
Stock Exchanges	The BSE and the NSE.
Syndicate	The Book Running Lead Managers and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the BRLMs along with the Syndicate members, in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue.
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being [●].
Transaction Registration Slip or TRS	The slip or document issued by any of the members of the Syndicate, or the SCSBs upon demand as the case may be, to a Bidder as proof of registration of the Bid.
Underwriters	The Book Running Lead Managers and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters and our Company, on or immediately after the Pricing Date.
Working Days	Unless the context otherwise requires: <ul style="list-style-type: none"> i. Till the Bid/ Issue closing date: All days other than a Saturday, Sunday or a Public Holiday ii. Post Bid/ Issue closing date: All days other than a Sunday or a Public Holiday And on which commercial banks in Mumbai are open for business.

Conventional/General Terms, Abbreviations and References to Other Business Entities

Abbreviation	Full Form
Act/ Companies Act / the Act	The Companies Act, 1956 and amendments thereto
A/c	Account
AGM	Annual General Meeting
APRBCPL	APR Bridge Company Private Limited
APRHL	APR Hotels Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Assessment Year / AY	The period of twelve months commencing from the first day of April every year
BIL	Binduvindhya Investments Limited
BIPL	Bhanurekha Investment Private Limited
BSE	Bombay Stock Exchange Limited
CIN	Corporate Identification Number
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970
CST	Central Sales Tax Act, 1956
DIN	Director's Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India

Abbreviation	Full Form
DP ID	Depository Participant's Identity
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECS or NECS	Electronic Clearing Service or the National Electronic Clearing Service
EGM	Extraordinary General Meeting
EPFA	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/ period
ESIA	The Employee State Insurance Act, 1948
ESIC	Employee's State Insurance Corporation
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment, as understood under applicable Indian regulations
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
FIPB	The Foreign Investment Promotion Board of the Government of India
Fiscal or Financial Year or FY	A period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GDR	Global Depository Receipts
GIR Number	General Index Registry Number
GoI or Government of India	Government of India
G-Sec	Government Security
HUF	Hindu undivided family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended
IT	Information Technology
IT Act	The Income Tax Act, 1961, as amended
IT Department	Income tax department
JV	Joint Venture
KMP	Key Management Personnel
Merchant Banker(s)	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MICR	Magnetic ink character recognition
MWA	The Minimum Wages Act, 1948
N.A.	Not applicable
NAV per share	Net worth at the end of the year divided by the outstanding number of equity shares at the end of the year.
NBFC	Non Banking Financial Company
Net Worth	Equity Share Capital + Reserves & Surplus (Excluding revaluation reserves, if any) – Miscellaneous Expenditure
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
Non Residents or NRs	Persons resident outside India, as defined under FEMA, including Eligible NRIs

Abbreviation	Full Form
	and FIIs
Non Resident Indian or NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Person(s)	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
p.a.	Per annum
PAN	Permanent Account Number allotted under the IT Act
P/E Ratio	Price/earnings ratio
PGA	The Payment of Gratuity Act, 1972
PINPL	Prabhakar Investments Private Limited
PIPL	Prathana Inns Private Limited
PLR	Prime lending rate
PTC(s)	Pass through certificate(s)
Pvt.	Private
PWA	The Payment of Wages Act 1936
PWD	Public Works Department
RBI	Reserve Bank of India
RoC	The Registrar of Companies, Hyderabad, Andhra Pradesh
RoNW	Return on Net Worth
RIL	RAS Infotech Limited
Rs. or Rupees or ₹	Indian Rupees
RTGS	Real time gross settlement
SAT	The Securities Appellate Tribunal
SBI	State Bank of India
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended
SPV	Special Purpose Vehicle
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
U.S. or US or U.S.A	The United States of America
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended
WCA	The Workmen's Compensation Act, 1923

Industry/ Project Related Terms, Definitions and Abbreviations

Term	Description
AIBP	Accelerated Irrigation Benefit Programme
BG	Bank Guarantee
BOLT	Build, Operate, Lease and Transfer
BOO	Build Own and Operate
BOOT	Build, Own, Operate and Transfer
BOQ	Bill of Quantity
BOT	Build operate transfer, and includes BOO, BOOT and DBFOT
BRIC	Brazil, Russia, India and China
I & CAD	Irrigation & Command Area Development
CAD&WM	Command Area Development and Water Management
CAGR	Compounded Annual Growth Rate
CCA	Cultivable Command
CONCOR	Container Corporation of India Limited
CRIS INFAC	CRIS INFAC Industry Information Service, a brand of CRISIL research & Information Services Limited
CRISIL	Credit Rating Information Services of India Limited
CRSSG	China Railway Shisiju Group Corporation
DBFO	Design, Build, Finance and Operate
DBFOT	Design, Build, Finance, Operate and Transfer
DFC	Dedicated Freight Control
DG Set	Diesel Generator Set
DORTH	Department of Road Transport and Highways
DPI	Designing Planning Investment
EMD	Earnest Money Deposit
EPC	Engineering, Procurement and Construction
ERM	Extension, Renovation & Modernizing
FDI	Foreign Direct Investment
FEED	Front End Engineering and Design
FTWZ	Free Trade Warehousing Zones
GDP	Gross Domestic Product
GMIDC	Godavari Marathwada Irrigation Development Corporation
IPC	Irrigation development – Target and expected performance
IRCON	IRCON International Limited
IRFC	The Indian Railways Finance Corporation
ISO	International Standards Organization
JTEGC	Jiangsu Provincial Transportation Engineering Group Co. Limited
KBJNL	Karnataka Bhagya Jala Nigam
km.	Kilometers
KNNL	Karnataka Neeravani Nigam Limited
KS	K.S. & Company
kVA	Kilo Volt Ampere
Mha / M.Ha	Million Hectares
MKVDC	Maharashtra Krishna Valley Development Corporation
MOU	Memorandum of Understanding
MoR	Ministry of Railways
MT	Metric tonne
MVR	M. Venkata Rao Infra Projects Private Limited
NBCCCL	National Building Construction Corporation Limited
NH	National Highway
NHAI	National Highways Authority of India

Term	Description
NHDP	National Highways Development Programme
O&M	Operations and Maintenance
ORDER BOOK	Anticipated revenues from the uncompleted portions of existing contracts at a certain date
OMT	Operate, Maintain and Transfer
PMGSY	Pradhan Mantri Gramya Sadak Yojna
PPP	Public Private Partnership
PPPAC	Public Private Partnership Appraisal Committee
PSU	Public Sector Undertaking
PVRPL	PVR Projects Limited
PWDs	Public Work Departments
R&B	Road and Building
RFQ	Request For Qualification
RITES	Rail India Technical and Economic Services Limited
ROB	Road Over Bridge
ROBs	Road over bridges or railways over bridges, as the context may refer to, in respect of the roads
RoW	Right of way along roads
RRRWB	Repair, Renovation and Restoration of Water Bodies
SH	State Highway
SPWD	State Public Works Development
Sq. ft.	Square foot
Sq. mt.	Square meter
UIP	Ultimate Irrigation Potential
VNR	VNR Infrastructures Limited formerly V. Narayana Reddy
WP	Writ Petition
WRD	Government of Madhya Pradesh
XI th Plan	Eleventh Five Year Plan

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in sections titled “Main Provisions of the Articles of Association”, “Statement of Tax Benefits” and “Financial Statements” beginning on pages 248, 67 and 148, respectively, have the meanings given to such terms in these respective sections.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our Company's restated financial statements, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance the SEBI (ICDR) Regulations, 2009, as stated in the report of our Statutory Auditor beginning on page 148 of this Draft Red Herring Prospectus.

Our financial year commences on April 01 and ends on March 31 the following year.

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

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

Currency of Presentation

All references to "Rupees" or "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. ₹1 lac / lakh means ₹1,00,000 and ₹1 Crore means ₹1,00,00,000. All references to "US\$", "USD" or United States Dollars are to the official currency of the United States of America.

Industry and Market Data

Industry and Market data used throughout this Draft Red Herring Prospectus has been obtained from various government and industry publications and CRISIL Research's Indian Infrastructure Report. 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 our Company believes that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our Company’s expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “project”, “should” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, the statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Implementation risk involved in our Projects;
- Order Book not being representative of our future results;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Our inability to manage growth;
- Our ability to respond to competitive pressures;
- Increase in cost or non-availability of equipment, materials or fuel;
- Fluctuations in operating costs;
- Engagement of sub-contractors or other agencies in the course of execution of our road and railway projects;
- Dependence on joint ventures to qualify for the bidding process;
- Seasonality and weather conditions;
- General economic and political conditions in India and which have an impact on our business activities;
- Statutory taxes and other levies, which may affect our margin in the event of our inability to factor such expenses in our bids or contract price;
- Any adverse outcome in the legal proceedings / arbitrations in which our Company is involved.

For further discussion on factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page 13 and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 171 of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors nor the BRLMs, nor members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs 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 for the Equity Shares allotted pursuant to the Issue.

SECTION II – RISK FACTORS

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. To obtain a complete understanding of our business, you should read this section in conjunction with "Our Business" beginning on page 94 and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 171 of this Draft Red Herring Prospectus. Any of the following risks as well as other risks and uncertainties discussed in this Draft Red Herring Prospectus could have a material adverse impact on our business, financial condition and results of our operation and could cause the trading price of our Equity Shares to decline which could result in the loss of all or part of your investment.

This Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section.

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining their materiality:

- A. Some events may not be material individually but may be found material collectively.*
- B. Some events may have a material impact qualitatively instead of quantitatively.*
- C. Some events may not be material at present but may have material impacts in the future.*

INTERNAL RISK FACTORS

- 1. Our Company is involved in certain legal proceedings, the outcome of which could adversely affect our business operations and financial conditions.**

Our Company is involved in certain legal proceedings and claims in relation to certain civil, statutory, labour matters and arbitration proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business and results of operations.

Summary of litigations are given below:

Particulars	No of cases / disputes	Amount involved where quantifiable (₹ in lakhs)
LITIGATION AGAINST AND BY OUR COMPANY		
Litigation against our Company		
Civil proceedings	1	Nil
Statutory proceeding	1	1886.62 plus interest & other penalties
Labour Laws	3	10.37 plus interest
Litigation filed by our Company		
Civil proceedings	2	507.94
Arbitration proceedings	2	618.03

For further details regarding the aforesaid litigations, please refer chapter titled "Outstanding Litigation and Material Developments" beginning on page 183 of this DRHP.

- 2. The premises used by our Company as Registered Office is not owned by us, and has been taken on Lease from Sreenivasa Associates (Project Works) Limited, an entity promoted by one of our Promoters, Mr. Adala**

Prabhakara Reddy.

The Registered Office of our Company in Hyderabad has been taken on lease basis from Sreenivasa Associates (Project Works) Limited (the “**Lessor**”), an entity promoted by one of our Promoters, Mr. Adala Prabhakara Reddy in consideration thereof refundable security deposit aggregating to ₹20.70 lakhs *vide* a leave and license agreement dated June 01, 2009, (the “**Agreement**”). The current agreement is valid for three years from June 01, 2009 till May 31, 2012. The aforesaid agreement may be terminated prior to its validity period. There can be no assurance that the agreement would be renewed upon expiry or termination or on terms and conditions commercially acceptable to us. Upon termination of the lease, we will have to vacate the premises and move to alternative premises which may not be available or which may be available at a substantially higher cost outlay and could also temporarily disturb our activities. Further the said lease has not been registered with the authorities, as required under the Registration Act, 1908 nor been adequately stamped under applicable stamp laws. In case of dispute the agreement may not be legally admissible as evidence till the deficiency is rectified by our Company by payment of requisite fees, stamp duty and penalty, if any as may be decided by the competent authorities.

For details regarding the terms and conditions of this agreement, please refer chapter titled “*Our Business*” beginning on page 94 of this Draft Red Herring Prospectus.

3. Our current Order Book represents only the estimated revenue from the projects awarded to us which may be cancelled due to various factors and which could materially impact our cash flow position and revenues.

As on February 28, 2011 our Company has Order Book of ₹1,41,619.88 lakhs. Our order Book represents projects that are considered firm, but cancellations or adjustments with respect to the scope or schedule may occur. Any delays due to factors beyond our control or the control of our clients, reduction in scope, revision of schedule, cancellation, execution difficulty, postponement of payment or payment default with regard to Order Book projects or any other uncompleted projects, or disputes with clients in respect of any of the foregoing, or failures of our clients to obtain necessary permits, authorizations, permissions, right-of-way, delays or failure to receive performance bonds and other types of difficulties or obstructions may postpone a project or result in its cancellation could materially impact our Order Book and/or cash flow position, revenues and earnings.

4. Any increase in or occurrence of our contingent liabilities not provided for may adversely affect our financial condition.

Contingent liabilities not provided for as on November 30, 2010, are as under –

		(₹ in lakhs)
Sr. No.	Particulars	As at
		30-11-2010
1.	The outstanding contingent liabilities on account of guarantees given by the banks	15,077.86
2.	Claims against the Company not acknowledged as debts:-	
	Service Tax Liability that may arise in respect of matters in appeal (which in turn recoverable from the contractee as per the terms of contract)	628.87
	Others	9.50
3.	Corporate Guarantee given by the Company on behalf of Associate Concerns	1,300.00
	Total	17,016.23

Any increase in our contingent liabilities or occurrence of these liabilities may materially and adversely affect our financial position, results of operations and cash flows. For further details please refer to section titled “Financial Statements” beginning on page 148 of this Draft Red Herring Prospectus.

5. Our Company may not be able to procure contracts due to the competitive bidding process prevailing in the infrastructure industry. Any failure to compete effectively could have a material adverse effect on our business, financial conditions and results of operations.

Most of tenders in infrastructure industry are awarded pursuant to a competitive bidding process. The notice inviting bids may either involve pre-qualification, or shortlisting of contractors, or a post qualification process. In a pre-

qualification or shortlisting process, the client stipulates technical and financial eligibility criteria to be met by the potential applicants. Pre-qualification applications generally require us to submit details about our organizational set-up, experience, technical ability and performance, reputation for quality, safety record, bidding capacity and size of previous contracts in similar projects, 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 our Company is involved, although the price competitiveness of the bid is usually the primary selection criterion. Our Company may not be entitled to participate in projects where we are unable to meet the selection criteria specified by the relevant client or company. Further our Company may not be able to procure a contract even if we are technically qualified owing to price competitiveness in comparison to other bidders. Any failure to compete effectively could have a material adverse effect on our business, financial conditions and results of operations.

6. ***Our Company may be exposed to several risks, including penalties, which are inherent to projects undertaken through joint ventures. In the event of any dispute with them, it could adversely affect our business and results of operations.***

In order to meet the pre-qualification requirements for certain projects, which require higher capital adequacy or technical expertise, our Company has to enter into joint ventures with third parties. On account of the complexity of the joint venture agreements executed by our Company, it is very difficult to ascertain and quantify the liabilities of our Company in case of default or breach of obligations by the other joint venture partners. In terms of such joint venture agreements, the liability of joint venture partners is joint and several and in the event that a joint venture partner fails to discharge its contractual obligations, our Company may, together with such joint venture partner, be liable to pay any penalties which may be levied by the clients for whom the projects are being executed. Though our Company has entered into joint ventures with third parties based on their track record and position in the market, the aforesaid risks are inherent to the projects undertaken by means of a joint venture.

7. ***The Company faces margin pressure as a significant number of its infrastructure-related contracts and projects are awarded by the Government of India and state governments through competitive bidding processes. As a result, the Company's business, financial condition and results of operations may be adversely affected.***

Most infrastructure-related contracts and infrastructure development 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. The Company also faces competition from companies who may operate on a larger scale than it and so may be able to achieve better economies of scale. Further, the Company's margins are susceptible to decline as contracts in the sectors that it operates in are awarded by government entities to the lowest bidder, causing the Company to accept lower margins in order to be awarded the contract. As a result, the Company's business, financial condition and results of operations may be adversely affected.

8. ***Our business has high working capital requirements. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, there may be an adverse effect on the results of our operations.***

Our business requires a substantial amount of working capital to finance the purchase of materials and execution of construction and other work on projects before payment is received from clients. In certain cases, we are contractually obligated to our clients to fund working capital on our projects. Our working capital requirements may increase if, in certain contracts, payment terms do not provide for advance payments to us or if the payment terms and schedules are less favourable to us. Our Company may need to borrow additional funds in the future to fulfil our working capital needs. Non availability such working capital or higher costs on such additional funds may have an adverse effect on our financial condition and the results of our operations.

9. ***Increase in cost or non-availability of equipment, materials, labour or fuel may adversely affect our results of operations.***

Work expenditure constitutes approximately 92% part of our contract revenues for the eight months period ended November 30, 2010 and approximately 91% for the fiscal ended March 31, 2010. Our infrastructure projects require

various construction materials including stone aggregate, fuel, steel, cement and bitumen. In addition, we are also required to procure various equipment including crushers, mechanical equipment, machinery, excavators, loaders, dumpers, tippers etc. Fuel costs for our operations and other equipment also constitute a substantial part of our operating expenses. Unanticipated increases in the cost of hiring / procuring equipment, materials or fuel not taken into account in our bid or our inability to procure the requisite equipment, materials or fuel on time may adversely affect the results of our operations.

10. The conditions and restrictions imposed by our lenders could restrict our ability to expand our business and operations.

As on November 30, 2010 our Company has availed an aggregate of ₹7059.83 lakhs as secured loans from various banks and NBFCs to meet our working capital and long term capital requirements. Our working capital loans are secured by first charge on the current assets both present and future. In case our Company is not able to repay the loans, interest thereon and other dues in time, the same could have an adverse impact on our operations. In addition to the above, our financing arrangements also include restrictive conditions and negative covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions. Though we have received approvals from all our lenders for this Issue, the same may not be available for the aforesaid activities in future. Any delay or non receipt of such approvals/consents could adversely affect our Company's ability to implement management decisions with regard to our business.

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

Certain contracts provide that our Company shall be liable for any loss due to delay in commencement or execution of the work, even if such delays are on account of procuring construction material and fuel. The client may not extend the time period for completion except in case of temporary suspension of works ordered by it. Certain contracts also permit our clients to foreclose the contracts at any time due to reduction or abandonment of work and leave us with no recourse in the event of such abandonment. Certain contracts provide that we are required to complete the work as per schedule even if payments due to us have not been made. In the event of non-completion of work on schedule or defects in our work or damage to the construction due to factors beyond our control, our Company may incur significant contractual liabilities and losses under our contracts and such losses may materially and adversely affect our financial performance and results of operations.

12. Our Company may not be able to sustain the growth rate as experienced in the past few years which may affect the revenue and profitability of our Company in future.

In the Financial Year 2010, our total income was ₹29645.15 lakhs and our Company earned net profit of ₹1517.62 lakhs. Our total income has grown at a CAGR of 32.22% for the period 2006 to 2010 and our profit after tax has grown at a CAGR of 27.15% over the same period. Our Company may not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future.

13. Our operations are dependent on Government and Government agencies to a large extent and any change in Government and Government related policies or regulations may affect our business and financial performance. Political or financial pressure may also cause a decrease in government spending on public sector projects which could adversely affect our growth.

Our Company derives 96% of its total income from contracts awarded by the Central & State government bodies / agencies and may continue to do so. It is possible that in certain cases implementation of budgetary allocation (including external funding) may get delayed and consequently our Company may not receive payments against running account bills in a timely manner. Our operations involve substantial working capital requirements and delayed collection of receivables could adversely affect our liquidity and results of operations. Hence change in Government or changes in any Government policies impacting the public at large or changes in external budgetary allocation or delay in payment schedule due to insufficiency of funds with the Government, may adversely affect our operations.

14. Our growth strategy to expand into new geographic areas and new business segments poses risks associated with exposure to that geography and business segment

Our operations are currently geographically concentrated in the States of Andhra Pradesh, Maharashtra, Madhya Pradesh, Bihar, Assam, Tripura, Karnataka, West Bengal and Tamil Nadu. Our business is therefore significantly dependent on the general economic condition and activity in these States, and the central, state and local government policies relating to infrastructure projects. Although investment in the infrastructure sector in the areas in which we operate has been encouraged, there can be no assurance that this will continue. Our business activities are primarily in the areas of irrigation projects and rail projects. Our business strategy is to expand into other geographical regions and new business segments. In the course of any such diversification, we may face competition and our performance may suffer as a result of strong presence of our competitors in that zone. Increasing competition could have an adverse impact on our profit margins.

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

Our operations subject our workforce to hazards inherent in constructing roads, bridges and railway work such as risk of equipment failure, impact from falling objects, collision, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. The insurance coverage that we maintain may not be adequate to cover the normal risks associated with our business operations. To the extent of any loss or damage that is not covered by insurance per se or which exceeds insurance coverage in force and available to our Company, our results of operations or cash flows may be affected.

16. Our Company faces competition in business from Indian and international infrastructure companies. Any failure to compete effectively could have a material adverse effect on our business, financial conditions and results of operations

Our Company operate in a competitive environment. While service quality, technical capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor in most tender awards. Our industry has been frequently subject to intense price competition. There are number of competitors who have achieved greater market penetration and have greater financial and other resources at their disposal vis-à-vis our Company. As a result, we may need to accept contracts with lower margins in order for us to compete with such competitors. If we are unable to compete successfully in such markets, our profits could be reduced. There can be no assurance that we can continue to effectively perform vis-a-vis our competitors in the future, and our failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

17. Our success depends largely upon the services of our key managerial personnel and our ability to attract and retain them.

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our senior management, our Directors and other key personnel, including skilled project management personnel. A significant number of our employees are skilled engineers and we face strong competition to recruit and retain skilled and professionally qualified staff. Due to the limited pool of available skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our Directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

18. Our Promoters and Promoter group will continue to retain significant control of our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.

After this Issue, our Promoters together with our Promoter Group will beneficially hold approximately [●] % of our post-Issue Equity Share Capital. As a result thereof, our Promoters and Promoter Group will have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. They will also be in a position to influence the result of any shareholders' action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a

change in control. For further details, please refer to the section “Capital Structure” beginning on page 48 of this Draft Red Herring Prospectus.

19. Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

The amount of our future dividend payments on the Equity Shares of our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that sufficient profits or distributable funds would be available for declaration of dividends.

20. An inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business:

While our Company has endeavoured to obtain or apply for all applicable governmental, statutory and regulatory permits, licenses and approvals, including renewals thereof, to operate its business, certain governmental or statutory approvals and/or licenses may have expired or applications for the same (or renewals thereof) are still pending before the concerned authorities. In future, our Company will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals in order to carry on current business operations and for any proposed new operations. While we believe that we will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue or renew any of such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of our business operations and may have a material adverse effect on our project completion schedule, results of operations and financial conditions. For further details, please refer the section titled “Government and Other Approvals” beginning on page 191 of this Draft Red Herring Prospectus.

21. Our work force may unionize in the future. Further, our Company hires its labour requirements on contract basis through third party contractors. Contract labour being supplied to us by third parties, there is no assurance that the same would be available in accordance with our requirements.

As on date, our employees are not represented by any labour union. However, our employees may unionize in the future. While we consider our current labour relations to be satisfactory, there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages, or increase wage demands by our employees or other problems with work force which may adversely affect our business or operations. In that case, there may be restrictions on the flexibility of our labour policies. Further, we have used contract labour to meet our labour requirements in the past. There is no assurance that the same would be available to us in accordance with our requirements and cost estimates in the future, and non-availability of requisite contract labour or increased costs may adversely affect our business, results of operations and financial condition.

22. Any mishaps or accidents at our project sites could lead to damage, work stoppage and accident claims

Any mishap or accident at any of our project site could result eventually in damages, which may result in our Company suffering a loss. Our Company could suffer a delay in execution of project, receive adverse publicity and could be forced to invest valuable resources in defending such damages, both in terms of time and money. Although there have been no accidents involving our Company in the past, there is no assurance that there would not be mishaps or accidents in the future. Furthermore, there is no assurance that issues arising from such accidents, such as compensation and liability, will be amicably settled without leaving any adverse impact in the form of litigation or regulatory action being taken against us.

23. Our Company has entered into and may continue to enter into related party transactions.

Our Company has entered into related party transactions with Entities Promoted by our Promoters and other persons/entities who are “related parties” in terms of the relevant Accounting Standard. While, we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition. For details, please refer to the Annexure XII titled “Statement of Related Party Disclosures” in the chapter titled “Financial Statements” beginning on page 148 of the Draft Red Herring Prospectus.

24. *Our projects under development are subject to construction, financing and operational risks.*

The development of our new projects involves various risks, including, among others, land acquisition risk, regulatory risk, construction risk, financing risk and the risk that these projects may ultimately prove to be unprofitable. Entering into any new projects may pose significant challenges to our management, administrative, financial and operational resources.

Our Company cannot provide any assurance that we will succeed in any new projects we invest in or that we will recover our investments. Any failure in the development, financing or operation of any of our material new projects, though not quantifiable monetarily, is likely to materially and adversely affect our business, prospects, financial condition and results of operations.

Our Company may be adversely affected if the completion of the projects under construction or development is delayed due to:

- the contractors hired by us may not be able to complete the construction of the project on time, within budget or to the specifications and standards they have set out in the contracts with them;
- failure to obtain necessary government approvals in time or at all;
- delays in completion and commercial operation could increase the financing costs associated with the construction and cause the forecasted budget to be exceeded;
- our Company may not be able to obtain adequate working capital or other financing to complete construction of and to commence operations of the project; and
- our Company may not be able to recover the amounts we have invested in the projects if the assumptions contained in the feasibility studies for these projects do not materialize.

Any of the foregoing factors could materially and adversely affect our business, financial condition, cash flows, profitability and reputation.

25. *The information we have provided in relation to our “projects under execution” is not representative of our future results and do not provide indications in relation to cancellations or scope adjustments that may occur to some of such projects.*

The information we have provided in relation to our “projects under execution” is not representative of our future results. Additionally these projects are subject to execution risks as mentioned in Risk factor 24 above which may affect our business, cash flows and profitability.

26. *Our Company depends on various contractors and their sub-contractors to construct, develop, operate and maintain our projects. Any delay, default or unsatisfactory performance by these third parties could materially and adversely affect our ability to complete, effectively operate or maintain our projects. Any delay in meeting project milestones by our contractors / sub-contractors may increase our financing cost, cause our forecasted budget to exceed and may lead to delayed payments.*

Our Company depends on the availability and skills of third party contractors and their sub-contractors for the development, construction, operation and maintenance of our projects. We do not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. There is no assurance that such contractors will continue to be available at reasonable rates in the areas in which we conduct our operations. We may also be exposed to risks relating to the quality of their services, equipment and supplies. The contractors and sub-contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required for completing construction. Any delays in meeting project milestones by our contractors could increase our financing costs and cause our forecasted budget to exceed, which may in turn result in invocation of clauses relating to payment of liquidated damages or penalties, or may even result in termination of the concession agreements.

As we expand geographically within and outside India, we may have to use sub-contractors with whom we are not familiar, which could increase the risk of cost overruns, construction defects and failures to meet scheduled completion dates. We generally do not receive guarantees or indemnities from our contractors as to timely completion, cost overruns, or additional liabilities. As a result, we assume the risk of delayed or reduced payments, liquidated damages or penalty amounts, or termination of contracts. We also assume liability for defects in connection

with any design or engineering work provided by the contractors. Although we sub-contract our construction work, we may still be liable for accidents on our projects, due to defects in design and quality of construction of our projects, during their construction and operations. Any delay, default or unsatisfactory performance by these third parties could adversely affect our ability to complete our projects in a timely manner or at all. Any of the foregoing factors, though not quantifiable monetarily, could have a material adverse effect on our business, financial condition, reputation and results of operations.

27. *Our business is subject to seasonal and other fluctuations that may affect our cash flows and business operations.*

Our business and operations are affected by seasonal factors, which may require the evacuation of personnel, suspension or curtailment of operations, resulting in damage to construction sites or delays in the delivery of materials. In particular, the monsoon season in the second quarter of each Fiscal Year may restrict our ability to carry on activities related to our projects and fully utilize our resources. This may result in delays to our contract schedules and reduce our productivity. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses but our project related activities may be delayed or reduced. Additionally, traffic volumes witness a decrease during the monsoon. Such fluctuations may adversely affect our cash flows and business operations related to the toll roads operated and managed by us.

28. *Our employee attrition rate may increase to a level where we are not able to sustain our deliverables at a given point of time.*

Our Company believes that we pay competitive compensation package and benefits to our employees. However, given the increasing wage levels and the increased competition for professionally qualified staff in India, there is no assurance that our employee attrition rate will not increase to an unsustainable level or that we will be able to attract, recruit and retain experienced professionals to replace the professionals leaving at that particular point of time. Employee compensation in India is increasing at a fast rate, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our monetary and non-monetary incentives to retain talent.

29. *Our statutory auditors had qualified their examination reports on our Financial Statements for FY 2008.*

Our statutory auditors M/s J.B. Reddy & Co., Chartered Accountants had qualified their examination reports on our Financial Statements for FY 2008. The brief details of the area of qualification is set forth below: -

Financial Year	Qualification
2008	<p>In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required <i>subject to Note No-1(h) regarding the provision for Gratuity liability made by the company which is not based on the actuarial valuation as prescribed under revised Accounting Standard 15</i>, give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;</p> <p>b) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and</p> <p>c) in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.</p>

30. *Our Company had negative cash flows for certain periods. Any negative cash flow in the future could affect our operations and financial conditions*

As per our Restated Financial Statements, our cash flows in the last five years and for the eight months period ended November 30, 2010 are as follows:

(₹ in Lakhs)

Particulars	Year Ended March 31					
	8 months ended 30 November, 2010	2010	2009	2008	2007	2006
Net Cash From/ (used in) Operating activities	384.79	1,011.21	(2,552.08)	634.41	(1,043.71)	793.27
Net Cash From/ (used in) Investing activities	43.16	109.63	(2,360.68)	(520.35)	(229.84)	(1,354.35)
Net Cash From/ (used in) Financing activities	(980.70)	(1,977.04)	4605.24	1,461.23	672.55	1,721.26
Net increase in cash and cash equivalents	(552.75)	(856.19)	(307.52)	1,575.29	(601.00)	1,160.18

Any negative cash flow in the future could affect our operations and financial conditions. For further details, please refer to the section titled “Financial Statements” beginning on page 148 of this Draft Red Herring Prospectus.

31. *Our Company has bid for Build, Operate and Transfer (“BOT”) projects, there are several risks associated with such projects which may have adverse impact on our revenues.*

As part of our strategy, we had bid and also plan to selectively bid for BOT projects in future. In addition, we expect that the overall proportion of projects that are offered on a BOT basis will increase over time due to the government’s increasing reliance on private participation in infrastructure investment. BOT projects offer the potential benefit of higher operating margins, as BOT projects can generally give us greater control over project costs. In addition, they offer the potential benefit of greater-than-anticipated revenues from the users of the constructed facility during the concession period. However, the risks associated with undertaking BOT projects can be substantial, including the risk of incorrect forecasts at the bid stage concerning revenues to be derived from the use of the constructed facility and the risk of extended exposure to fluctuating economic conditions. Reduced profitability or losses from BOT projects that do not perform as forecast could have a material adverse effect on our results of operations. Additionally, growth in BOT infrastructure projects may require increasing private sector participation. Investment by the private sector in such projects is dependent on the potential returns from such projects and is therefore linked to government policies relating to public-private participation and the sharing of risks and returns from such projects. Any changes in government policies that may lead to a reduction in capital investment in the infrastructure sector by the private sector could have a material adverse impact on our business and our results of operations. Revenues in BOT projects accrue to the contractor at a later stage in form of user fees and the toll collected. The collection of the toll amount being uncertain in nature, it may be insufficient to generate enough revenue which shall have a material impact on our business and our results of operations.

32. *Our Company was in violation of Section 383A of the Companies Act, 1956 for the period from March 31, 2005 till February 14, 2007 and December 01, 2009 till April 11, 2010, which may attract penalties under the Companies Act, 1956.*

The Company was in violation of Section 383A of the Companies Act, 1956 for a period from March 31, 2005 till February 14, 2007 as well as December 01, 2009 till April 11, 2010. This non compliance may attract a liability as per the provisions of the Companies Act, 1956. No show cause notice in respect of the above has been received by the Company from the office of Registrar of the Companies till date. Our Company is in process of making an application for compounding of the violation.

33. *One of our Joint Ventures namely, APRCL – CRSSG (JV) has incurred loss for the financial year ended 2010 and 2009.*

One of our Joint Ventures namely APRCL – CRSSG (JV) has incurred loss for the period financial year ended 2010 and 2009. There have been no operations in this company since financial year 2009.

The details of the same are given below:-

(₹ lakhs)		
Particulars	March 31, 2010	March 31, 2009
Profit/(Loss) after tax	(0.25)	(0.36)

For further detail please refer to chapter titled “History and other Corporate Matters” beginning on page 117 of this DRHP.

34. One of our Group Companies, Prabhakar Investments Pvt. Ltd. has incurred loss for the financial year ended 2010, 2009 and 2008.

One of our Group Company namely Prabhakar Investments Pvt. Ltd. (PINPL) has incurred loss for the financial year ended 2010, 2009 and 2008. There have been no operations in PINPL since inception.

The details of the same are given below: -

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Profit/(Loss) after tax	(0.05)	(0.05)	(0.05)

35. One of our promoters, Mr. Adala Prabhakara Reddy is also the promoter of one of our Group Companies, Sreenivasa Associates (Project Works) Limited (SAL), which has objects and business activities similar to that of our Company which may result in conflict of interests due to common pursuits

One of our promoters, Mr. Adala Prabhakara Reddy is also the promoter of one of our Group Companies, Sreenivasa Associates (Project Works) Limited which has objects and business activities similar to that of our Company. Considering the current financial position of SAL it may not be in a position to compete with us in bidding and procuring large contracts. However we cannot assure that in future SAL will not acquire enough financial capabilities to compete with us in large contracts.

Risks Related to the Objects of the Issue:

36. Our Company has not obtained any third party appraisals for the objects of our Issue

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. Our Company may have to revise our management estimates from time to time and consequently our funding requirements may also change.

37. Our Company has not made applications for enhancement of our working capital limits to meet the incremental working capital requirement for our future operations. Any delay or inability to meet our incremental working capital requirement will have a material adverse effect on our results of operations and financial results.

Our total working capital requirement for FY 12 is estimated at ₹23,927.25 Lakhs, of which ₹4034.28 Lakhs would be met through issue proceeds and the remaining would be met through Internal Accruals and borrowings from Banks / Financial Institutions. Borrowings from the Bank / Financial Institution is estimated to the tune of ₹8,500 Lakhs of which our Company has got sanctions of ₹7,500 Lakhs from our Bankers. Our Company has not made applications for enhancement of the additional working capital limits of ₹1,000 Lakhs for our future operations. There is no assurance that the funds for the working capital would be available to us, or would be available on terms and conditions commercially acceptable to us. Any delay or inability to meet our incremental working capital requirements would have a material adverse effect on our results of operations and financial condition.

For details about the Objects of the Issue, please refer to the section titled “Objects of the Issue” beginning on page 58 of this Draft Red Herring Prospectus.

38. Our Company is yet to place orders for the entire Plant & Machinery worth ₹4,198.71 lakhs. Any delay in placing the orders/ or supply of plant and machinery may result in time and cost overruns, and may affect our profitability.

We propose to acquire plant and machinery aggregating ₹ 4,198.71 Lakhs for our proposed projects which is approximately 40.37% of the total cost of project. We are yet to place orders for the entire plant and machinery.

Our Company has received quotations for these machineries. The details of quotations received appear in paragraph titled “Finance the procurement of construction equipment” beginning on page 59 under the Chapter titled “*Objects of the Issue*” beginning on page 58 of the Draft Red Herring Prospectus. The purchase of plant and machinery would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There is no assurance that we would be able to procure these plant & machinery, or procure the same within budgeted costs and timelines. Delays in acquisition of the same could result in the cost and time overrun in the implementation of the Project, which would have a material adverse affect on our business, results of operations and financial condition.

39. *The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled “Objects of the Issue” and is not subject to monitoring by any independent agency.*

The deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee. Further, there is no assurance that the actual costs or schedule of implementation will not vary from the estimated costs or schedule of implementation, and such variance may be on account of one or more factors, some of which may be beyond our control.

B. Risks External to our Company

Certain factors beyond the control of our Company could have a negative impact on our Company's performance, such as:

40. *Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company*

The Government of India 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 the Company's shares, may be affected by changes in Government of India's policies, including policies on taxation. Social, political, economic or other developments in or affecting India could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms including significantly relaxing restrictions on the private sector. The rate of economic liberalisation could change, and specific laws and policies affecting construction projects, foreign investment and other matters affecting investment in our Equity Shares could change as well. The current Government is a coalition of various parties and the withdrawal of support by parties in the coalition could result in general elections being held in the country. In addition, any political instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares. India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, a general or sharp increase in commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards construction, which may, in turn, adversely affect our financial performance and our ability to implement our business strategy.

41. *Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our contract prices.*

Any increase in taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, could increase the cost of production / operating expenses. To the extent our Company is not able to factor such increase in our bid/contract price, such increase in taxes and/or levies or imposition of new taxes and/or levies it may have a material adverse impact on our business, results of operations and financial condition.

42. *You will not be able to immediately sell on an Indian Stock Exchange any of the Equity Shares you purchase in the Issue on the Stock Exchanges.*

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading in such Equity Shares may commence. Investors' book entry, or “demat”, accounts with Depository Participants in India are expected to be credited within nine days of the

Bid/Issue closing date. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within twelve working days of the date of Bid/Issue closing date. There is no assurance you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

43. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems include temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Similar problems could occur in the future and, if they do, they could have an adverse impact on the market price and liquidity of the Equity Shares.

44. If our Company fails to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.

Environmental laws and regulations in India have become increasingly stringent and it is possible that they will become significantly more stringent in the future. If, as a result of non-compliance with any environmental regulations, any of our units or the operations of such units are suspended, we may need to incur costs in complying with regulations, appealing any decision, closing our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue to accrue even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

45. Our Company is subject to risk arising from changes in interest rates and banking policy.

We are dependent on various banks for arranging our working capital requirements, term loans, etc. Accordingly, any change in the existing banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

46. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than the wage costs in the developed countries for comparably skilled professionals in the industry, 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. This could impact our performance, profit margins and may have a material adverse effect on our business.

47. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, may increase our costs and negatively affect our stock price. These geopolitical social and economic conditions could result in increased volatility in the Indian and worldwide financial markets and economy, and such volatility could constrain our ability to do business, may increase our costs and negatively affect our stock price.

48. The price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

The price of our Equity Shares on the Indian Stock Exchange may fluctuate as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors;
- Adverse media reports, if any, relating to our Company;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and

- Significant development in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for our Company's Equity Shares will develop or be sustained after this Issue or the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

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

The Book Building Process will determine the Issue Price of our Equity Shares. This price will be based on numerous factors (discussed in the section "Basis for Issue Price" beginning on page 65 of this Draft Red Herring Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There is no assurance that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our Equity Share price are:

- Quarterly and other periodical variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

Notes to Risk Factors:

1. Public Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share), aggregating ₹10,400.00 lakhs. The Face Value of the Equity Shares is ₹10/- and the Issue Price is [●] times the Face Value. The Issue will constitute [●] %, of the post -Issue paid-up Equity Share capital of our Company.
2. The Net worth of our Company as on March 31, 2010 and for the eight months period ended November 30, 2010 is ₹6379.85 lakhs and ₹7262.45 lakhs respectively as per the certificate dated March 01, 2011 issued by our Statutory Auditor.
3. The average cost of acquisition of Equity Shares by each of our Promoters is as under: -

Name of our Promoters	No. of Shares held	Average Cost per Share (₹)
Mr. Adala Prabhakara Reddy	1,23,75,000	4.44
Mrs. Adala Vindhyavali	18,64,440	4.55
Mr. Pulagam Harikrishna	11,250	4.44

4. The Book Value per Equity Share of our Company as on March 31, 2010 and as on November 30, is ₹34.99 and ₹39.83 respectively, as per the restated financial statement issued by our Statutory Auditor.
5. For details of related party transactions entered into by our Company, please see the section titled "Statement of Related Party Disclosures" appearing as Annexure XII of the section titled "Financial Statements" beginning on page 148 of the Draft Red Herring Prospectus. The following table lists the absolute value of all transactions entered into with our related party entities as per our Restated Standalone Summary Statements for the years ended March 31, 2006, 2007, 2008, 2009 and 2010 and for the eight months period ended November 30, 2010:

(₹ in Lakhs)							
Sr. No	Particulars	As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
1.	Managerial Remuneration	48.00	53.40	34.80	19.40	18.00	12.90
2.	Share of Profit in Joint Ventures	19.14	31.09	24.99	12.22	0.00	0.00
3.	Transactions with Associated	286.35	351.55	1447.31	1485.95	0.00	0.00

Sr. No	Particulars	As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
	Concerns						
4.	Investment made in Joint Ventures and Group Companies	0.09	1.63	2.56	0.08	416.80	0.00
5.	Guarantee given to Group Companies	1300.00	1300.00	0.00	0.00	0.00	0.00
6.	Investment in Shares/Capital in Group Companies & Joint Ventures	91.37	92.13	58.84	33.02	20.05	20.00
7.	Investment in Share Application Money in Group Companies	416.88	416.88	416.88	416.88	416.80	0.00
8.	Rent Deposit given to Group Companies	20.70	20.70	0.00	0.00	0.00	0.00
9.	Receivables (Payables) from/to Associated Concerns	18.15	5.97	203.85	812.44	(11.90)	(53.31)
	TOTAL	2200.68	2273.35	2189.23	2779.99	859.75	(20.41)

6. For details of the interest of the Promoters, our Directors and the Key Managerial Personnel, please refer to the section titled "Our Promoters" and "Our Management" beginning on pages 136 and 125, respectively, of this Draft Red Herring Prospectus.
7. None of our Promoters, Directors or Key Managerial Personnel have any interest in our Company, except as disclosed in the sections titled "Capital Structure", "Our Promoters", "Group Companies" and "Our Management" beginning on pages 48, 136, 140 and 125 respectively, of this Draft Red Herring Prospectus.
8. The Issue is being made under Regulation 26(1) of the SEBI ICDR Regulations through a Book Building Process wherein not more than 50% of the Issue to the Public shall be available for allocation on a proportionate basis to QIBs, out of which 5% (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and remainder of the Net QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Undersubscription, if any, in the Mutual Funds portion will be met by a spill over from the QIB portion and be allotted proportionately to the QIB Bidders. Further not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received at or above the Issue Price.
9. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLMs. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
10. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph titled "Basis of Allotment" beginning on page 239 of this Draft Red Herring Prospectus.
11. Investors may contact the BRLMs, Syndicate Member(s) or Compliance Officer for any complaints / information / clarification pertaining to this Issue.
12. Our Company and the BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

13. Investors are advised to refer the section titled “Basis for Issue Price” beginning on page 65 of this Draft Red Herring Prospectus before making an investment in this Issue.
14. Our Company and the BRLMs will update the Prospectus in accordance with the Companies Act and the SEBI (ICDR) Regulations and our Company and the BRLMs will keep the public informed of any material changes relating to our Company till the listing of our shares on the Stock Exchanges.
15. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.
16. Neither a member of our Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of the Draft Red Herring Prospectus.
17. There has been no change in the name of the Company since incorporation.

SECTION III – INTRODUCTION

SUMMARY OF OUR INDUSTRY

The Indian economy grew at an unprecedented rate of 8.8 per cent per annum between 2003-04 and 2007-08. However, the growth slowed down to 6.7 per cent in 2008-09 as the global financial crisis hit the Indian economy, in the form of contraction in international trade and reversal of investment flows. Since October 2008, the economy has received significant monetary and fiscal stimulus needed to arrest and revive its growth prospects. As a result, the economy posted a growth rate of 7.4 per cent in 2009-10.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Budget 2010 – 11: Thrust on Infrastructure

With 46 per cent of the total plan allocations in the Union Budget earmarked for the infrastructure sector, the Finance Minister indicated that government was poised for infrastructural development of the country. The Finance Minister has provided an allocation of Rs 173,552 crore for infrastructure development in the country.

The government is focusing on developing high quality infrastructure for roads, ports, airports and railways for sustaining economic growth of 8-9 per cent.

- For road infrastructure, government is targeting construction of national highways at the pace of 20 km per day. The total allocation of road transport has increased from Rs 17,520 crore to Rs 19,894 crore in 2010-11.
- The Indian Railways has been provided Rs 16,752 crore in 2010-11 for modernization and expansion of rail network.

(Source: www.indiabudget.nic.in)

IRRIGATION INDUSTRY - OVERVIEW:

Inland Water resources of the country are classified as rivers and canals; reservoirs; tanks & ponds; beels, oxbow lakes, derelict water; and brackish water. Other than rivers and canals, total water bodies cover all area of about 7 M.Ha. Of the rivers and canals, Uttar Pradesh occupies the First place with the total length of rivers and canals as 31.2 thousand km, which is about 17 percent of the total length of rivers and canals in the country. Other states following Uttar Pradesh are Jammu & Kashmir and Madhya Pradesh. Among the remaining forms of the inland water resources, tanks and ponds have maximum area (2.9 M.Ha.) followed by reservoirs (2.1 M.Ha.).

(Source: www.wrmin.nic.in)

Demand

Ultimate irrigation potential which can be created making use of the utilizable surface water resources through major, medium and minor projects would be about 75.9 m ha. Irrigation potential making use of ground water has now been assessed as 64 m ha. Thus the total irrigation potential from surface and ground water sources would be about 139.9 m ha. Besides this, an additional irrigation potential of about 35 m ha can be created by taking up long distance inter basin transfer of water from surplus to deficit basins.

(Source: www.cwc.nic.in – Annual Report, 2008 – 09)

Supply

In spite of being a sector integral to the growth of Indian agriculture, the irrigation sector continues to be plagued by issues such as delays in land acquisition and funding constraints at the state level and the lack of interest shown by state governments in developing this sector. Further, the supply in irrigation had been impacted considerably due to the recent slowdown in economy as it deteriorated state finance and decelerated the pace of funding of irrigation projects. However with the revival in the economy, the funding delays are expected to come down.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009 and Planning Commission)

Key Highlights

- Government Investments: Due to socio-economic benefits, irrigation has been the key focus area for many state governments. Further, as irrigation investments are completely government driven, the risks of cancellation of projects is also low.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

- After commencement of AIBP, 109 major/medium projects and 6,584 Surface MI Schemes have been reported to be completed so far. An additional irrigation potential of 5.44 million hectare has been created through major/medium irrigation projects and an irrigation potential of 0.45 million hectare has been created through Surface Minor Irrigation Schemes up to March 2009.

(Source: Indian Portal: www.india.gov.in)

ROAD INDUSTRY – OVERVIEW

India has one of the largest road networks of 33 lakh kms consisting of:

Road	Length (In km.)
Expressway	200
National Highways	70,548
State Highways	1,28,000
Major District Roads	4,70,000
Rural and Other Roads	26,50,000

- India has the second largest road network in the world.
- About 65% of freight and 80% passenger traffic is carried by the roads.
- National Highways constitute only about 2% of the road network but carry about 40% of the total road traffic.
- Number of vehicles has been growing at an average pace of 10.16% per annum over the last five years.

(Source: www.nhai.org)

Demand

Roads are the most preferred mode of transport for both freight and passengers. Preference for road transport for freight movement is primarily on account of large capacity expansions carried out by fleet operators, flexibility and door-to-door movement. In addition, roads act as a primary means for last mile travel. Further, capacity constraints in road transport are not acute as it is in railways. Also, the presence of multiple players ensures better scalability in capacity when required.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Supply

CRISIL Research expects to see around 18,000 km (that is, 8 km per day) of roads in various phases of NHDP to be developed at an estimated cost of around Rs 1,888 billion over the next 5 years from 2009-10 to 2013-14. The government's focus on developing the roads sector and reduction in ambiguity in its policies is expected to aid future investments in roads.

Around 14,000 km still remain to be awarded in Phase III and Phase V. Most of the projects in these phases are expected to be awarded on BOT basis. After a lull seen in awarding projects in the last 2 years due to policy issues coupled with the economic slowdown, CRISIL Research believes in favourable changes in government policies and attractive returns in the sector would increase the private sector's participation and thus result in faster execution of road projects.

Based on the past and current trend of awarding projects and the implementation schedule, CRISIL Research believes that the ongoing projects under Phases I, II, III and V will be completed to a substantial extent (over 90 per cent) by 2016-17.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Key Highlights

The government has announced several incentives to attract private sector participation. These include:

- The Indian government has launched the ambitious National Highway Development Programme (NHDP) involving a total investment of US\$ 50 billion up to 2012.
- The government has also started the Bharat Nirman Programme that aims to cover every village having a population of over 1,000 or over 500 in hilly and tribal areas, with all-weather roads.
- Removal of ranking and short listing of bidders for future road projects: As per the Delhi High Court's judgement, the ranking and short listing of the top 5-6 bidders in the Request for Qualification (RFQ) stage has been removed for future road projects. Consequently the cap on bids to be submitted in the Request for Proposal (RFP) has also been removed, which should lead to faster awarding of projects.
- Change in methodology for revision of toll rates: The new tolling policy was introduced in December 2008 with effect from April 1, 2008. The toll revision has been fixed at 3 per cent plus 40 per cent of change in WPI in an effort to help achieve a better balance between tolls charged and returns for developers, which will encourage private player participation.
- According to the Press Information Bureau, in the third week of December 2009, the government approved four-laning 384 km of highways with an investment of US\$ 669.2 million.
- Moreover, in January 2010, the government approved road projects worth US\$ 1.4 billion in five states for upgrading nearly 562 km of four-lane highways into six lanes, according to the Press Information Bureau.
- In the first week of April, the Cabinet Committee on Infrastructure approved highway construction works worth over US\$ 981.4 million in various states including Bihar and Rajasthan, according to the Press Information Bureau.
- The Tamil Nadu government has allocated US\$ 2.25 billion for a project envisaging laying of roads of international standard in 11 cities.
- The World Bank has agreed to provide a US\$ 3 billion loan for developing national highways. The World Bank assistance will be utilised for converting 6,372 km of one-lane highways to two-lane, out of the total of 19,702 km of single lane highways in the country.

(Source : www.pib.nic.in)

RAILWAYS INDUSTRY – OVERVIEW

The US\$ 18 billion Indian Railways industry has one of the largest developed networks in the world.

- Largest rail network in Asia
- World's second largest rail network under single management.
- It runs through the country covering 63,140 route km, carrying 20 million passengers a day on about 18,000 trains.
- It is one of the few mixed traffic systems in the world, carrying both passengers and freight that generates a cash surplus.

(Source: www.indianrailways.gov.in)

Demand

Railways is working on more than 100 per cent capacity utilisation, highlighting the need to augment its freight-carrying capacity for handling increase in volume of traffic in the coming years. Given the strained capacity utilisation, Indian Railways needs to step up its investments. The railway working committee has proposed an investment of Rs 2,510 billion in various projects over the Eleventh Plan period (2007-08 to 2011-12); close to three times the Tenth Plan outlay.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Supply

The route network of Indian Railways has expanded very slowly in the past having added nearly 10,000 kms over 62 years.

(Source: Railways Vision 2020 Document, Ministry of Railways)

In order to surmount strain in capacity utilisation, it is necessary to augment the freight-carrying capacity of railways for handling increase in traffic volume in the coming years. Considering the overwrought capacity utilisation, it is essential to step up investment by Indian railways.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

While doubling of lines, gauge conversions, electrification and many other positive things did happen during the last six decades, the overall expansion of the Indian Railways to areas it did not serve earlier has been unacceptably slow. To realize this potential, the Indian Railways must achieve annual growth of 10% over the next 10 years by developing a sharper commercial focus with a strong social commitment.

(Source: Railways Vision 2020 Document, Ministry of Railways)

Key Highlights

- 25,000 km of rail lines to be completed by 2020
- Rs 1302 crores to improve passenger amenities;
- 1021 Km of New Lines to be completed, 9 new line projects announced;
- Electrification of 1000 km by 2011
- 94 stations to be upgraded to Adarsh Stations
- Special Task Force to clear investment proposals within 100 days
- Multi-level parking complexes through PPP route
- Plan for high-speed rail corridor by National High Speed Rail Authority
- Master plan for development of rail infrastructure the Northeast region
- Setting up of dedicated freight and passenger corridors

(Source: www.pib.nic.in)

FUTURE OUTLOOK ON INFRASTRUCTURE:

Taking in to consideration both new and latent demand, CRISIL Research estimates infrastructure expenditure to nearly double to Rs 32 trillion (\$700 billion) over 2009-10 to 2013-14 period. CRISIL Research believes that even if new demand for infrastructure across sectors is ignored, bridging the latent demand itself presents a huge investment opportunity.

In the past few years, the government has taken initiatives to bridge the gap in infrastructure by encouraging private participation in a number of sectors. However, the gap is very huge and demand is growing at a faster pace. Therefore, in order to realize the potential economic growth rate in the long term, investments would need to grow at a much faster pace.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Infrastructure sector received an impetus in the Government's policy package, which includes measures such as permission to India Infrastructure Financing Company (IIFCL) for raising tax free bonds, removal of interest ceiling on external commercial borrowings (ECB), enhancing of cap on FII investment in corporate debt market, easy refinancing from the Reserve Bank and creation of Special Purpose Vehicle (SPV) to lend to non-bank finance companies.

With a view to enhancing the competitiveness of the domestic industry by providing quality infrastructure through public-private partnership (PPP) in select functional clusters/locations which have the potential to become globally competitive, the Government of India has recast the Industrial Infrastructure Upgradation Scheme (IIUS). The salient features of this scheme include creation of quality infrastructure in existing industrial clusters/locations with high growth potential requiring strategic interventions in providing common facilities for transport, road, power supply, effluent treatment and solid waste disposal, information and communication technology (ICT) and such other physical infrastructures.

(Source: www.rbi.org.in)

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

Our Company is into infrastructure business focusing on undertaking projects in Irrigation, Railway and Industrial segment. We have over 25 years of experience in infrastructure activities. We started as a partnership concern under the name of M/s A. Prabhakar Reddy & Co. in the year 1983 which was converted into a Public Limited Company in the year 2004. We commenced operations by undertaking civil construction works. Having gained experience we diversified in executing projects in Irrigation sector. As a growth strategy, we ventured into executing projects in Railways & Industrial segment. Our Company has been credited with ISO 9001:2008 Quality Management System by BSI for “Administrative and support functions for construction of civil, structural & engineering projects viz., irrigation dams, canals, bridges, tunnels, roads, infrastructural works, railways and turnkey projects.”

Our portfolio of services is as follows –

Irrigation Projects – Construction of Dams / Barrages / Spillways; Construction of Canals including structures, cement concrete lining & distributory systems and Construction of Tunnels.

Railway Projects – Formation of Railways Embankment; Construction of Structures; Collection and spreading of Ballasts; Erection & Laying of Railway tracks; Construction of Railway platforms & passenger amenities; Construction of Foot-over Bridges; Construction of Buildings (residential & service); Electrification and Signal Works.

Industrial Projects – Site preparation & gradation works; Railway Sidings; Approach Roads; Bridges; Reservoirs & Industrial Structures.

Our Company secures contracts through competitive bidding process either on a standalone basis or through joint venture depending on the project size and pre-qualifications requirements. A bid is normally evaluated on three broad areas viz., past experience; technical aspects and financial requirements. Our order book comprises of work orders received mainly from Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises.

Our Company has expanded both in service and project profile and also customer profile with greater geographical presence. Our operations are spread across the states of Andhra Pradesh, Maharashtra, Madhya Pradesh, Assam, Tripura, Karnataka, West Bengal, Tamil Nadu and Bihar.

Our Competitive Strengths

- Strong Execution capabilities;
- Professional & Experienced Management team and qualified employee base;
- Investment into critical construction equipment;
- Presence across various States of India;
- Diverse Order Book;
- Continuous growth in our bid capacity & pre – qualification capability;
- Formation of Joint Ventures with International and Indian players to jointly bid & execute projects;

Business Strategy

- Expand our business by bidding for higher value projects
- Creation of Revenue Generating asset base
- Having a pan-India presence by bidding & procuring projects funded by Central & State governments as well as other recognized institutions
- Diversify our business activities into other Infrastructure segments

Our major clientele under different segments are as follows –

Irrigation - Irrigation & CAD Department, Government of Andhra Pradesh; Tapi Irrigation Development Corporation; Vidharbha Irrigation Development Corporation; Maharashtra Krishna Valley Development Corporation (MKVDC); Karnataka Bhagya Jala Nigam (KBJNL); Karnataka Neeravani Nigam Ltd. (KNNL); Godavari Marathwada Irrigation Development Corporation (GMIDC); Water Resources Department, Government of Madhya Pradesh (WRD) & Narmada Valley Development Corporation.

Railways – Rail Vikas Nigam Limited

Industrial - NHPC; NTPC; SAIL; National Building Construction Corporation Ltd. (NBCCL), etc.

Order Book

As on February 28, 2011 our Company has an outstanding order book of ₹1,41,619.88 lakhs. A breakdown of the order book is as follows –

(₹ in Lakhs)		
Segment	Order Amount	Percentage
Irrigation Projects	1,20,573.02	85.14%
Railway Projects	17,786.54	12.56%
Industrial Projects	3,260.32	2.30%
TOTAL	1,41,619.88	100.00%

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information extracted from the restated audited summary statements as of and for fiscals 2006, 2007, 2008, 2009 and 2010 and for the period ending November 30, 2010. Financial information have been extracted out of audited financial statements for the respective years prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and the Companies Act, and restated in accordance with the SEBI (ICDR) Regulations.

The restated summary financial information presented below should be read in conjunction with the Restated Summary Statements included in the section "Financial Statements" beginning on page 148 of this Draft Red Herring Prospectus. Please also see the section "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 171 of this Draft Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in lakhs)

Particulars	As at	As at 31 st March				
	30-11-2010	2010	2009	2008	2007	2006
A. Fixed Assets						
Gross Block	6498.27	6450.10	6269.80	3707.43	3054.10	2099.18
Less: Depreciation	2120.85	1726.16	1150.78	681.36	399.15	184.79
Net Block (A)	4377.42	4723.94	5119.02	3026.07	2654.95	1914.39
B. Investments	91.35	92.11	58.83	32.76	20.00	20.00
C. Current Assets, Loans & Advances						
Inventories	6970.69	5775.98	4128.70	2601.83	1265.93	643.19
Receivables	2712.95	3288.13	2178.18	779.22	1120.97	620.11
Cash & Bank Balances	2100.46	2653.21	3509.40	3816.92	2241.63	2842.63
Loans & Advances	4886.87	4723.21	3394.47	1906.59	1427.55	209.60
Total (C)	16670.97	16440.53	13210.75	9104.56	6056.08	4315.53
Total Assets D (A + B + C)	21139.74	21256.58	18388.60	12163.39	8731.03	6249.92
Liabilities & Provisions:						
E. Loan Funds						
Secured Loans	10825.72	10832.07	11514.53	5765.92	3854.48	2883.33
Total E	10825.72	10832.07	11514.53	5765.92	3854.48	2883.33
F. Current Liabilities & Provisions						
Current Liabilities						
- Sundry Creditors	2397.17	3046.62	1318.72	1932.52	1397.79	1319.29
Provisions						
- Provision for tax as restated	470.01	805.50	510.54	542.71	609.25	323.96
- Provision for gratuity & Leave Encashment	39.18	30.84	31.87	18.91	11.29	8.68
Total (F)	2906.36	3882.96	1861.13	2494.14	2018.33	1651.93
G. Deferred Tax Liability	145.21	161.70	150.71	96.88	77.20	50.03
Total H (G + F)	3051.57	4044.66	2011.84	2591.02	2095.53	1701.96
I. Total Liabilities & Provisions (E + H)	13877.29	14876.73	13526.37	8356.94	5950.01	4585.29
Net Worth J [D - I]	7262.45	6379.85	4862.23	3806.45	2781.03	1664.63
Represented by- Shareholders' Funds						
Share Capital	1823.15	1823.15	1823.15	1215.43	1000.00	800.00
Share Application Money	0.00	0.00	0.00	0.00	12.91	12.91
Reserves & surplus - P & L	5439.30	4556.70	3039.08	2591.02	1768.12	851.72
Net Worth	7262.45	6379.85	4862.23	3806.45	2781.03	1664.63

SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(Rs. in lakhs)

Particulars	For the 8 months Period ended	Year ended 31st March				
	30-11-2010	2010	2009	2008	2007	2006
INCOME						
Contracts Revenue	18502.70	27276.40	19057.07	18103.53	13108.77	9599.81
Other income	425.04	721.47	455.81	579.49	851.45	87.18
Increase in Work-in-progress	1194.71	1647.28	1526.87	1335.89	622.74	12.90
Total Income	20122.45	29645.15	21039.75	20018.91	14582.96	9699.89
EXPENDITURE						
Work Expenditure	17064.18	24855.17	17413.48	17410.65	12099.45	8340.67
Staff Cost	195.22	279.46	224.35	139.30	62.60	53.83
Administrative Expenditure	157.89	303.67	178.80	159.91	159.94	64.61
Interest & Finance charges	974.35	1294.57	1143.37	450.16	298.60	209.01
Depreciation	394.69	578.17	469.42	282.21	214.36	123.90
Total Expenditure	18786.33	27311.04	19429.42	18442.23	12834.95	8792.02
Profit before tax	1336.12	2334.11	1610.33	1576.68	1748.01	907.87
Taxation						
Current Tax	470.01	805.50	492.39	527.05	600.79	306.83
FBT etc.,	0.00	0.00	8.32	4.47	3.67	2.58
Deferred tax,	(16.49)	10.99	53.84	19.69	27.15	17.92
Net Profit after tax but before extra-ordinary items	882.60	1517.62	1055.78	1025.47	1116.40	580.54
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after tax and extra- ordinary items	882.60	1517.62	1055.78	1025.47	1116.40	580.54
Balance brought forward from earlier years	4556.70	3039.08	2591.02	1768.12	851.72	271.18
Net profit available for appropriation						
Less: Bonus Shares	0.00	0.00	607.72	202.57	200.00	0.00
Net profit after Adjustments	5439.30	4556.70	3039.08	2591.02	1768.12	851.72

SUMMARY STATEMENTS OF CASH FLOWS, AS RESTATED

(Rs. in lakhs)

Particulars	As at	As at 31st March				
	30-11-2010	2010	2009	2008	2007	2006
A. Cash Flows from operating activities						
Net Profit before tax	1,336.12	2,334.11	1,610.33	1,576.68	1,748.01	907.87
Adjustments for:						
Depreciation	394.69	578.17	469.42	282.21	214.36	123.90
Misc. Exp	-	-	0.00	0.00	0.00	0.00
Loss/profit on sale of fixed assets	-	0.80	-	-	(632.27)	-
Interest income	(83.42)	(288.29)	(202.77)	(133.52)	(92.81)	(80.54)
Investments Written off	20.00	-	-	-	-	-
Lease Rent on Property	(8.00)	(7.42)	-	-	-	-
Share of Profit from Joint Ventures	(19.15)	(31.09)	(24.99)	(12.22)	-	-
Interest expense	974.35	1,294.57	1,143.37	450.16	298.60	209.01
Operating profit before working capital changes	2,614.59	3,880.85	2,995.35	2,163.31	1,535.90	1,160.24
Inventory	(1,194.71)	(1,647.28)	(1,526.87)	(1,335.90)	(622.74)	(12.91)
Trade Receivable	575.18	(1,109.95)	(1,398.96)	341.75	(500.86)	(104.15)
Loans & Advances	(163.66)	(1,328.74)	(1,487.88)	(479.04)	(1,217.95)	(104.45)
Trade Payables	(649.45)	1,727.90	(613.80)	534.73	78.50	(2.25)
Other current liabilities	8.34	(1.03)	12.96	7.62	2.61	8.28
Cash generated from operations	1,190.29	1,521.75	(2,019.20)	1,232.47	(724.54)	944.76
Direct Tax paid	(805.50)	(510.54)	(532.88)	(598.06)	(319.17)	(151.49)
Prior period expenses / incomes		-	-	-	-	-
Net cash generated from operating activities (A)	384.79	1,011.21	(2,552.08)	634.41	(1,043.71)	793.27
B. Cash Flows from investing activities						
Purchase of fixed assets	(48.17)	(188.19)	(2,562.37)	(653.33)	(1,222.65)	(1,434.89)
Sale of Fixed assets		4.30	-	-	900.00	-
Interest received	83.42	288.29	202.77	133.52	92.81	80.54
Investments Written off	(20.00)	-	-	-	-	-
Increase in Investments	0.76	(33.28)	(26.07)	(12.76)	-	-
Lease Rent on Property	8.00	7.42	-	-	-	-
Share of Profit from Joint Ventures	19.15	31.09	24.99	12.22		
Net Cash used in investing activities (B)	43.16	109.63	(2,360.68)	(520.35)	(229.84)	(1,354.35)
C. Cash flow from financing activities						
Increase in share capital	-	-	607.72	215.43	200.00	400.00
Increase in share money deposit	-	-	-	(12.91)	-	-
Decrease in Reserves	-	-	(607.72)	(202.57)	(200.00)	-
Increase / decrease in long-term borrowings	(1544.24)	(1443.04)	3701.01	1,292.29	464.07	966.34
Increase / decrease in short-term borrowings	1537.89	760.58	2047.60	619.15	507.08	563.93
Interest paid	(974.35)	(1,294.58)	(1,143.37)	(450.16)	(298.60)	(209.01)
Net cash from financing activities [C]	(980.70)	(1,977.04)	4,605.24	1,461.23	672.55	1,721.26
Net increase / decrease in cash and cash equivalents (A + B + C)	(552.75)	(856.19)	(307.52)	1,575.29	(601.00)	1,160.18
Opening balance of cash and cash equivalents	2,653.21	3,509.40	3,816.92	2,241.63	2,842.63	1,682.45
Closing balance of cash and cash equivalents	2,100.46	2,653.21	3,509.40	3816.92	2,241.63	2,842.63

THE ISSUE

Equity Shares Offered	
Issue by our Company	[●] Equity Shares
Of which:	
A. Qualified Institutional Buyers Portion*	
<i>Of which</i> Anchor Investor Portion* Net QIB Portion	[●] Equity Shares constituting upto 50% of the Issue. 5% of the Net QIB Portion i.e. [●] Equity Shares shall be available for Allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for allocation under the balance available in the QIB portion.
B. Non-Institutional Portion	[●] Equity Shares constituting not less than 15% of the Issue that will be available for Allocation to Non-Institutional Bidders.
C. Retail Portion	[●] Equity Shares constituting not less than 35% of the Issue that will be available for Allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	1,82,31,480 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Proceeds	Please refer to chapter titled “ <i>Objects of the Issue</i> ” beginning on page 58 of this Draft Red Herring Prospectus for information or use of Issue proceeds.

**Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, see “Issue Procedure” on page 213 of this Draft Red Herring Prospectus.*

Notes:

- 1. Allocation to all categories except Anchor Investor Portion, if any shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price.*
- 2. In case of under-subscription in the Issue, spillover to the extent of under- subscription shall be permitted from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines. In case inadequate demands from the mutual funds, the Equity shares will be made available to the QIBs other than the mutual funds.*

GENERAL INFORMATION

Our Company was originally formed as a partnership firm in the name and style of M/s. A. Prabhakar Reddy & Co. vide partnership deed dated April 28, 1983. The partnership firm was converted into a company on December 03, 2004 under part IX of the Companies Act, 1956 as “APR Constructions Limited”. Our Company has received certificate of Commencement of Business dated December 24, 2004.

Registered Office

APR Constructions Limited

Flat No. 404, 5th Floor,

Bhanu Enclave,

Sundarnagar, Erragadda,

Hyderabad – 500 038

Tel.: 91 40 23813833

Fax: 91 40 23708788

Website: www.aprcl.com

E-mail: company.secretary@aprcl.com

Contact Person: Mr. Prakash Reddy Pentareddy, Company Secretary and Compliance Officer

Corporate Identification Number: U45200AP2004PLC044776

Registration Number: 044776

Address of Registrar of Companies

Registrar of Companies,

Kendriya Sadan,

Koti,

Hyderabad – 500 195

Andhra Pradesh, India.

Our Board of Directors

Name, Designation, Occupation and DIN	Age (Years)	Address
Mr. Hari Vittal Rao Chinthalapati Designation: Chairman & Independent and Non-Executive Director Occupation: Ex-Banker DIN: 00012970	71	Plot No. 24, Phase I, Kamalapuri Colony, Srinagar Colony, Hyderabad - 500073
Mr. Pulagam Harikrishna Designation: Managing Director. Non-Independent and Executive Director Occupation: Service DIN: 01343079	36	H.No. 8-2-888/B/5/A, Road No. 12, Banjara Hills, Hyderabad – 500034
Mrs. Adala Vindhyavali Designation: Non-Independent and Non- Executive Director Occupation: Business DIN:01685062	56	Plot No 14, Road No. 5, Jubilee Hills, Hyderabad- 500034
Mr. Gunapati Murali Krishna Reddy Designation: Wholetime Director Non-Independent and Executive Director Occupation: Business DIN:00020909	48	Flat No G-3, Saikrishna Residency, Plot No. 6/132, Road No 1, Kavuri Hills, Madhapur, Hyderabad- 500034
Dr. Pellakuru Chandra Kiran Reddy Designation: Non-Independent and Non-Executive Director Occupation: Business DIN: 00007952	37	Plot No. 14, Road No. 5, Jubilee Hills, Hyderabad - 500033

Name, Designation, Occupation and DIN	Age (Years)	Address
Mr. Rama Murthy Miduthuri Venkata Designation: Independent and Non-Executive Director Occupation: Retired DIN : 01834347	77	Flat No. 206 Srikar Apts, 12-13-260, ST No.8, Tarnaka, Secunderabad – 500007

For further details of our Chairman, Managing Director, Wholetime Director and other Directors, please see the section titled “Our Management” beginning on page 125 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Prakash Reddy Pentareddy
APR Constructions Limited
Flat No. 404, 5th Floor,
Bhanu Enclave,
Sundarnagar, Erragadda,
Hyderabad – 500 038
Tel: 91 40 23813833
Fax: 91 40 23708788
E-mail: company.secretary@aprcl.com
Website: www.aprcl.com

Investors can contact the Company Secretary and Compliance Officer and the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary accounts and refund orders.

All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Bid-cum-Application Form was submitted.

For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs who shall respond to such complaints.

Book Running Lead Managers

BOB Capital Markets Limited

3rd Floor, South Wing, UTI Tower, Gn Block,
Bandra Kurla Complex, Bandra East,
Mumbai 400051
Tel: 91 22 6138 9300
Fax: 91 22 6671 8535
E-mail: ipo.aprcl@bobcaps.in
Website: www.bobcaps.in
Contact person: Mr. Amit Porwal / Mr. Riddhesh Shah
SEBI Registration No.:- INM 000009926

Karvy Investor Services Limited

“Karvy House”, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034.
Tel: 91 40 2331 2454/ 2342 8774
Fax: 91 40 2337 4714
E-mail: aprclipo@karvy.com
Website: www.karvy.com
Contact person: Mr. M P Naidu/ Ms. Samatha
SEBI Registration No.: INM 000008365

Saffron Capital Advisors Private Limited

A- 102, Everest Grande,
Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093.

Tel: 91 22 4082 0917/0915

Fax: 91 22 4082 0999

E mail: aprcl.ipo@saffronadvisor.com

Website: www.saffronadvisor.com

Contact Person: Mr. Amit Wagle/Mr. Arun Babu

SEBI Registration No.: INM000011211

Syndicate Member(s)

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as an SCSB for the ASBA process and details relating to the Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at <http://www.sebi.gov.in/pmd/scsb.html>.

Registrar to the Issue**Karvy Computershare Pvt. Ltd.**

Plot No. 17 - 24, Vithalrao Nagar, Madhapur,
Hyderabad – 500081.

Toll free No. 1-800-3454001

Tel: 91 40 44655000

Fax: 91 40 2343 1551

Email: apr.ipo@karvy.com

Website: <http://karisma.karvy.com>

Contact Person: Mr. M Murali Krishna

SEBI Registration No.: INR000000221

Bankers to the Issue and Escrow Collection Banks

[●]

Legal Advisor to the Issue**PVR Associates**

H.No.6-3-596/51, Venkataramana Colony,
Road No. 1, Banjara Hills,
Hyderabad 500 004

Tel: 91 40 23327930

Fax: 91 40 23327930

E-mail: pvrassociateslegal@gmail.com

Contact Person: Mr. P Veera Reddy

Statutory Auditor

M/s J.B. Reddy & Co.,
Chartered Accountants
206, 2nd Floor, Srinilaya Estate,
Ameerpet, Hyderabad 500 073
Andhra Pradesh.
Tel: 91 40 23736593
Fax: 91 40 23746253
E-mail: jbreddyco@rediffmail.com
Contact Person: Mr. A. V. Reddy
Membership No.: 23983

Monitoring Agency

There is no requirement for a monitoring agency to be appointed for this Issue in terms of Regulation 16 of the SEBI (ICDR) Regulations.

Appraising Agency

The objects of the issue have not been appraised by any appraising agency.

IPO Grading Agency

Crisil Limited
CRISIL House, Central Avenue,
Hiranandani Business Park, Powai,
Mumbai 400 076
Tel: 91 22 3342 3000
Fax: 91 22 3342 8088
Website: www.crisil.com
Email: sguruprasad@crisil.com
Contact Person: Mr. Suresh Guruprasad

IPO Grading

This Issue has been graded by CRISIL Limited and has been assigned a grade of [●]/5 indicating [●] fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For details in relation to the rationale furnished by CRISIL Limited, see [●] to be included in the Red Herring Prospectus. Attention is drawn to the disclaimer beginning on page [●] of this Draft Red Herring Prospectus.

Bankers to our Company

State Bank of India
MID Corporate Group,
Commercial Branch,
Ashok My Home Chambers,
S. P. Road,
Secunderabad 500 003
Tel: 91 40 27816835
Fax: 91 40 27894520
Website: www.sbi.co.in
Email: hena.k@sbi.co.in
Contact Person: Ms. K. Hena Nalini

Karnataka Bank Limited

Srinagar Colony,
 Road No. 3, Banjara Hills,
 Hyderabad 500 073
Tel: 91 40 23750515
Fax: 91 40 23730324
Website: www.ktkbank.com
E-mail: hyd.banjara.hills@ktkbank.com
Contact Person: Mr. S. Sreedhar

ICICI Bank Limited

6-2-1012, TGV Mansions,
 Opp. Institution of Engineers,
 Khairatabad,
 Hyderabad 500 004
Tel: 91 40 23394064
Fax: 91 40 23321181
Website: www.icicibank.com
Email: khalid.mahmood@icicibank.com
Contact Person: Mr. Khalid Mahmood

Punjab National Bank Limited

Large Corporate Branch,
 8-2-672, Sufi Chambers,
 Road No.1, Banjara Hills,
 Hyderabad 500 034
Tel: 91 40 2330 6688 / 2331 6688
Fax: 91 40 2330 1854
Website: www.pnb.co.in
Email: bo4437@pnb.co.in
Contact Person: Mr. C. V. Rao

Credit Rating

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

Trustees

As the Issue is of equity shares, the appointment of trustee is not required

Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the *inter se* allocation of responsibilities for various activities among BOB Capital Markets Limited, Karvy Investor Services Limited and Saffron Capital Advisors Private Limited as the Book Running Lead Managers for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	BOBCAPS, KISL, SAFFRON	BOBCAPS
2.	Due diligence of the Company's operations / management / business plans / legal etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated	BOBCAPS, KISL, SAFFRON	BOBCAPS

Sr. No.	Activities	Responsibility	Co-ordinator
	requirements and completion of prescribed formalities with Stock Exchange, RoC and SEBI, including finalization of Prospectus and filing the same with the RoC.		
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, corporate films etc	BOBCAPS, KISL, SAFFRON	SAFFRON
4.	Appointment of registrar, bankers and gradingagency to the issue	BOBCAPS, KISL, SAFFRON	BOBCAPS
5.	Appointment of advertising agency, printers and monitoring agency (if required) to the issue	BOBCAPS, KISL, SAFFRON	BOBCAPS
6.	Marketing activities including: <ul style="list-style-type: none"> Finalize media and public relations strategy Preparing Road show presentation and FAQs 	BOBCAPS, KISL, SAFFRON	SAFFRON
7.	Institutional marketing of the Issue, which will cover, inter alia, finalize the list and division of investors for one to one meetings; and finalize road show schedule and investor meeting schedules;	BOBCAPS, KISL, SAFFRON	SAFFRON
8.	Retail / HNI marketing strategy <ul style="list-style-type: none"> Finalise centres for holding conference for brokers, etc.; Finalise media, marketing and public relations strategy; Preparation of publicity budget; Follow – up on distribution of publicity and issue materials including forms, Prospectus and deciding on the quantum of issue materials; and Finalize collection centers 	BOBCAPS, KISL, SAFFRON	KISL
9.	Managing the book, co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading	BOBCAPS, KISL, SAFFRON	BOBCAPS
10.	Finalization of Issue Price in consultation with the Company	BOBCAPS, KISL, SAFFRON	SAFFRON
11.	Post bidding activities including management of Escrow Accounts, co-ordination with registrar and banks, refund to bidders, etc.	BOBCAPS, SAFFRON	SAFFRON
	<p>The post Issue activities of the Issue will involve essential follow up steps, which must include finalization of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the Refund Banker. BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issuer.</p>		

The designated BRLM or BRLMs as the case may be shall be responsible for ensuring that these agencies fulfill their functions and shall enable such agencies to discharge their responsibilities through execution of suitable agreements with our Company.

Book Building Process

Book Building refers to the process of collection of Bids from the investors on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is determined by our Company, in consultation with the BRLMs, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Managers;
- Syndicate Members
- Registrar to this Issue;
- Escrow Collection Bank(s); and
- Self Certified Syndicate Banks

This Issue is being made through the Book Building Process wherein upto 50% of the Issue shall be allocated on a proportionate basis to QIBs. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Attention of all QIBs is specifically drawn to the fact that all QIBs are required to pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form. In accordance with SEBI (ICDR) Regulations, QIBs are not allowed to withdraw their Bid(s) after the Closure of Bidding. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details please see the section titled “Issue Procedure” beginning on page 213 of this Draft Red Herring Prospectus.

Our Company will comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed BRLMs to manage the Issue and to procure the subscriptions to the Issue.

The process of book building under the SEBI (ICDR) Regulations is subject to change from time to time and Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

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

Steps to be taken for bidding:

- 1) Check eligibility for bidding (see the section titled “Issue Procedure” beginning on page 213 of this Draft Red Herring Prospectus).
- 2) Ensure that you have a demat account and the demat account details, the DP ID, Beneficiary Account and PAN details are correctly mentioned in the Bid-cum-Application Form or the ASBA BID-cum-Application Form, as applicable;
- 3) Except for Bids on behalf of the Central and State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act, in the Bid-cum-Application Form and the ASBA BID-cum-Application Form, as applicable;

- 4) 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, as applicable.
- 5) Ensure the correctness of your demographic details (as defined in the "Issue Procedure" beginning on page 213 given in the Bid-cum-Application Form and the ASBA Bid-cum-Application Form, with the details recorded with your Depository Participant;
- 6) Bids by QIBs (including Anchor Investors) shall be submitted only to the BRLMs and /or its affiliates or to the Syndicate Members; and
- 7) ASBA Bidders (including QIB Bidders but excluding Anchor Investors) can submit an ASBA Bid cum Application Form either in physical or electronic form to (a) the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form; or (b) to the members of the Syndicate who shall further submit such ASBA Bid cum Application Form to the SCSBs. ASBA Bidders who are not QIB Bidders can also submit ASBA Bids to Sub- Syndicate Members. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected.

Illustration of book building and price discovery process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹40 to ₹48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. ₹42 in the above example. The issuer, in consultation with the BRLMs will finalize the issue price at or below such cut-off price i.e. at or below ₹42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue after the Bid/ Issue Opening Date but before Allotment, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre- issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed. If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

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

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date but before the allotment of Equity Shares, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) Working Days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight (8) Working Days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Bid/Issue Period

BID/ISSUE OPENS ON [●]**	BID/ISSUE CLOSES FOR QIB BIDDERS ON [●]*
	BID/ISSUE CLOSES FOR NON- QIB BIDDERS ON [●]

** Our Company, in consultation with the BRLMs may consider closing QIB Book a day before the Bid/Issue closing date subject to the Bid/ Issue Period being for a minimum of three Working Days.*

***Our Company may, in consultation with the BRLMs, allocate upto 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid Opening Date.*

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or, in case of bids submitted through ASBA, the designated branches of the SCSBs **except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).** On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹2,00,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only from Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE. Bidders are advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible.

In case of discrepancy in the data between the Stock Exchanges and Designated Branches of SCSBs, the decision of Registrar to the Issue, in consultation with the BRLMs, our Company and the Designated Stock Exchange based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, not later than the timings mentioned above. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, Our Company, the BRLMs and the relevant Syndicate Member will not be responsible. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic ASBA Bid Cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

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 a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Managers and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Our Company, in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two Working Days before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional Working Days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate and to the SCSBs. In the event of any revision in the Price Band the minimum application size shall remain [●] Equity Shares, subject to the Bid Amount payable on such minimum application being in the range of ₹5,000 to ₹7,000.

Underwriting Agreement

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

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

(This portion is intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rupees in lakhs)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation.

The above underwriting is pursuant to the Underwriting Agreement dated [●]. In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with stock exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations laid down in the Underwriting Agreement, will also be required to procure/subscribe to the Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement. If the Syndicate Member(s) fails to fulfil its underwriting obligations as set out in the Underwriting Agreement, the BRLMs shall fulfil the underwriting obligations in accordance with the provisions of the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue. The underwriting agreement shall list out the role and obligations of each Syndicate Member.

CAPITAL STRUCTURE

The Equity Share Capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

SR. NO.	PARTICULARS	AGGREGATE NOMINAL VALUE (₹)	AGGREGATE VALUE AT ISSUE PRICE (₹)
A.	Authorised Share Capital		
	3,00,00,000 Equity Shares of ₹10 each	30,00,00,000	-
B.	Issued, Subscribed and Paid-Up Capital before the Issue		
	1,82,31,480 Equity Shares of ₹10 each	18,23,14,800	-
C.	Present Issue in Terms of this Draft Red Herring Prospectus		
	[●] Equity Shares of ₹10 each	[●]	
	<i>Of which:</i>		
(i)	QIB Portion of upto [●] Equity Shares*	[●]	
(ii)	Non-Institutional portion of not less than [●] Equity Shares	[●]	
(iii)	Retail Portion of not less than [●] Equity Shares	[●]	
D.	Issued, Subscribed and Paid-Up Capital after the Issue		
	[●] Equity Shares of ₹10 each	[●]	[●]
E.	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		Nil
	After the Issue**		[●]

* Allocation to QIBs is proportionate as per the terms of the Draft Red Herring Prospectus. 5% of the Net 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. Out of the QIB Portion, our Company may consider participation by Anchor Investors upto 30% in accordance with the SEBI (ICDR) Regulations at the Anchor Investor Issue Price, out of which at least one third shall be allocated to domestic Mutual Funds.

** The Securities Premium Account after the Issue will be determined after Book Building Process.

Details of Increase in Authorised Equity Share Capital

SR. NO.	PARTICULARS OF INCREASE	DATE OF SHAREHOLDERS' MEETING	AGM / EGM
1	10,00,000 Equity Shares of face value of ₹10 each aggregating to ₹1,00,00,000/-	Incorporation	-
2	Increase from 10,00,000 equity shares of face value of ₹10 each aggregating to ₹1,00,00,000 to 1,00,00,000 equity shares of face value of ₹10 each aggregating to ₹10,00,00,000/-	January 27, 2005	EGM
3	Increase from 1,00,00,000 equity shares of face value of ₹10 each aggregating to ₹10,00,00,000/- to 1,60,00,000 equity shares of face value of ₹10 each aggregating to ₹16,00,00,000/-	December 23, 2006	EGM
4	Increase from 1,60,00,000 equity shares of face value of ₹10 each aggregating to ₹16,00,00,000/- to 2,00,00,000 equity shares of face value of ₹10 each aggregating to ₹20,00,00,000/-	December 06, 2007	EGM
5	Increase from 2,00,00,000 equity shares of face value of ₹10 each aggregating to ₹20,00,00,000/- to 3,00,00,000 equity shares of face value of ₹10 each aggregating to ₹30,00,00,000/-	March 31, 2010	EGM

Notes to capital structure

1. History of equity share capital of our Company

Date of Allotment	No. of Equity Shares allotted	Face Value (₹)	Cumulative no. of shares	Issue Price (₹)	Consideration	Nature of Allotment	Cumulative Paid - up Capital (₹)
On incorporation#	50,000	10	50,000	10	On Conversion of partners' capital into share capital	Subscription to Memorandum	5,00,000
31-Mar-05	39,50,000	10	40,00,000	10	Cash	Preferential allotment ^(a)	4,00,00,000
15-Oct-05	40,00,000	10	80,00,000	10	Cash	Preferential allotment ^(b)	8,00,00,000
28-Dec-06	20,00,000	10	1,00,00,000	-	Capitalisation of free reserves	Bonus Issue (1:4) ^(c)	10,00,00,000
27-Apr-07	1,28,600	10	1,01,28,600	10	Cash	Rights Issue (12.86:1000) ^(d)	10,12,86,000
7-Dec-07	20,25,720	10	1,21,54,320	-	Capitalisation of free reserves	Bonus Issue (1:5) ^(e)	12,15,43,200
9-Mar-09	60,77,160	10	1,82,31,480	-	Capitalisation of free reserves	Bonus Issue (1:2) ^(f)	18,23,14,800

Note: So far our Company has not allotted any equity shares at premium.

- Preferential allotment of 15,00,000 shares to Mr. Adala Prabhakara Reddy, 7,30,000 shares to Mrs. Adala Vindhyavali, 8,00,000 shares each to Ms. P. Hima Bindu & A. Prabhakar Reddy (HUF) and 1,20,000 shares to Ms. P. Bhanu Rekha
- Preferential allotment of 40,00,000 shares to Mr. Adala Prabhakara Reddy
- Pursuant to Extra-ordinary general meeting held on December 23, 2006, our Company has issued 20,00,000 bonus shares at the rate of one fully paid Bonus Equity Shares of ₹10.00 (Rupees Ten) each, for every four existing Equity Shares of ₹10.00 (Rupees Ten) each, out of capitalisation of free reserves.
- Rights Issue of 1,28,600 Equity shares in the ratio of 12.86 equity shares for every 1000 shares held.
- Pursuant to Extra-ordinary general meeting held on December 06, 2007, our Company has issued 20,25,720 bonus shares at the rate of one fully paid Bonus Equity Shares of ₹10 (Rupees Ten) each, for every five existing Equity Shares of ₹10 (Rupees Ten) each, out of capitalisation of free reserves.
- Pursuant to Extra-ordinary general meeting held on March 05, 2009, our Company has issued 60,77,160 bonus shares at the rate of one fully paid Bonus Equity Shares of ₹10 (Rupees Ten) each, for every two existing Equity Shares of ₹10 (Rupees Ten) each, out of capitalisation of free reserves.

Issue of Equity Shares to the partners of the erstwhile partnership firm, A. Prabhakar Reddy & Co., i.e. Mrs. Adala Vindhyavali, Mrs. Pellakuru Bhanu Rekha, Mrs. Pulagam Hima Bindu, Mr. Pulagam Harikrishna, Mr. Gunapati Muralikrishna Reddy, Mrs. Seerapu Jamuna, Dr. Pellakuru Chandra Kiran on account of conversion under Part IX of the Companies Act, 1956 as subscribers' to the MOA.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956. No bonus shares have been issued by capitalizing any revaluation reserve. Our Company has not made any issue of Equity Shares during the preceding one year from the date of this Draft Red Herring Prospectus at a price lower than the Issue Price.

2. Shares issued for consideration other than cash & by way of capitalization of free reserves

Date of Allotment	No. of Equity Shares	Consideration	Reasons of Allotment	Benefits accruing to our Company
28-Dec-06	20,00,000	Capitalisation of free reserves	Bonus Issue(1:4)	Nil
7-Dec-07	20,25,720	Capitalisation of free reserves	Bonus Issue(1:5)	Nil
9-Mar-09	60,77,160	Capitalisation of free reserves	Bonus Issue(1:2)	Nil

3. Our Company does not have an employee stock option or employee stock purchase scheme for our employees as on the date of the Draft Red Herring Prospectus.

4. Our Company presently do not have any proposal or intention to alter our capital structure by way of split or consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or Qualified Institutions Placement within a period of six months from the date of opening of this Issue. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

5. Capital built up of the Promoters is detailed below:

Date of allotment/ Transfer	Number of Equity Shares	Face Value (in ₹)	Issue / transfer price (in ₹)	Consideration (cash, bonus, consideration other than cash)	Mode of Acquisition	% of pre-Issue paid-up capital	% of post-Issue paid-up capital
Mr. Adala Prabhakara Reddy							
31-Mar-05	15,00,000	10	10	Cash	Preferential Allotment	8.23	[●]
15-Oct-05	40,00,000	10	10	Cash	Preferential Allotment	21.94	[●]
28-Dec-06	13,75,000	10	-	Capitalisation of free reserves	Bonus	7.54	[●]
07-Dec-07	13,75,000	10	-	Capitalisation of free reserves	Bonus	7.54	[●]
09-Mar-09	41,25,000	10	-	Capitalisation of free reserves	Bonus	22.63	[●]
Total (A)	1,23,75,000				-	67.88	[●]
Mr. Pulagam Harikrishna							
On Incorporation	5,000	10	10	On Conversion of partners' capital into share capital	Subscriber to the MOA	0.03	[●]
28-Dec-06	1,250	10	-	Capitalisation of free reserves	Bonus	0.01	[●]

Date of allotment/ Transfer	Number of Equity Shares	Face Value (in ₹)	Issue / transfer price (in ₹)	Consideration (cash, bonus, consideration other than cash)	Mode of Acquisition	% of pre- Issue paid- up capital	% of post- Issue paid- up capital
				reserves			
07-Dec-07	1,250	10	-	Capitalisation of free reserves	Bonus	0.01	[●]
09-Mar-09	3,750	10	-	Capitalisation of free reserves	Bonus	0.02	[●]
Total (B)	11,250					0.06	[●]
Mrs. Adala Vindhyavali							
On incorporation	20,000	10	10	On Conversion of partners' capital into share capital	Subscriber to the MOA	0.11	[●]
31-Mar-05	7,30,000	10	10	Cash	Preferential Allotment	4.00	[●]
28-Dec-06	1,87,500	10	-	Capitalisation of free reserves	Bonus	1.03	[●]
27-Apr-07	98,300	10	10	Cash	Rights	0.54	[●]
07-Dec-07	2,07,160		-	Capitalisation of free reserves	Bonus	1.14	[●]
09-Mar-09	6,21,480	10	-	Capitalisation of free reserves	Bonus	3.41	[●]
Total (C)	18,64,440					10.23	[●]
Total (A+B+C)	1,42,50,690					78.17	[●]

The aggregate shareholding of Promoters & Promoter group as of the date of filing the Draft Red Herring Prospectus

Particulars	Pre-Issue	
	No. of Shares	% of Pre-Issue paid up capital
Promoters		
Mr. Adala Prabhakara Reddy	1,23,75,000	67.88
Mrs. Adala Vindhayavali	18,64,440	10.23
Mr. Pulagam Harikrishna	11,250	0.06
Sub-Total	1,42,50,690	78.17
Promoter Group		
Mrs. P. Hima Bindu	18,65,790	10.24
A. Prabhakar Reddy HUF	18,00,000	9.87
Mrs. P.Bhanu Rekha	2,81,250	1.54
Mrs. S. Jamuna	11,250	0.06
Sub-Total	39,58,290	21.70
TOTAL	1,82,08,980	99.88

6. Promoter contribution and lock-in

a. 3 Years lock-in

Pursuant to Regulation 36(a) the SEBI (ICDR) Regulations, an aggregate of 20% of the post Issue shareholding of the Promoters shall be locked in for a period of 3 years from the date of Allotment of Equity Shares in the Issue. Further

our Promoters have given their written consent for including the following Equity Shares as a part of Promoter's contribution. The details of such lock in are set forth in the table below:

Sr. No.	Allotment/ Transfer	Date of allotment/ transfer	Number of Equity Shares	Issue/ acquisition price per Equity Share (₹)	Nature of transaction (cash/ other than cash)	Consideration (₹)	% of post-Issue Capital
Mr. Adala Prabhakara Reddy							
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
	TOTAL (A)		[•]	[•]	[•]	[•]	[•]
Mr. Pulagam Harikrishna							
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
	TOTAL (B)		[•]	[•]	[•]	[•]	[•]
Mrs. Adala Vindhyavali							
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
	TOTAL (C)		[•]	[•]	[•]	[•]	[•]
	TOTAL (A + B + C)		[•]	[•]	[•]	[•]	[•]

- i. In terms of SEBI (ICDR) Regulations, in addition to the lock-in of 20% of the post-issue shareholding of the promoters for three years, the balance pre issue share capital of our Company shall be locked-in for a period of one year from the date of Allotment in the Issue.
- ii. The Equity Shares offered by the Promoters for the three years' lock-in are not pledged and are in compliance with Regulation 33(1) of SEBI (ICDR) Regulations
- iii. The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this regard, the Company confirms that the Equity Shares being locked-in do not consist of:
 - a. Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
 - b. Equity Shares acquired by the Promoter during the one year preceding the date of the Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
 - c. Equity Shares issued to the Promoter upon conversion of a partnership firm;
 - d. Equity Shares held by Promoter pledged with any creditor; and
 - e. Any private placement made by solicitation of subscription from unrelated persons, either directly or indirectly, through any intermediary.
- iv. In terms of Regulation 39 of SEBI (ICDR) Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in, in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in, in terms of clause (b) of Regulation 36, and the pledge of equity shares is one of the terms of sanction of the loan. The Company is in compliance of this Regulation 39 of the SEBI (ICDR) Regulations.
- v. In terms of Regulation 40 of SEBI (ICDR) Regulations, Equity Shares held by the Promoter and locked-in as per Regulation 36, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of Regulation 40 of the SEBI (ICDR)

Regulations and in compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997, Equity Shares held by persons other than the Promoters which are locked-in as per Regulation 37 of SEBI (ICDR) Regulations, may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred subject to continuation of the lock-in in the hands of the transferees for the remaining period and provided further that such transferee shall not be eligible to transfer the said Equity Shares till the lock in period stipulated has expired.

b. 1 Year lock-in

In terms of Regulation 36 of the SEBI (ICDR) Regulations, in addition to the lock-in of 20 % of the post issue capital of promoters for three years, as specified above, the balance pre-issue Equity Share capital of our Company will be locked in for a period of one year from the date Allotment in the Issue.

7. Specific written consent has been obtained from our Promoters for inclusion of such number of their respective existing shares to ensure minimum Promoter's Contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital as detailed under para 6 (a) above
8. The securities, which are subject to lock-in, shall carry the inscription "non-transferable" along with the specified duration and in respect of demat shares, the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges, where the shares are to be listed prior to the listing of the securities.

9. Equity Shares held by top 10 shareholders

- a. Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Draft Red Herring Prospectus with SEBI is as follows:

Sr. No.	Name	No. of Equity Shares	Percentage of pre- Issue Shareholding (%)
1	Mr. Adala Prabhakara Reddy	1,23,75,000	67.88
2	Mrs. P. Hima Bindu	18,65,790	10.24
3	Mrs. Adala Vindhyavali	18,64,440	10.23
4	A. Prabhakar Reddy HUF	18,00,000	9.87
5	Mrs. P.Bhanu Rekha	2,81,250	1.54
6	Mr. Pulagam Harikrishna	11,250	0.06
7	Dr. Pellakuru Chandra Kiran Reddy	11,250	0.06
8	Mr. Gunapati Muralikrishna Reddy	11,250	0.06
9	Mrs. S. Jamuna	11,250	0.06
	Total	1,82,31,480	100.00

- b. Our top ten shareholders and the number of Equity Shares held by them as on ten days prior to filing with SEBI, is as follows:

Sr. No.	Name	No. of Equity Shares	Percentage of pre- Issue Shareholding (%)
1	Mr. Adala Prabhakara Reddy	1,23,75,000	67.88
2	Mrs. P. Hima Bindu	18,65,790	10.24
3	Mrs. Adala Vindhyavali	18,64,440	10.23
4	A. Prabhakar Reddy HUF	18,00,000	9.87
5	Mrs. P.Bhanu Rekha	2,81,250	1.54
6	Mr. Pulagam Harikrishna	11,250	0.06
7	Dr. Pellakuru Chandra Kiran Reddy	11,250	0.06
8	Mr. Gunapati Muralikrishna Reddy	11,250	0.06
9	Mrs. S. Jamuna	11,250	0.06
	Total	1,82,31,480	100.00

- c. Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI were as follows:

Sr. No.	Name	No. of Equity Shares	Percentage of pre- Issue Shareholding (%)
1	Mr. Adala Prabhakara Reddy	1,23,75,000	67.88
2	Mrs. P. Hima Bindu	18,65,790	10.24
3	Mrs. Adala Vindhyavali	18,64,440	10.23
4	A. Prabhakar Reddy HUF	18,00,000	9.87
5	Mrs. P.Bhanu Rekha	2,81,250	1.54
6	Mr. Pulagam Harikrishna	11,250	0.06
7	Dr. Pellakuru Chandra Kiran Reddy	11,250	0.06
8	Mr. Gunapati Muralikrishna Reddy	11,250	0.06
9	Mrs. S. Jamuna	11,250	0.06
	Total	1,82,31,480	100.00

10. Shareholding pattern of our Company as per Clause 35 of the Equity Listing Agreement as on the date of filing this Draft Red Herring Prospectus:

Category code	Category of Shareholder	No of Share holders	Total no of shares	No of shares held in dematerialized form*	Total shareholding as a % of total no of shares		Shares Pledged or otherwise encumbered	
					As a % of(A+B)	As a % of (A+B +C)	No of shares	As a %
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	7	18208980	0	99.88	99.88	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Others(Specify)	0	0	0	0	0	0	0
	Sub Total(A)(1)	7	18208980	0	99.88	99.88	0	0
2	Foreign							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
B	Bodies Corporate	0	0	0	0	0	0	0
C	Institutions	0	0	0	0	0	0	0
D	Any Others(Specify)	0	0	0	0	0	0	0
	Sub Total(A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	18208980	0	99.88	99.88	0	0
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0
(b)	Financial Institutions / Banks	0	0	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0	0
	Sub-Total (B)(1)	0	0	0	0	0	0	0
B 2	Non-institutions							
(a)	Bodies Corporate	0	0	0	0	0	0	0
(b)	Individuals	0	0	0	0	0	0	0
I	Individuals -i. Individual shareholders holding nominal share capital upto Rs 1 lakh	0	0	0	0	0	0	0
II	ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh.	2	22500	0	0.12	0.12	0	0
(c)	Any Other (specify)	0	0	0	0	0	0	0
(c-i)	Employees	0	0	0	0	0	0	0
	Sub-Total (B)(2)	2	22500	0	0.12	0.12	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2	22500	0	0.12	0.12	0	0
	TOTAL (A)+(B)	9	18231480	0	100.00	100.00	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	9	18231480	0	100.00	100.00	0	0

11. Our Company, our Directors, our Promoters, Promoter Group and the BRLMs to this Issue have not entered into any buy-back and/or standby or similar arrangements for the purchase of Equity Shares of our Company from any person, other than as disclosed in this Draft Red Herring Prospectus.
12. Our BRLMs and its associates do not hold any equity shares of our Company as on the date of filing of this DRHP with SEBI.
13. There have been no transfers of Equity Shares by or in favour of the Promoters and the Promoter Group within the last one year.
14. In the case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, 5% of the Net QIB Portion shall be reserved for Mutual Funds only subject to valid Bids being received at or above the Issue Price. Mutual Funds participating in the Mutual Fund Portion of the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Under-subscription, if any, in the Mutual Funds portion will be met by a spillover from the QIB Portion and be allotted proportionately to the QIB Bidders. Further, not less than 15% of Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
15. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. The number of Equity Shares held by the Promoters and subject to lock- in will be determined after finalization of Issue Price and the number of shares to be issued so as to ensure that minimum contribution of 20% of the Post Issue paid-up capital is locked in for a period of 3 years.
16. Under-subscription, if any, would be met with the spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. If the aggregate demand by Mutual Funds is less than 5% of the Net QIB Portion, the balance share available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to QIB Bidders.
17. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
18. As on the date of filing of this Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
19. We have not raised any bridge loan against the proceeds of the Issue.
20. Except as disclosed herein, 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 this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued through this Draft Red Herring Prospectus are listed or application money refunded on account of failure of Issue.
21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
22. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
23. As of date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 9.

24. The Equity shares held by the Promoters have not been pledged with third parties.
25. Any Equity Shares allotted to Anchor Investors shall be locked-in for a period of thirty (30) days from the date of Allotment of Equity Shares in the Issue.
26. None of our Promoters, persons forming part of Promoter Group, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI.
27. Our Promoters, Directors, and the promoter group entities havenot purchased or sold any Equity Shares during a period of six months proceeding the date on which this Draft Red Herring Prospectus has been filed with SEBI.
28. No person connected with the issue including, but not limited to, the BRLMs, the member of the Syndicate, our Company, our Directors, our Promoters, the Promoter Group and our Group Companies of the Promoters shall offer any incentive whether direct or indirect, in any manner, whther in cash, kind, services or otherwise, to any Bidder.

OBJECTS OF THE ISSUE

The objects of the Issue are to finance our growth plans and achieve the benefits of listing on Stock Exchanges. Our Company believes that listing of equity shares on the stock exchanges will enhance the corporate image and brand name.

Our Company intends to utilise the Issue Proceeds for the following objects:

- 1 To finance the procurement of construction equipment;
- 2 To meet long-term Working Capital requirements;
- 3 For General Corporate Purposes; and
- 4 To meet Issue Expenses

The main object clause of the Memorandum of Association of our Company enables us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. We further confirm that the activities by our Company carried out until now are in accordance with the object clause of the Memorandum of Association of our Company.

Fund Requirements:

The fund requirements for each of the objects are given in the following table:

Sr. No.	Particulars	Amount (₹ in lakhs)
1	To finance the procurement of construction equipment	4,198.71
2	To meet long-term Working Capital requirements	4,034.28
3	For General Corporate Purposes*	[•]
4	To meet Issue Expenses*	[•]
	Total	10,400.00

* To be incorporated at the time of filing of the Prospectus

Means of Finance:

Source of the above Fund requirements will be as per the table set forth below:

Sr. No.	Particulars	Amount (₹ in lakhs)
1	Public Issue	10,400.00
	Total	10,400.00

The aforementioned fund requirement will be met from the proceeds of the Issue. In case of shortfall, if any, we may explore other sources of funds including internal accruals arising from our future operations and/or debt. In case of any variations in the actual utilization of funds earmarked for the objects mentioned above or in case of increased fund requirements for a particular object, the shortfall, if any, may be financed by surplus funds, if any, available for other objects and/or the Company's internal accruals and/or debt facilities that may be availed from the banks/financial institutions, to the extent of such shortfall.

The details of our fund requirements and deployment of such funds are based on internal management estimates in view of the current circumstances of our business and have not been appraised by any bank or financial institution. These requirements are subject to change taking into consideration variations in costs and other external factors which may not be within our control or as a result of changes in our financial condition, business or strategy. Our management will have the discretion to revise our business plans from time to time and consequently our funding requirements and deployment of funds may also be change. This may result in rescheduling the proposed utilisation

of the proceeds and increasing or decreasing expenditure for a particular object vis-a-vis the utilisation of the proceeds.

Since the objects of the Issue are proposed to be financed out of Issue proceeds, the requirement of an undertaking confirming that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through this Issue, is not applicable

Details of use of the Issue proceeds

1 Finance the procurement of construction equipment

In order to meet our growth plans, our Company proposes to make substantial investments in Construction Equipment. Our Company has envisaged a capital expenditure of approximately ₹4,198.71 lakhs for the purchase of the Construction Equipment.

We propose to add following equipment:

Sr. No.	Details of Equipment	Estimated Cost (₹ Lakhs) *	Name of the supplier	Date of Quotation
1	Speedcrafts Wet Mix Macadam Plant – 60 of 60 TPH capacity – Four Bin Feeder fitted with motors and Gear Box; Single Deck Vibratory Screen for removal of oversized material; Slinger conveyor for feeding cold aggregates into the pugmill; Twin shaft pugmill fitted with hydraulically operated discharge hopper; Mineral Filler fitted with rotary and blower; Water Tank fitted with flow meter; Fully insulated control cabin fitted with air conditioner and micro processor based electronic control panel	43.29	Speedcrafts Limited	February 11, 2011
2	Speedcrafts Wet Mix Macadam Plant – 160 of 160 TPH capacity – Four Bin Feeder fitted with motors and Gear Box; Single Deck Vibratory Screen for removal of oversized material; Slinger conveyor for feeding cold aggregates into the pugmill; Twin shaft pugmill fitted with hydraulically operated discharge hopper; Mineral Filler fitted with rotary and blower; Water Tank fitted with flow meter; Fully insulated control cabin fitted with air conditioner and micro processor based electronic control panel	55.92	Speedcrafts Limited	February 15, 2011
3	500 KVA Diesel Generation Set – Diesel Generating Set rated @ 1500 rpm, 0.8 power factor, 415 V, 3 phase, 50 Hz, consisting of Diesel Engine; Alternator; Control Panel and Acoustic Enclosure	24.75	Greaves Cotton Limited	February 09, 2011
4	125 kVA GREAVESPOWER Sound-Proof DG Set powered by Greaves 4G11TAG3 Engine – Direct injection, 4 cylinder, water cooled, compression ignited, turbo-charged, charge air-cooled diesel engine developing 155 hp at 1500 rpm; Alternator; Control Panel and Sound proof Acoustic Enclosure	18.23	Greaves Cotton Limited	February 09, 2011
5	Bomag Finisher Model BF 691 C with Crawler tracks upto a maximum width of 9200 mm (with Mechanical Extensions) at a maximum production rate of 800 tons / hr	1117.20	Greaves Cotton Limited	February 15, 2011
6	Bomag Pneumatic Tyre Roller Model BW 25 RH fitted with Duetz water Cooled BF4M 2012 Engine developing 74.9 KW @ 2300 rpm, having an operating weight of 8800 kg (Gross weight of 25100 kg with ballast).	496.54	Greaves Cotton Limited	February 15, 2011
7	Greaves Heavy Tandem Roller Model BW 151 ADH-2 – Double Drum Vibratory Roller is a Heavy Duty Tandem	225.01	Greaves Cotton	February 15, 2011

	vibrating roller designed for use on major contracts involving the compaction of wearing course, base course, road base and sub-base layers.		Limited	
8	Stetter Batching Plant Model : CP 30 of 30 M ³ /hr capacity – Stetter Compact Concrete Mixing plant model CP30 with Boom Dragline with Star Batcher Execution	81.00	Schwing Stetter India Private Ltd.	February 10, 2011
9	Schwing Stationery Portable Concrete Pump Model SP1400 with maximum theoretical concrete output of 40m ³ /hr and maximum concrete pressure of 99 bar powered by electrical motor capacity 45kw and outlet delivery line 125mm. Additional accessories would be pipeline & other accessories for 100M length	47.84	Schwing Stetter India Private Limited	February 10, 2011
10	Stetter Transit Mixer Model AM6SHN powered with KOEL diesel Engine Model HA494 – new generation of 6 M ³ capacity supplied with 450 liters water tank having metering device with Hydrostatic transmission	57.38	Schwing Stetter India Private Limited	February 10, 2011
11	CATERPILLAR Front End Loader Model CAT 950H fitted with 3.1 Cum GP Bucket powered by Cat C-7 ACERT Technology Diesel Automatic Engine Speed Control, developing Net Flywheel 197 HP & A/C Cabin with Lights and other standard accessories.	161.37	GMMCO Limited	February 11, 2011
12	Concrete Kerb Paver Model MKM-351 – Single piece sturdy chassis; Fully imported Slope, Grade & Steering Sensor with safety box; Vibration free compact Diesel engine with inbuilt hydraulic oil cooler developing 50 H.P. @ 2300 rpm; Fully imported Hydraulic tool kit; Fully imported Hydraulic Needle Vibrator; Four wheel traction with four Solid Tyres at front & rear; String line – 500 Mt. with rope of 1.5 mm, with 3' height 20 mm big rod, 10 mm small Rod & clamp; one mould along with machine for Kerb laying and tool kit	61.32	Macons Equipments Private Limited	March 16, 2011
13	CLA 25.220 (6x4) Fully Built Tipper with 16 Cum std box type body. Engine 0836 LFL 220HP. Gear Box 9s 1110 .Rear Axle AP H9 13120 with inter axle & differential lock, Rear suspension bogie. Wheel base 1525mm.Tyre size 11,000 x 20-16 PR with ETT.Front steel bumper,Day Cabin, Emission Bharath Stage III	960.54	MGB Motors and Auto Agencies Pvt. Ltd.	February 10, 2011
14	Escorts Model F-15 Hydraulic Mobile Crane	103.51	Escorts Construction Equipment Limited	February 12, 2011
15	CATERPILLAR 320D HD configuration Hydraulic Excavator powered by Cat 6.4 ACERT Technology Diesel Automatic Engine Speed Control, 24V Electric start developing Gross Power 138 HP @ 1800 RPM, instrument Panel with Power mode selector system, work mode, pre-start monitoring system, under carriage hydraulic track adjuster, 600 mm Triple Grouser Shoe, Heavy Duty Boom and Stick with 1,0 cum capacity Bucket, Automatic Swing Parking brake, Suspension seat with adjustable arm rest and Retractable belt, integrated seat, console and joystick type control, A/C cabin with lights and all other standard accessories	53.38	GMMCO Limited	February 11, 2011
16	TATA Hitachi ZAXIS 75 Hydraulic Excavator fitted with 3.72m Boom, 1.62m Arm and 0.3 cum Standard Bucket with Onboard Monitoring System, Auto Idle System with Dozer Blade	27.00	C.L. Engineering Equipment (India)	February 10, 2011

			Private Limited	
17	CATERPILLAR MOTOR GRADER MODEL CAT 120K fitted 12' Hydraulic Blade, Mid-mounted sacrifier, High ambient cooling, Transmission guard, powered by Caterpillar Engine Model CAT C7 ACERT engine developing Flywheel 145HP	80.69	GMMCO Limited	February 11, 2011
18	HINDUSTAN 2021 Fornt End Loader, with "Z" Bar Linkage, with 1.7 cubic meter GP Bucket, with cabin & welded tooth,powered by Ashok Leyland ALU 400/1/12; 4 stroke cycle Diesel Engine developing 112FHP at 2300 RPM; TT-2221 full power shift transmission; 14.00 X 25-20 PR tyres and other standard accessories	76.49	GMMCO Limited	February 11, 2011
19	CATERPILLAR CB 534D Vibratory Asphalt Compactor powered by Caterpillar 3054C turbocharged Diesel Engine generating gross power of 130HP. The CAT engine is 4 cylinder turbocharged and air-to-air after-cooled, direct injection meeting EC stage II emission norms. The compactor has weight of 10000 kg. The CB 534D has standard two-amplitude vibratory system.	68.27	GMMCO Limited	February 11, 2011
20	CATERPILLAR manufactured Cat424B Backhoe Loader fitted with Front Loader Bucket of 1.0 cum, backhoe bucket of 0.23cum, powered by Simpson engine S440, Diesel Engine developing 75HP fitted with Cat transmission, tool kit and other standard accessories	45.34	GMMCO Limited	February 11, 2011
21	TATA Hitachi ZAXIS450H model Hydraulic Excavator with 6.3m Boom, 2.5m Arm and 3 cum GP Bucket powered with Isuzu AA-6W G1 TQA Diesel Engine developing 314HP	115.88	Telco Construction Equipment Company Limited	February 12, 2011
22	TATA Hitachi EXL350LCH-V Super Backhoe Hydraulic Excavator fitted with 6.4m Boom, 2.66m Arm and 1.7 cum GP Bucket powered with Isuzu B-6SD1T Diesel Engine developing 230PS, Auto Idling and Rock Breaker Port	74.25	Telco Construction Equipment Company Limited	February 12, 2011
23	TATA Hitachi Hydraulic Excavator Model EX200LCi with 5.68m Boom, 2.20m Arm and 0.91 cum GP Bucket powered with Tata Cummins 6BT Engine developing 125PS, Auto Idling and Rock Breaker Port	42.75	Telco Construction Equipment Co. Ltd	February 12, 2011
24	Ashok Leyland FV 4923 – 3900 mm 153"WB Chassis fitted with "H" series HA57L165 CRS (BSIII) Diesel Engine, 9 speed carrier & rim, fifth wheel coupling including loading ramp & subframe, 400 ltrs diesel tank, noise shield CMVR kit with factory built all steel G91 sleeper cabin with 2 Nos 11.00X20 – 16 PR Nylon and 9 Nos. 11.00X20 – 16 PR PD Nylon Tyres.	23.20	Automotive Manufacture rs Pvt. Ltd.	February 11, 2011
25	Ashok Leyland 2516T IL– 3810 MM (150") WB Tipper fitted with "H" series 6ETI 3K (BSIII) Diesel Engine, 6 speed synchromesh gearbox, power steering, exhaust brake, spare wheel carrier & rim, mirror LH/ RH (one each), PTO Pump assy, noise shield, ASA, CMVR kit with day cabin, front end tipping gear and box type body of 14 cum capacity built and mounted by our authorized body builder with 2 nos. 10.00X20 – 16 PR Nylon + 9 Nos. 11.00X20 – 16 PR PD Nylon Tyres.	137.56	Automotive Manufacture rs Pvt. Ltd.	March 31, 2011
	TOTAL	4,198.71		

* The cost is inclusive of Excise / Customs Duty and VAT

Note: Our Company does not propose to purchase any second hand equipment

Our Promoters, Directors, Key Managerial Personnel and the Group Companies of our Company do not have any interest in the proposed acquisition of the equipment and machineries or in the entity from whom we have obtained quotations for the same.

The prices for the equipment proposed to be purchased as set out above are as per the quotations received from the respective suppliers. Our Company will obtain fresh quotations at the time of actual placement of the order for the respective equipment. The actual cost would thus depend on the prices finally settled with the suppliers and to that extent may vary from the above estimates.

2 Long Term Working Capital Requirements

The nature of business of our Company necessitates mobilizing monies, as may be necessary, to ensure timely execution of orders. The working capital of our Company is therefore invested in mobilizing resources that are necessary and crucial to execute the orders at hand. To elucidate, the sales of our Company has seen an increase in the last financial year as a result our working capital requirements has also consequently increased. Our Company believes that to ensure timely execution and completion of the orders procured by our Company, it would be necessary to supplement our existing working capital requirements.

Considering the existing growth rate the incremental working capital needs of our Company is expected at approximately ₹ 23927.25 lakhs for FY 2012 as assessed based on the workings of our Company. Our Company intends to meet its working capital requirements to the extent of ₹ 4034.28 lakhs from the Proceeds of this Issue and the balance will be met from bank borrowings and internal accruals at an appropriate time as per the requirement.

Our Company's existing working capital and the funding of the same is as follows:

(₹ lakhs)						
Particulars	Historical Holding Period (in months)	2009-2010 Audited	Estimated Holding Period (in months)	2010-11 Estimated	Estimated Holding Period (in months)	2011-12 Estimated
(A) Current Assets						
Inventories	2.99	5,775.98	2.63	7,540.06	2.71	11868.06
Receivables	1.45	3,288.13	1.50	5,137.50	1.50	7812.50
Other Current Assets*	3.25	7,376.42	2.74	9,378.14	2.15	11206.22
Total Current Asset		16,440.53		22,055.70		30886.78
(B) Current Liabilities						
Sundry Creditors	5.54	3,046.62	4.24	3,250.00	3.86	4500.00
Other Current Liabilities	0.37	836.34	0.38	1,295.62	0.47	2459.53
Total Current Liabilities		3,882.96		4,545.62		6959.53
(C) Working Capital Gap		12,557.57		17,510.08		23927.26
Bank Borrowings for working Capital		4,693.96		7,500.00		8,500.00
Mobilisation Advances		4,693.58		5,000.00		7,000.00
Internal Accruals		3,170.03		5,010.08		4,392.98
From the Issue Proceeds		Nil		Nil		4,034.28

* Other current assets of ₹ 7376.42 lakhs for the year ended March 31, 2010 includes Cash & Bank Balances and Loans & Advances of ₹ 2653.31 lakhs and ₹4723.21 lakhs respectively. Other current assets of ₹ 9378.14 lakhs for the year ended March 31, 2011 includes Cash & Bank Balances and Loans & Advances of ₹ 2082.52 lakhs and ₹ 7295.62

lakhs respectively. Other current assets of ₹ 11206.22 lakhs for the year ended March 31, 2011 includes Cash & Bank Balances and Loans & Advances of ₹ 2232.87 lakhs and ₹ 8973.35 lakhs respectively.

For details of Working Capital loans please refer to “Financial Indebtedness” beginning on page no. 180

3 General Corporate Purpose

Surplus from the proceeds of the Issue after meeting the objects mentioned above viz., i) financing procurement of construction equipment; ii) meet long – term working capital requirement; and iii) issue expenses, if any, will be used for our general corporate purposes including but not restricted to, meeting operating expenses, working capital margin, repayment of debt, payment of taxes, partnerships, joint ventures, strategic initiatives and acquisitions, and meeting exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

Our management, in accordance with the policies of the Board, will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board.

4 To meet the issue expenses

The issue expenses include, among others, issue management fees, underwriting and selling commission, distribution expenses, legal fees, printing and stationery expenses, advertising and issue marketing expenses, listing fees to the stock exchanges, registrar and depository fees. All expenses with respect to the Issue will be met out of the Proceeds of the Issue.

The total estimated expenses are ₹ [•] lakhs, which is [•] % of the Issue size.

Activity*	Amount (₹ lakhs)	% of the Issue Expenses	% of the Total issue Size
Lead Management Fees	[•]	[•]	[•]
Underwriting commission, brokerage and selling commission	[•]	[•]	[•]
Registrar to the Issue's Fees	[•]	[•]	[•]
Advertisement and Marketing expenses	[•]	[•]	[•]
Printing and distribution expenses	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Legal Advisors	[•]	[•]	[•]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.	[•]	[•]	[•]
Total	[•]	[•]	[•]

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

Funds Deployed

As per the certificate dated April 05, 2011 issued by J. B. Reddy & Co., Chartered Accountants our Company has deployed ₹ 41.97 lakhs as on March 31, 2011. The funds have been financed out of internal accruals. These expenses have been incurred towards Issue Expenses which will be recouped from the issue proceeds.

Proposed Deployment of Funds

Our Company may make payments toward our Objects of the Issue, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be recouped from the proceeds of the Issue.

Schedule of Implementation

Particulars	Expected Commencement	Expected Completion
Procurement of Construction Equipment	January 2012	March 2012

Estimated Schedule of Deployment of Funds

(₹Lakhs)

Particulars	Expenses incurred till February 01, 2011	Deployment		Fund Requirements
		FY 2011-12	FY 2012-13	
Procurement of Construction Equipment	Nil	4,198.71	-	4,198.71
Long-term Working Capital Requirements	Nil	4,034.28	-	4,034.28
General Corporate Purposes	Nil	[•]	[•]	[•]
To meet Issue Expenses	41.97	[•]	[•]	[•]
Total	41.97	[•]	[•]	[•]

Appraisal

The funds requirement and funding plans are based on internal estimates of our Company and have not been appraised by any bank/financial institution.

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the projects. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, investment in mutual funds or other investment grade interest bearing securities as may be approved by the Board such as principal protected fund, rated debentures, etc. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring Utilization of Funds

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue Proceeds remain unutilized, as required under the applicable law and regulation.

No part of the Proceeds from the Issue will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, Group Companies or Key Managerial Personnels, except in the normal course of our business.

For risks associated with our "Objects of the Issue", please refer to the section titled "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

BASIS FOR ISSUE PRICE

Investors should read the following summary along with the Sections titled “Risk Factors”, “About Our Company” and “Financial Information” beginning on pages 13, 76 & 148 respectively of the Draft Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and you may lose all or part of your investments.

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

Qualitative Factors

For qualitative factors, please refer to our “Our Business - Competitive Strengths” on page 95 of this Draft Red Herring Prospectus.

Quantitative Factors

The information presented below is based on the restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Adjusted Earnings Per Share

Particulars	EPS (₹)	Weights
2007-2008	5.63	1
2008-2009	5.79	2
2009-2010	8.32	3
Weighted Average EPS	7.03	

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

Particulars	P/E at the lower end of the price band (₹ [●])	P/E at the higher end of the price (₹ [●])
a. Based on 2009-10 EPS of ₹8.32	[●]	[●]
b. Based on weighted average EPS of ₹7.03	[●]	[●]

Industry P/E*	
▪ Highest – Shristi Infrastructure Development Corporation Limited	161.3
▪ Lowest – Simplex Projects Limited	3.8
▪ Average – (Construction)	15.4

Source: Capital Market, Volume XXVI/01, March 07 – March 20, 2011

3. Return on Net Worth

Particulars	RONW (%)	Weights
2007-2008	26.94	1
2008-2009	21.71	2
2009-2010	23.79	3
Weighted Average RONW	23.62	

4. Minimum Return on Net Worth needed after the Issue to maintain pre-Issue EPS of ₹ 8.32 is

- a) At the higher end of the price band [●] %
- b) At the lower end of the price band [●] %

5. Net Asset Value (₹)

Particulars	At the lower end of the price band (₹ [●])	At the higher end of the price band (₹ [●])
As on March 31, 2010	34.99	34.99
As on November 30, 2010	39.83	39.83
After Issue	[●]	[●]
Issue Price	[●]	

6. Comparison of Accounting Ratios with Peer Group Companies

Particulars	Sales	EPS – TTM	P/E	RONW	NAV	Face Value
	(₹ cr)	(₹)	Ratio	(%)	(₹)	(₹)
Valecha Engineering Limited	652.10	11.00	8.70	9.30	124.5	10.00
IVRCL Infra & Projects Limited	5492.30	6.80	10.20	4.00	69.3	2.00
RPP Infra Projects Limited	144.50	5.90	10.70	39.30	31.2	10.00
Hindustan Construction Co. Limited	3644.20	1.60	21.50	6.50	25.0	1.00
Simplex Infrastructures Limited	4443.50	26.80	12.00	13.10	196.1	2.00
Atlanta Limited	198.00	6.00	12.10	21.00	26.6	2.00
APR Constructions Limited	272.76	8.32	[●]	23.79	34.99	10.00

Source: Capital Market, Volume XXVI/01, March 07 – March 20, 2011

7. The face value of our Equity Shares is ₹10 per share and the Issue Price of ₹ [●] is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.

The BRLMs believe that the Issue Price of ₹ [●] per Equity Shares is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors
APR Constructions Limited
Flat No. 404, 5th Floor, Bhanu Enclave,
Sunder Nagar, Erragadda,
Hyderabad 500 038
India

Dear Sirs,

We hereby report that the enclosed statement provides the possible tax benefits available to APR Constructions Limited ("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 fulfilling such conditions, which based on the 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. Company or its shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits has 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 our understanding of the business activities and operations of the Company.

For J.B.Reddy & Co.,
Chartered Accountants

Sd/-
A.V. Reddy
Partner
M.No.23983
FRN: 003256S

Place: Hyderabad
Date: March 01, 2011

STATEMENT OF TAX BENEFITS

The following possible tax benefits shall be available to the Company and the prospective shareholders under the Current Direct Tax Laws. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions.

I TO THE COMPANY

SPECIAL TAX BENEFITS

Nil

UNDER THE INCOME TAX ACT

1. In accordance with section 10(34), dividend income (referred to in section 115-O) received by the company will be exempt from tax.
2. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
3. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
4. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal installments for each of the succeeding previous years subject to conditions specified in that section.
5. In accordance with section 35, the company is eligible for –
 - a. Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.
 - b. As per section 35(2AA) a deduction of 125% shall be allowed as a deduction of the sum paid by the company, to a National Laboratory or a University or an Indian Institute of Technology or a specified person as specified in this section with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.
6. In accordance with section 80-IA, the company can claim, subject to fulfilment of certain conditions, deduction of an amount equal to hundred percent of the profits and gains derived from the business of, development of Infrastructure facilities including construction of roads, bridges, rail systems, highways, irrigation projects, ports etc, for Ten consecutive assessment years out of Twenty years beginning from the year in which the company develops such facility.

7. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.
8. In case of loss under the head “Profit and Gains from Business or Profession”, it can be set-off with other income under section 71 and the excess loss, if any can be carried forward and set-off against future business income of the next eight assessment years under section 72 of the Act.
9. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off with the income of future years.
10. If the company invests in the equity shares of another company, as per the provisions of section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax. However such income shall be taken into account in computing the book profit tax payable under section 115JB of the Act.
11. Income received in respect of the units of mutual fund specified under section 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hands of the company, under section 10(35) of the Act.
12. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not subject to securities transaction tax, held as long term capital assets will be the lower of:
 - a. 20 per cent (plus applicable surcharge and ‘education cess and secondary & higher education cess’) of the capital gains as computed after indexation of the cost. Or
 - b. 10 per cent (plus applicable surcharge and ‘education cess and secondary & higher education cess’) of the capital gains as computed without indexation.
13. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

14. Tax on distributed profits of domestic companies - Section 115-O

The tax rate is 15% (plus applicable surcharge and ‘education cess and secondary & higher education cess’)

Per sub-section (1A) to section 115-O, the domestic company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (‘DDT’) if:

- the dividend is received from its subsidiary;
- the subsidiary has paid the DDT on the dividend distributed;
- the domestic company is not a subsidiary of any other company.

Provided that the same amount of dividend shall not be taken into account for reduction more than once.

For the purpose of this sub-section a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.

II. TO THE SHAREHOLDERS OF THE COMPANY

These benefits are available to the shareholders of any company after fulfilling certain conditions as required in the respective Act.

I. Under the Income-tax Act

A. Residents

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale.
3. As per the provision of section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both short term and long term capital gain. But long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term and long term capital loss can be carried forward for next eight assessment years and can be set off against the respective capital gains in subsequent years.
4. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not subject to securities transaction tax, held as long term capital assets will be the lower of:
 - 20 per cent (plus education cess) of the capital gains as computed after indexation of the cost. or
 - 10 per cent (plus education cess) of the capital gains as computed without indexation.

Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the above rates of tax.

5. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus education cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate of ten per cent.

6. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company and on which securities transaction tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs.50 lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.

7. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available, if the individual or Hindu Undivided Family-
 - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - purchases another residential house, other than the new residential house, within a period of one year after the date of transfer of the shares; or
 - constructs another residential house, other than the new residential house, within a period of three years after the date of transfer of the shares; *and*
 - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

B. 1. Non-Residents

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax.
3. In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company acquired in foreign currency shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
4. As per the provisions of section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both short term and long term capital gains. But long term capital loss cannot be set-off against short term capital gains. The unabsorbed short term and long term capital loss can be carried forward for next eight assessment years and can be set off against the respective capital gains in subsequent years.
5. As per the provisions of section 90, the Non Resident shareholder has an option to be governed by the provisions of the Tax Treaty, if they are more beneficial than the domestic law, wherever India has entered into Double Taxation Avoidance Agreement with the relevant country for avoidance of double taxation of income.

6. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not subject to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and 'education cess and secondary & higher education cess') with the benefit of indexation and at the rate of 10 % (plus applicable surcharge and 'education cess and secondary & higher education cess') without the benefit of indexation.
7. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and 'education cess and secondary & higher education cess') and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
8. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company and on which securities transaction tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs. 50 lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family
 - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - purchases another residential house, other than the new residential house, within a period of one year after the date of transfer of the shares; or
 - constructs another residential house, other than the new residential house, within a period of three years after the date of transfer of the shares;
 - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

B. 2. Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, which reads as under:

1. In accordance with section 115D read with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus education cess). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C(f) of the Act), shall be chargeable at 10% (plus applicable education cess and secondary & higher education cess).
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset. If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall be exempt.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.
4. Under section 115H of the Act, where a Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income under section 139 for that assessment year to the effect that the provisions of Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.
5. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
6. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement with the relevant country for avoidance of double taxation of income.
7. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax.
8. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
9. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus education cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
10. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs. 50 lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.

11. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-
- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - purchases another residential house, other than the new residential house, within a period of one year after the date of transfer of the shares; or
 - constructs another residential house, other than the new residential house, within a period of three years after the date of transfer of the shares; *and*
 - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

C) Foreign Institutional Investors (FIIs)

- In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax in the hands of FIIs.
- In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) on long-term capital gains, and at 15% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) on short-term capital gains arising on the sale of the shares of the company which is subject to securities transaction tax.
- As per section 90, the provision of Income Tax Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.
- In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax.
- Under section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.
- In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six

months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs. 50 lakhs during any financial year.

- If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.
- If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.
- In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

D) Persons carrying on business or profession in shares and securities.

Securities transaction tax paid in respect of taxable securities transaction entered during the course of business will be available as deduction under section 36(1)(xv) while computing the taxable business income.

E) Mutual Funds

In accordance with section 10(23D), any income of:

- i. a Mutual Fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- ii. such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

F) Venture Capital Companies / Funds

In accordance with section 10(23FB) any income of a venture capital company or venture capital fund (registered under the Securities and Exchange Board of India Act, 1992 and regulations made there-under and notified in this behalf) from investment in a venture capital undertaking will be exempt from income tax.

(II) Under the Wealth Tax

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

For J.B.Reddy & Co.,
Chartered Accountants

Sd/-
A.V.Reddy
Partner
M.No. 23983
FRN: 003256S

Place: Hyderabad
Date: March 01, 2011

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government and other public sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. The data may have been re-classified by us for the purpose of presentation. The data used in this section has been sourced from Press Information Bureau; Planning Commission; Annual Report, Ministry of Water Resources; Union Budget; NHAI; Ministry of Road Transport & Highways; Ministry of Railways; RBI and various government portals. We have also relied on information from CRISIL Research report titled 'Indian Infrastructure Report, November 2009'.

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Infrastructure Sector Overview

Infrastructure development is a key determinant of economic growth. Over the last decade and a half, there has been a considerable growth in the pace of investments in the infrastructure sector. However, it has been unable to meet the demands of the growing economy. For a developing country, economic progress has to be preceded and also accompanied by higher spend on infrastructure. As an economy matures, it enters into the infrastructure maintenance mode, but in the early stages of economic development (where India currently is); infrastructure has to be expanded at a faster pace to meet the economy's growing needs.

The Indian economy grew at an unprecedented rate of 8.8 per cent per annum between 2003-04 and 2007-08. However, the growth slowed down to 6.7 per cent in 2008-09 as the global financial crisis hit the Indian economy, in the form of contraction in international trade and reversal of investment flows. Since October 2008, the economy has received significant monetary and fiscal stimulus needed to arrest and revive its growth prospects. As a result, the economy posted a growth rate of 7.4 per cent in 2009-10.

The availability and the quality of the available infrastructure significantly impact the effective functioning of the economy. The extent and effectiveness of a country's infrastructure is indicated by the Global Competitiveness Index 2009-10, which ranks Indian Infrastructure development at 76 among 133 countries. India ranks well below all other BRIC nations -- China at 46, Brazil at 74 and Russian Federation at 71. The report also states inadequate supply of infrastructure as the most constraining factor to carrying out business in India. Inadequate infrastructure not only affects the efficiency of domestic industries, but also foreign trade, and therefore investments.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Sectors	Segments considered for investment projection
Oil and gas	Upstream (oil as well as natural gas), midstream (product, crude and gas pipelines) and downstream (refining, marketing network and LNG terminals)
Power	Utility generation, transmission and distribution
Roads	NHDP projects, state roads and rural roads
Ports	Major and non-major ports
Airports	Greenfield airports, modernisation/restructuring projects and upgradation projects
Railways	New railway lines, existing line doubling projects, gauge conversion, track renewals and dedicated freight corridor project. However, it excludes investment required for urban transport projects
Urban Infrastructure	Water and Sewage management, Urban Transport and Solid Waste Management
Education	Construction of schools and colleges
Healthcare	Construction of hospitals
Irrigation	Dams, barrages, reservoirs, canal network, lift irrigation, treatment plants etc.
Warehousing and cold chain storage	Storage warehousing related to distribution whether inbound or outbound, transshipment warehouses or terminals used for bulking/debulking, stuffing/destuffing, cross docking and temporary storage
Special Economic Zones	IT- ITES and multi-product SEZs
Telecom	Mobile services, fixed line services, data services, national long distance and international long distance infrastructure

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Infrastructure Investments expected (2009-10 to 2013-14) - Base case scenario

Historical Investments							
Sectors	(estimated)		Sectoral share (%)	Projected Investments		Sectoral share (%)	Change (%)
	(2004-05 to 2008-09)			(2009-10 to 2013-14)			
	(Rs bn)	(\$ bn)		(Rs bn)	(\$ bn)		
Power	2,635	56	19.7	7,032	150	20.4	166.9
Roads	2,155	46	16.1	5,216	111	15.2	142.0
Oil and gas	2,898	62	21.6	4,958	105	14.4	71.1
Railways	1,258	27	9.4	3,041	65	8.8	141.7
Irrigation	1,455	31	10.9	2,984	63	8.7	105.1
Urban infra	853	18	6.4	2,650	56	7.7	210.7
Education	n.a.	n.a.	-	2,627	56	7.6	-
Telecom	1,740	37	13.0	2,485	53	7.2	42.8
SEZ	n.a.	n.a.	-	1,711	36	5.0	-
Ports	272	6	2.0	733	16	2.1	169.5
Healthcare	n.a.	n.a.	-	557	12	1.6	-
Airports	142	3	1.1	261	6	0.8	83.8
Warehousing	n.a.	n.a.	-	172	4	0.5	-
Total	13,408	285	100	34,427	732	100	

n.a.: Not available

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Budget 2010 – 11: Thrust on Infrastructure

With 46 per cent of the total plan allocations in the Union Budget earmarked for the infrastructure sector, the Finance Minister indicated that government was poised for infrastructural development of the country. The Finance Minister has provided an allocation of Rs 173,552 crore for infrastructure development in the country.

The government is focusing on developing high quality infrastructure for roads, ports, airports and railways for sustaining economic growth of 8-9 per cent.

- For road infrastructure, government is targeting construction of national highways at the pace of 20 km per day. The total allocation of road transport has increased from Rs 17,520 crore to Rs 19,894 crore in 2010-11.

- The Indian Railways has been provided Rs 16,752 crore in 2010-11 for modernization and expansion of rail network.

(Source: www.indiabudget.nic.in)

TYPES OF CONTRACTS USED IN THE INFRASTRUCTURE AND CONSTRUCTION INDUSTRIES

There are different models currently being adopted for Public Private Partnerships in India which vary in the distribution of risks and responsibility between the public and the private sectors for financing, constructing, operating, and maintaining projects. Two important types of contracts - BOT and BOOT - are explained below, as well as certain other contracts generally used in the Indian construction industry.

Build, Operate and Transfer (“BOT”)

Under this type of PPP contract, the Government grants to a contractor a concession to finance, build, operate and maintain a facility for a concession period. During the life of the concession, the operator collects user fees and applies these to cover the costs of construction, debt-servicing and operations. At the end of the concession period, the facility is transferred back to the public authority. BOT is the most commonly used approach in relation to new highway projects in India, and is also used in the energy and port sectors.

Build, Own, Operate and Transfer (“BOOT”)

BOOT contracts are similar to BOT contracts, except that in this case the contractor owns the underlying asset, instead of only owning a concession to operate the asset. For example, in the case of hydroelectric power projects, the contractor would own the asset during the underlying concession period and the asset would be transferred to the Government at the end of that period pursuant to the terms of the concession agreement.

Design, Build, Finance and Operate (“DBFO”)

The NHAI is planning to award new highway contracts under the DBFO scheme, wherein the detailed design work is done by the concessionaire. The NHAI would restrict itself to setting out the exact requirements in terms of quality and other structure of the road, and the design of the roads will be at the discretion of the concessionaire. The DBFO scheme will improve the design efficiency, reduce the cost of construction and reduce time to commence operations, in addition to giving the concessionaire greater flexibility in terms of determining the finer details of the project in the most efficient manner.

Item Rate Contracts

These contracts are also known as unit-price contracts or schedule contracts. For item rate contracts, contractors are required to quote rates for individual items of work on the basis of a schedule of quantities furnished by the customer. The design and drawings are provided by the customer. The contractor bears almost no risk in these contracts, except escalation in the rates of items quoted by the contractor, as it is paid according to the actual amount of work on the basis of the per-unit price quoted.

Engineering Procurement Construction/Lump-Sum Turnkey Contracts

In this form of contract, contractors are required to quote a fixed sum for the execution of an entire project including design, engineering and execution in accordance with drawings, designs and specifications submitted by the contractor and approved by the customer. The contractor bears the risk of incorrect estimation of the amount of work, materials or time required for the job. Escalation clauses might exist in some cases to cover, at least partially, cost overruns.

Operations and Maintenance (O&M) Contracts

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

Front End Engineering and Design (FEED) Contracts

Ordinarily, FEED work is carried out as a part of a consultancy assignment where the consultant provides FEED data to the project owner to enable it to take a decision on making a tender for construction. In addition to this, the FEED is also a prerequisite to enable a contractor to bid for EPC/turnkey projects. A FEED project can be an independent consultancy project or a part of an EPC/turnkey contract.

Price Preference

In tenders for the projects funded by multilateral agencies such as the World Bank and the Asian Development Bank, where there is international competitive bidding, generally there is a clause giving a price preference of 7.5% for domestic Indian bidders. In this case, if the bid by the domestic Indian contractor is 7.5% higher than the lowest international bid, then the employer has to award the project to the domestic bidder. This would be subject to certain conditions specific to the project. In case the domestic bidder is in a joint venture with an international bidder, then the domestic bidder would need to own 51% or more in the joint venture in order to qualify for the preferential treatment.

Purchase Preference

In government tenders for projects normally less than Rs. 100 crores, there is a purchase preference clause wherein a tender submitted by a Public Sector Undertaking ("PSU") will entail 10% price preference over other bidders. In this case, if the bid by the PSU is 10% higher than the lowest bidder, the employer reserves the right to award the project to the PSU.

IRRIGATION INDUSTRY - OVERVIEW:

Inland Water resources of the country are classified as rivers and canals; reservoirs; tanks & ponds; beels, oxbow lakes, derelict water; and brackish water. Other than rivers and canals, total water bodies cover all area of about 7 M.Ha. Of the rivers and canals, Uttar Pradesh occupies the First place with the total length of rivers and canals as 31.2 thousand km, which is about 17 percent of the total length of rivers and canals in the country. Other states following Uttar Pradesh are Jammu & Kashmir and Madhya Pradesh. Among the remaining forms of the inland water resources, tanks and ponds have maximum area (2.9 M.Ha.) followed by reservoirs (2.1 M.Ha.).

Most of the area under tanks and ponds lies in Southern States of Andhra Pradesh, Karnataka and Tamil Nadu. These states along with West Bengal, Rajasthan and Uttar Pradesh, account for 62 percent of total area under tanks and ponds in the country. As far as reservoirs are concerned, major states like Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Uttar Pradesh account for larger portion of area under reservoirs. More than 77 percent of area under beels, oxbow, lakes and derelict water lies in the states of Orissa, Uttar Pradesh and Assam. Orissa ranks first as regards the total area of brackish water and is followed by Gujarat, Kerala and West Bengal. The total area of inland water resources is, thus, unevenly distributed over the country with five states namely Orissa, Andhra Pradesh, Gujarat, Karnataka and West Bengal accounting for more than half of the country's inland water bodies. (Source: www.wrmin.nic.in)

The schemes for irrigation development are conceived, planned and implemented by the respective State Governments as per their own priorities as Water being a State subject. Government of India encourages the State Governments to create additional irrigation potential through early completion of the ongoing major and medium irrigation projects and taking up surface minor irrigation schemes in special category States, tribal and drought prone

areas by providing grants under Accelerated Irrigation Benefits **Programme** (AIBP). Central grant is also provided to States under the schemes for “Repair, Renovation and Restoration of Water Bodies” (RRRWB) and “Command Area Development and Water Management” (CAD&WM) for efficient utilization of created facilities. The ultimate irrigation potential for the country has been assessed to be about 139.9 million hectare (**Mha**). As per the available information, about 105.8 **Mha** of irrigation potential has been created so far. Total area under irrigation varies from year to year. (Source: Press Information Bureau)

The country is now ready for moving ahead with much greater emphasis in securing its requirements from its land and water resources. To promote better irrigation infrastructure the Government of India has implemented certain policy measures including the following :-

- XIth Plan allocation for Irrigation, Flood Control and Command Area Development at Rs. 232311 crores showing an increase of 142.75% in relation to Xth Plan outlay of Rs. 95700 crore.
- There was quantum jump in the Central Assistance released to States under “**Accelerated Irrigation Benefits Programme (AIBP)**”. 13 major & medium projects and 1186 minor irrigation schemes were included under AIBP during the year 2008-09. An irrigation potential of about 7.5 lakh hectares was created under AIBP assisted projects during 2008-09.
- Central assistance to States under “**Command Area Development & Water Management (CAD&WM) Programme.**”

(Source: Annual Report, Ministry of Water Resources)

Regulatory Framework

Institutional framework for Irrigation Infrastructure

Center level	Ministry of Water Resources	<ul style="list-style-type: none"> • General policy on water resources development • Assistance to the states on irrigation, multipurpose projects, ground water exploration and exploitation, drainage, flood control, sea erosion problems, dam, hydropower • Regulation and development of inter-State rivers
	Ministry of Urban Development	<ul style="list-style-type: none"> • Urban water supply and sewage disposal through ULBs
	Ministry of Rural Development	<ul style="list-style-type: none"> • Rural Water Supply under the Department of Drinking Water through local administrative bodies
State level	State departments and corporations	<ul style="list-style-type: none"> • Administrative control and responsibility for the development of water • Major and medium irrigation is handled by the irrigation/water resources departments • Minor irrigation is looked after partly by water resources departments, minor irrigation corporations, Zilla Panchayats and by other departments such as agriculture

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Types of Projects

Irrigation projects are divided on the basis of their Cultivable Command Area (CCA).

- If CCA is more than 10,000 hectares it is called Major Irrigation.
- If CCA is between 2,000-10,000 hectares it falls in the category of Medium Irrigation.
- Irrigation projects having CCA less than 2,000 hectares are categorized as Minor Irrigation.

Major and Medium irrigation projects mostly comprise dams, canals and lift irrigation schemes. Minor Irrigation schemes are mainly wells, tube wells, mud canals, etc
(Source: www.mowr.gov.in)

Extension, Renovation & Modernizing (ERM): Typically, ERM schemes aim at avoiding excessive losses in the distribution system and field channels, a re-appraisal of the irrigation water requirements and frequency of water application, the conjunctive use of ground water to the extent possible, modifications to canal structures and construction of new structures as necessary.

Flood Control: Flood Control Schemes aiming to control the damage caused by floods in Food Prone States
(Source: www.planningcommission.gov.in)

Demand

Ultimate irrigation potential which can be created making use of the utilizable surface water resources through major, medium and minor projects would be about 75.9 m ha. Irrigation potential making use of ground water has now been assessed as 64 m ha. Thus the total irrigation potential from surface and ground water sources would be about 139.9 m ha. Besides this, an additional irrigation potential of about 35 m ha can be created by taking up long distance inter basin transfer of water from surplus to deficit basins.(Source: www.cwc.nic.in – Annual Report, 2008 – 09)

State level funding of irrigation projects has been impacted considerably due to the economic slowdown. However, with a revival in the economy, we expect funding delays to go down.
(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Supply

Irrigation development - Target and expected performance (IPC) during 11th

Five-Year-Plan (2006-07 to 2011-12)

(Million hectares)	Target	Expected 11th Plan	Expected 2010-14
Major and Medium Irrigation	9.0	6.5	
Minor Irrigation	7.0	4.0	
Total IPC	16.0	10.5	15.1

Source: Planning commission, CRISIL Research

In spite of being a sector integral to the growth of Indian agriculture, the irrigation sector continues to be plagued by issues such as delays in land acquisition and funding constraints at the state level and the lack of interest shown by state governments in developing this sector. Further, the supply in irrigation had been impacted considerably due to the recent slowdown in economy as it deteriorated state finance and decelerated the pace of funding of irrigation projects. However with the revival in the economy, the funding delays are expected to come down.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009 and Planning Commission)

In India, the current Ultimate Irrigation Potential (UIP) is estimated at 139.9 million hectares. Till the end of the Tenth Five-Year Plan (2002-07), Indian had created irrigation infrastructure of 102.8 mh, leaving a gap of 37.2 mh (27 per cent) as against the total potential (UIP). As per CRISIL report 10.5 mh of irrigation potential is expected to be created over Eleventh Five-Year Plan, as against the target of 16 mh laid down by the plan. Further in the next five year (FY 2010-14) there is an expectation of 15.1 mh of IPC to be created in India.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Major Initiatives

Accelerated Irrigation Benefit Program (AIBP)

The Accelerated Irrigation Benefit Programme (AIBP) was launched during 1996 – 1997 to give loan assistance to the States to help them complete some of the incomplete major/medium irrigation projects which were at an advanced stage of completion and to create additional irrigation potential in the country. The State Governments have been provided an amount of about Rs. 36,534 crores as CLA / Grant under AIBP since inception of this programme till 7th

July 2009 for 268 major/medium irrigation projects and 9,908 Surface Minor Irrigation Schemes. Budget allocation for AIBP for the year 2008-09 was of Rs. 4,300 crores. Under PM's stimulus package, an additional allocation of Rs. 2300 crores was provided for AIBP. Thus, total allocation was of Rs. 6,600 crores. Against this allocation, the actual expenditure during the year was about Rs.7,598crores. For the year 2009-10, budget allocation is Rs.8,000crores. (Source: Indian Portal: www.india.gov.in)

Command Area Development and Water Management (CADWM)

Command Area Development and Water Management (CADWM) program was initiated in 1974. Its main objective was to improve the utilisation of Irrigation Potential Created (IPC) and optimize agriculture production and productivity from irrigated agriculture through a multi-disciplinary team functioning under the Area Development Authority. CADWM includes majority of small works such as field channels, field drains, land leveling etc. So far, 332 irrigation projects with a Cultivated Command Area (CCA) of about 29 mh have been benefited from the programme, out of which 138 projects are currently under implementation.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Bharat Nirman

Bharat Nirman is a business plan for action in rural infrastructure by the Government of India in partnership with State Governments and Panchayat Raj Institutions. The Ministry of Water Resources in collaboration with State Governments is responsible for creation of additional irrigation capacity through major, medium and minor irrigation projects complemented by ground water development. (Source: www.bharatnirman.gov.in)

Investments

Expected Irrigation Investments



Source: CRISIL Research and Planning Commission

Slowdown in investments due to deterioration in state finances affected the sector's growth in 2008-09. However, the situation has been improving with economic revival and the sector is expected to see strong growth in investments. Major contribution to this growth will be from states concentrating on improving water and irrigation infrastructure such as Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh, Orissa, Rajasthan and Karnataka. In order to capitalize on the direct and indirect benefits of irrigation, the government, particularly the state governments, have gradually started to increase their focus on investments in irrigation and flood control over the years. Total investments in the irrigation sector are expected to grow from Rs. 1455 bn during the 2004-05 to 2008-09 (at 2008-09 prices) to Rs. 2984 bn during the 2009-10 to 2013-14 period, representing a growth of 110 per cent.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009 and Planning commission)

Breakup of funding of Investments In Irrigation – Centre vs state



irrigation projects of national stature (large irrigation projects mostly involving two or more states).

(Source: CRISIL Research, Indian Infrastructure Report, November 2009 and Planning commission)

Key Highlights

- Government Investments: Due to socio-economic benefits, irrigation has been the key focus area for many state governments. Further, as irrigation investments are completely government driven, the risks of cancellation of projects is also low. (Source: CRISIL Research, Indian Infrastructure Report, November 2009)
- After commencement of AIBP, 109 major/medium projects and 6,584 Surface MI Schemes have been reported to be completed so far. An additional irrigation potential of 5.44 million hectare has been created through major/medium irrigation projects and an irrigation potential of 0.45 million hectare has been created through Surface Minor Irrigation Schemes up to March 2009. (Source: Indian Portal: www.india.gov.in)

ROAD INDUSTRY – OVERVIEW

India has one of the largest road networks of 33 lakh kms consisting of:

Road	Length (In km.)
Expressway	200
National Highways	70,548
State Highways	1,28,000
Major District Roads	4,70,000
Rural and Other Roads	26,50,000

- India has the second largest road network in the world.
- About 65% of freight and 80% passenger traffic is carried by the roads.
- National Highways constitute only about 2% of the road network but carry about 40% of the total road traffic.
- Number of vehicles has been growing at an average pace of 10.16% per annum over the last five years.

(Source: www.nhai.org)

The rapid expansion and strengthening of the road network is imperative to provide for both present and future traffic and improved accessibility to the hinterland. In addition, road transport needs to be regulated for better energy efficiency, less pollution and enhanced road safety. To promote better road infrastructure the Government of India has implemented certain policy measures including the following :-

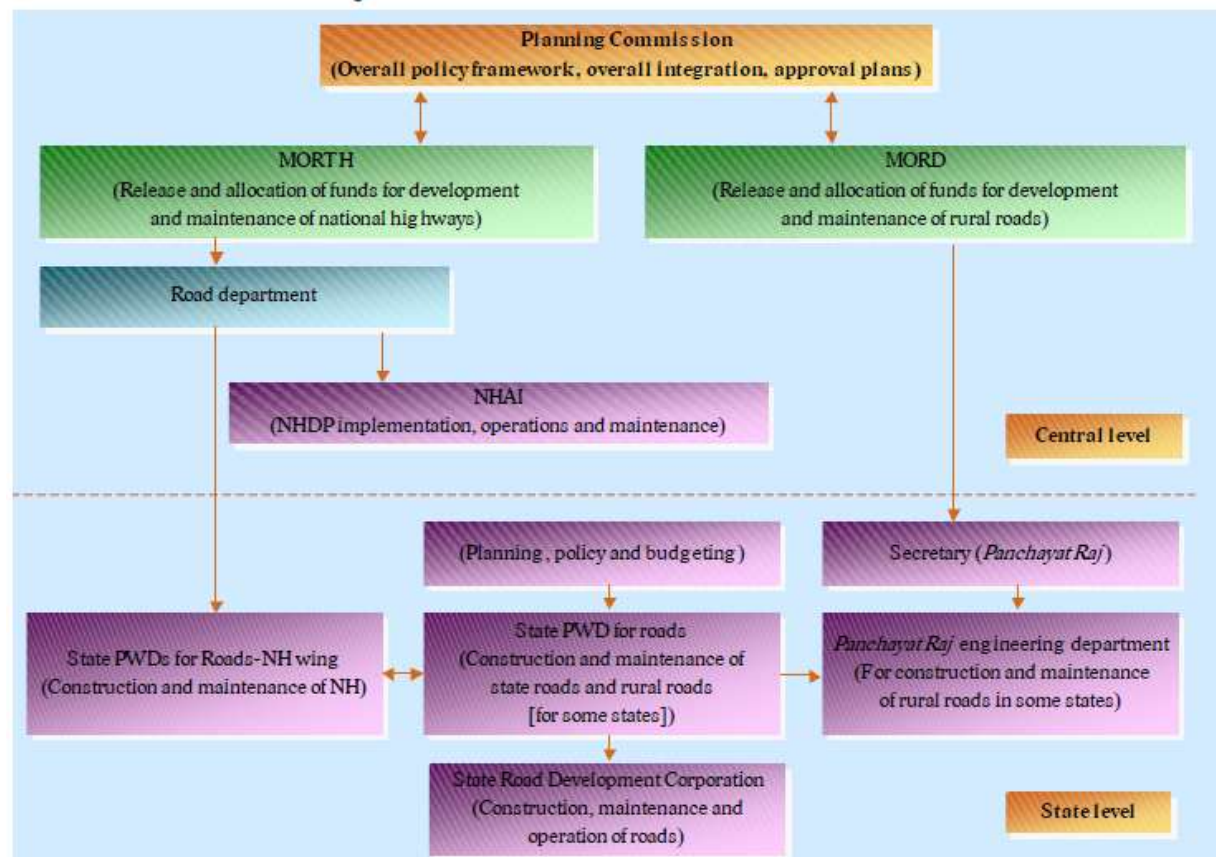
- Declaration of the road sector as an industry.
- In Budget 2010-11, the allocation for road transport has been increased by over 13 per cent from US\$ 3.8 billion to US\$ 4.3 billion.
- In order to tide over the shortage of funds, the road transport and highways ministry has proposed priority sector status for road development, allowing private highway developers more funds from banks.

- Foreign Direct Investment up to 100 per cent in road sector.
- Easier external commercial borrowing norms. The government has also announced an increase in the overseas borrowing amount of infrastructure sectors, to US\$ 500 million from US\$ 100 million.
- As per the Economic Survey, the Ministry of Road Transport and Highways, with a view to expediting the progress of the NHDP, has set a target of completion of 20 km of national highways per day, which translates to 35,000 km at the rate of 7,000 km per year during the next five years (2009-14).

(Source: www.morth.nic.in)

Regulatory Framework

Road sector: Institutional arrangement at Central and state level



(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

National Highways – National Highways Development Project:

In order to take up the improvement and development of National Highways, National Highways Development Project (NHDP), the largest highway project ever undertaken in the country, was initiated in a phased manner. Currently, the NHDP is being implemented in four phases: I (Golden Quadrilateral, port connectivity and other projects), II (North South East West Corridor), III and V. Phase VI and Phase VII have been approved by the government and most of the contractors in these phases are in the various stages of planning and bidding.

- **NHDP Phase I & II** envisage 4/6 laning of about 14,000 km of National Highways, at an estimated cost of about Rs. 65,000 crores at 2004 prices. These two phases comprise Golden Quadrilateral (GQ), North-South & East-West corridor (NSEW), Port Connectivity and Other Projects.
- Up gradation of 12,109 km of National Highways (NHs) under **NHDP Phase-III** at an estimated cost of Rs. 80,626 crores.

- Up gradation/ strengthening of 5,000 km of single / intermediate / two lane National Highways to two lane with paved shoulders under **NHDP Phase-IV A** on BOT (Toll) and BOT (Annuity) basis at an estimated cost of Rs. 6950 crores.
- Six laning of 6,500 km of NHs comprising 5,700 km of GQ and balance 800 km of other sections of NHs under **NHDP Phase-V** at a cost of Rs. 41,210 crores.
- Construction of 1,000 km of expressways with full access control on new alignments at a cost of Rs. 16,680 crores under **NHDP-Phase VI**.
- Construction of ring roads including improvement of NH Links in cities, grade separated intersections, flyovers, elevated highways, ROBs, underpasses and Service Roads at a cost of Rs. 16,680 crores under **NHDP Phase-VII**.

(Source: www.morth.nic.in)

State Roads

The contribution from state roads towards road investments is expected to be higher than that from National Highways. States like Rajasthan, Madhya Pradesh, Karnataka, Gujarat and Maharashtra are taking several initiatives to facilitate and promote private sector participation in state road projects.

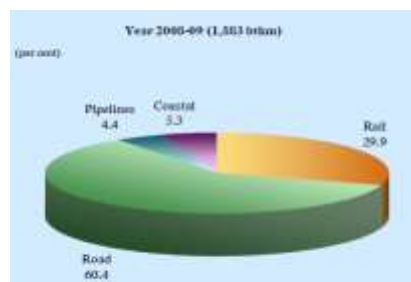
(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Rural Roads

To boost the rural connectivity, a rural roads programme, **THE PRADHAN MANTRI GRAM SADAK YOJNA (PMGSY)** has been launched, with the objective of providing connectivity, through good All-weather roads, to all unconnected areas, with a population of more than 500 persons. This programme is entirely funded by the Government of India.

(Source: www.pmgys.nic.in)

Demand



Freight traffic across modes of transport Roads are the most preferred mode of transport for both freight and passengers. Preference for road transport for freight movement is primarily on account of large capacity expansions carried out by fleet operators, flexibility and door-to-door movement. In addition, roads act as a primary means for last mile travel. Further, capacity constraints in road transport are not acute as it is in railways. Also, the presence of multiple players ensures better scalability in capacity when required.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Supply

National Highways

NHDP completion status (km): September 2009

	Unit	GQ	Port connectivity	Others	Phase I	Phase II	Phase III	Phase V	Total
Total length	Km	5,846	380	962	7,188	7,274*	12,109	6,500	33,071
Completed till date	Km	5,734	238	837	6,809	4,304	982	148	12,243
Completion rate as % of total	per cent	98.1	62.6	87.0	94.7	59.2	8.1	2.3	37.0
Under Implementation (UI)	Km	112	136	105	353	2,333	2,464	886	6,036
UI as a % of total	per cent	1.9	35.8	10.9	4.9	32.1	20.3	13.6	18.3
Balance length for award (BFA)	Km	0	6	20	26	637	8,663	5,466	14,792
BFA as a % of total	per cent	0.0	1.6	2.1	0.4	8.8	71.5	84.1	44.7
Cost incurred so far	Rs billion	292	80			321	108	17	817

*Actual current length is 7,274 km (excluding 442 km of common length with GQ). The original approved length of NSEW corridor is 7,300 km

(Source: NHAI and CRISIL Research, Indian Infrastructure Report, November 2009)

- CRISIL Research expects to see around 18,000 km (that is, 8 km per day) of roads in various phases of NHDP to be developed at an estimated cost of around Rs 1,888 billion over the next 5 years from 2009-10 to 2013-14. The government's focus on developing the roads sector and reduction in ambiguity in its policies is expected to aid future investments in roads.
- Around 14,000 km still remain to be awarded in Phase III and Phase V. Most of the projects in these phases are expected to be awarded on BOT basis. After a lull seen in awarding projects in the last 2 years due to policy issues coupled with the economic slowdown, CRISIL Research believes in favourable changes in government policies and attractive returns in the sector would increase the private sector's participation and thus result in faster execution of road projects.
- Based on the past and current trend of awarding projects and the implementation schedule, CRISIL Research believes that the ongoing projects under Phases I, II, III and V will be completed to a substantial extent (over 90 per cent) by 2016-17

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

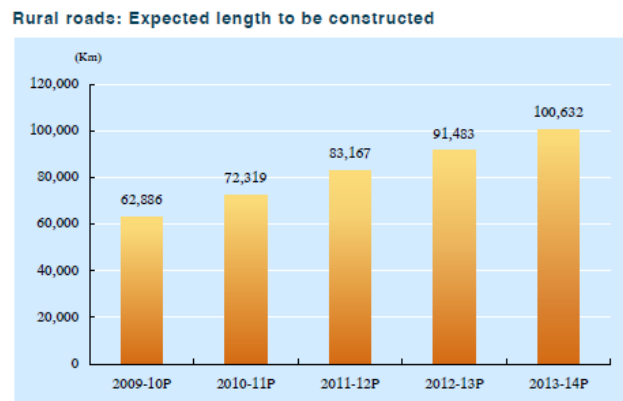
State Roads

- Upcoming projects (excluding ongoing projects) aggregating to total length of 25,724 km are being planned in progressive states like Karnataka, Gujarat, Madhya Pradesh, Maharashtra and Rajasthan. These projects are expected to be awarded in the next 5 years.
- Nearly 80 per cent of upcoming state road projects in these states are being planned on the PPP model.
- These states are taking several initiatives in facilitating and promoting private sector participation in road projects. A well-defined policy framework with Model Concession Agreement (MCA), Toll Policy and a structured bidding process has further encouraged private sector participation in these five states.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Rural roads

PMGSY: Government's continued focus on rural roads aids significant progress



Source: CRISIL Research

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

- In PMGSY, CRISIL Research expects around 410,487 km (including new connectivity and up gradation) to be constructed over the next 5 years, based on past execution track record and the government's continued focus. It is expected that 225 km to be constructed per day in the coming years.
- The growth rate is expected to be around 15 per cent over the next 3 years and 10 per cent for the subsequent 2 years.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Major Initiatives

Special Accelerated Road Development Programme for North Eastern region (SARDP-NE):

It envisages improvement of road connectivity to all the State Capitals and District Headquarters in the North Eastern region. The proposed programme includes improvement of 9760 km of roads comprising of National Highways (5104 km) and State roads (4656 km), which will be implemented under Phase 'A', Phase 'B' and Arunachal Pradesh Package for Roads & Highways. The Government has approved Phase-A comprising 1959 km of National Highways and 657 km of State Roads; preparation of Detailed Project Report (DPR) for Phase-B comprising of 1673 km of National Highways and 3152 km of State Roads and Arunachal Pradesh Package of Roads & Highways comprising 1472 km of National Highways and 847 km of State Roads.

(Source: www.morth.nic.in)

Public Private Partnerships

The increasing resource requirements and the concern for managerial efficiency and consumer responsiveness have led in recent time to an active involvement of private sector. To encourage participation of private sector, the government has announced several incentives such as –

- Government will carry out all preparatory work including land acquisition and utility removal. Right of way (ROW) to be made available to concessionaires free from all encumbrances.
- NHAI / GOI to provide capital grant up to 40% of project cost to enhance viability on a case to case basis
- 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years.
- Concession period allowed up to 30 years
- Arbitration and Conciliation Act 1996 based on UNICITRAL provisions.
- In BOT projects entrepreneur are allowed to collect and retain tolls
- Duty free import of specified modern high capacity equipment for highway construction.

(Source: NHAI)

Central Road Fund (CRF)

The Central Government has created a dedicated fund called Central Road Fund (CRF) from collection of Cess on Petrol and High Speed Diesel (HSD) Oil. Presently, Rs.2/- per litre is collected as cess on petrol and HSD Oil. The fund is distributed for development and maintenance of National Highways, state roads, rural roads, and for railway over bridges/under bridges and other safety features as provided in Central Road Fund Act, 2000. (Source: www.morth.nic.in)

Investments

- Over the last 3 years, road investments have grown at a CAGR of 24 per cent on account of the Central and State governments' continued focus on improving road development.
- Out of the total road investments over the last 3 years, state roads contributed 48 per cent, followed by the national highways at around 31 per cent and rural roads accounted for the remaining 21 per cent.
- Investments in national highways has slowed down over the last 3 years due to various policy issues with respect to the Model Concession Agreement (MCA), RFQ and the economic slowdown
- On account of the government's continued thrust on rural development, Investments in rural roads (PMGSY) has increased at a CAGR of 44 per cent over the last 3 years.

CRISIL Research's estimates of road investments(2009-10 to 2013-14)

Road Investments						Rs. billion
Segment	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	Total
National Highways	264	287	388	471	477	1887
State Roads	326	373	395	445	471	2010
Rural Roads	181	218	264	304	352	1319
Total	771	878	1047	1220	1300	5216

Source: CRISIL Research, Indian Infrastructure Report, November 2009)

- Out of the total road investments, state roads would account for 39 per cent, followed by national highways with a share of around 36 per cent, while rural roads would constitute the remaining 25 per cent of the total investment.
- The state governments' focus on improving state roads have led to an increase in state road investments since 2006-07. Consequently, the share of state roads and highways in road investments has risen
- Out of the total NHDP investments, 75 percent would be contributed by phase III and Phase IV. However, majority of the investments from Phase III and Phase IV have been deferred by 1-2 years on account of policy issues and the overall economic slowdown. Investments from these phases are expected to scale up in the next 5 years.
- Rural roads are expected to see continued investment momentum under the PMGSY.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Funding Sources

- National highways are funded through private and public funds. Around 55 per cent of the total funding requirement of Rs 1.9 trillion is expected to come from private sector through internal accruals, equity infusion, private placements, sale or securitization of existing operational projects etc. The balance 45 per cent is to be funded by NHAI through cess funds, market borrowings, budgetary support, toll revenues and external assistance in the form of grants and loans from multi-lateral agencies like the World Bank, Asian Development Bank (ADB) etc.
- State roads are largely funded through budgetary allocations of the respective state governments. Funds from NABARD, HUDCO, RURAL Infrastructure Development Fund (RIDF) schemes and the Central government's fund (the state's portion of CRF) have supplemented the same. Out of the total funding requirement of Rs 2 trillion in state roads, around 16 percent of the total funding requirement is expected to come from private sector, with the rest coming from the public sector.

- Rural roads under the PMGSY are 100 per cent financed through funds from the Central government, which includes loans from NABARD, the World Bank, and the ADB, invested in rural roads under the PMGSY over the next 5 years.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Key Highlights

The government has announced several incentives to attract private sector participation. These include:

- The Indian government has launched the ambitious National Highway Development Programme (NHDP) involving a total investment of US\$ 50 billion up to 2012.
- The government has also started the Bharat Nirman Programme that aims to cover every village having a population of over 1,000 or over 500 in hilly and tribal areas, with all-weather roads.
- Removal of ranking and short listing of bidders for future road projects: As per the Delhi High Court's judgement, the ranking and short listing of the top 5-6 bidders in the Request for Qualification (RFQ) stage has been removed for future road projects. Consequently the cap on bids to be submitted in the Request for Proposal (RFP) has also been removed, which should lead to faster awarding of projects.
- Change in methodology for revision of toll rates: The new tolling policy was introduced in December 2008 with effect from April 1, 2008. The toll revision has been fixed at 3 per cent plus 40 per cent of change in WPI in an effort to help achieve a better balance between tolls charged and returns for developers, which will encourage private player participation.
- According to the Press Information Bureau, in the third week of December 2009, the government approved four-laning 384 km of highways with an investment of US\$ 669.2 million.
- Moreover, in January 2010, the government approved road projects worth US\$ 1.4 billion in five states for upgrading nearly 562 km of four-lane highways into six lanes, according to the Press Information Bureau.
- In the first week of April, the Cabinet Committee on Infrastructure approved highway construction works worth over US\$ 981.4 million in various states including Bihar and Rajasthan, according to the Press Information Bureau.
- The Tamil Nadu government has allocated US\$ 2.25 billion for a project envisaging laying of roads of international standard in 11 cities.
- The World Bank has agreed to provide a US\$ 3 billion loan for developing national highways. The World Bank assistance will be utilised for converting 6,372 km of one-lane highways to two-lane, out of the total of 19,702 km of single lane highways in the country.

(Source : www.pib.nic.in)

RAILWAYS INDUSTRY - OVERVIEW

The Indian Railways, as one of the pillars of India's infrastructure, has a symbiotic relationship with the country's industry and economy. Railways play a crucial role in the transport of coal, iron ore and raw materials for the manufacturing industry, fertilizers, cement and steel products and food-grain and in the movement to and from the major ports, as well as the transportation of people. Transport being a derived demand, any growth in the economy fuels the demand for transport.

(Source: www.indianrailways.gov.in)

The US\$ 18 billion Indian Railways industry has one of the largest developed networks in the world.

- Largest rail network in Asia
- World's second largest rail network under single management.
- It runs through the country covering 63,140 route km, carrying 20 million passengers a day on about 18,000 trains.
- It is one of the few mixed traffic systems in the world, carrying both passengers and freight that generates a cash surplus.

To promote better railway infrastructure the Government of India has implemented certain policy measures in the Union Budget for 2010-11 including the following :-

- Highest ever Plan Outlay at Rs 41,426 Cr., an increase of Rs 1142 Cr. over 2009 – 10.
- New Lines – Rs 4411 Cr.
- Passenger Amenities – Rs 1302 Cr.
- Metro Projects – Rs. 1001 Cr.
- Additional budgetary support of Rs 3701 cr sought for 11 National Projects.
- Surveys for 114 socially desirable projects connecting backward areas to be taken up.
- 54 surveys for new lines, 2 for gauge conversion, 7 for doubling and 5 others to be taken up.
- Master Plan for the development of rail infrastructure in the Northeast region to be drawn up in consultation with the Northeast Development Council and the state authorities concerned.
- 1021km of New Lines to be completed. 9 new line projects announced.
- 800 km of gauge conversion and 700km of doubling targeted.
- Several projects being taken up on cost sharing basis with State Governments and on PPP mode.

(Source: www.indianrailways.gov.in)

Regulatory Framework

Ministry of Railways: The Railway Board manages operations of Indian Railways; it handles policies and regulations pertaining to railways and is supervised by the Ministry of Railways (MoR). Railways operations and management is vested in the hands of 16 zonal offices. Each of the zonal office is a geographical monopoly, which interchanges traffic from all other zones. Each zone has 67 divisions, headed by a divisional manager.

PSU set up to meet its operational needs: Indian Railways has set up several public sector undertakings (PSUs) for dealing with different operational aspects. These include Rail India Technical and Economic Services Ltd .(RITES), a consultancy service; Ircon International Ltd, for construction; The Indian Railways Finance Corporation (IRFC), that augments financial resources; Container Corporation of India Ltd (CONCOR), handles domestic and international cargo and RailTel Corporation of India, which is into telecom.

(Source: CRISIL Research, *Indian Infrastructure Report*, November 2009)

Demand

Despite continued dominance of the roadways (>70 per cent value share) in the overall freight transport in India, railways dominate freight movement regarding several bulk products. Bulk commodities constitute almost 80 per cent of the railways' freight traffic due to better cost economics as compared to road transport.

Railways is working on more than 100 per cent capacity utilisation, highlighting the need to augment its freight-carrying capacity for handling increase in volume of traffic in the coming years. Given the strained capacity utilisation, Indian Railways needs to step up its investments.

The railway working committee has proposed an investment of Rs 2,510 billion in various projects over the Eleventh Plan period (2007-08 to 2011-12); close to three times the Tenth Plan outlay.

(Source: CRISIL Research, *Indian Infrastructure Report*, November 2009)

Supply

The route network of Indian Railways has expanded very slowly in the past having added nearly 10,000 kms over 62 years.

(Source: *Railways Vision 2020 Document*, Ministry of Railways)

In order to surmount strain in capacity utilisation, it is necessary to augment the freight-carrying capacity of railways for handling increase in traffic volume in the coming years. Considering the overwrought capacity utilisation, it is essential to step up investment by Indian railways.

(Source: CRISIL Research, *Indian Infrastructure Report*, November 2009)

While doubling of lines, gauge conversions, electrification and many other positive things did happen during the last six decades, the overall expansion of the Indian Railways to areas it did not serve earlier has been unacceptably slow.

To realize this potential, the Indian Railways must achieve annual growth of 10% over the next 10 years by developing a sharper commercial focus with a strong social commitment.

(Source: Railways Vision 2020 Document, Ministry of Railways)

Major Initiatives

Vision 2020

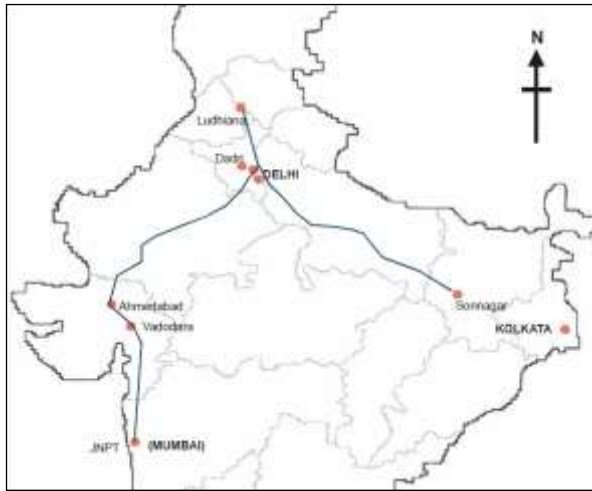
Gross Revenue of the Indian Railways has remained at a level of around 1.2% of India's GDP over the last 10 years. The vision is to take it to 3% in the next 10 years. India's GDP is expected to exceed US\$ 2 trillion (Rs. 90 lakh crore) by the year 2020. With GDP at this level, Indian Railways has the potential to grow to around Rs.2,70,000crore of revenue from around Rs. 90,000 crore at present.

Summary of Broad Goals of Vision 2020

Broad category	Short Term Target (2010-11-2011-2012)	Long-term Target (2012-2013-2019-20)	Total Target
Doubling (including DFC)	1000 kms	11000 kms	12,000kms
Gauge conversion	2500kms	9,500kms	12,000kms
New line	1000kms	24,000kms	25,000kms
Electrification	2000kms	12,000kms	14,000kms
Procurement of wagons	33909	255227	289136
Procurement of diesel locomotives	690	4644	5334
Procurement of electric locomotives	555	3726	4281
Procurement of passenger coaches	6912	43968	50,880
World-class stations (Bid-out/concession)	12 stations	38 stations	50 stations
High-speed Corridors	—	2000 kms	2000 kms

- In order to achieve the goals mentioned above the following strategy will be adopted by the Ministry of Railways in the Infrastructure segment:-
- In the short to medium term, the emphasis would be to remove bottlenecks and create capacity quickly.
- Project execution capability would be strengthened.
- Port connectivity works would be taken up on priority in partnership with ports and other major users.
- A non-lapsable dedicated fund will be set up to fund new line projects and wipe out the entire throw forward of new line projects.
- Connectivity projects to the North-East (new line and gauge conversion) and J&K (new line) would be accorded priority. All state capitals would be connected by rail.
- Segregations between commuter and non-commuter lines in large cities with population exceeding one million shall be achieved by partnership with state governments and city authorities.
- All construction projects would be executed by use of modern technology and construction equipment.
- PPP will be used for efficient execution of projects especially in areas like construction of world-class stations, multi-modal logistics parks, cold-chain facilities and connectivity to ports/industrial clusters.

(Source: Railways Vision 2020 Document, Ministry of Railways)



Dedicated Freight Corridor

As part of its expansion initiatives, Indian Railways have undertaken Dedicated Freight Corridor (DFC) as one of their important projects, with the objective of building a dedicated rail corridor for freight movement on both western and eastern routes. Through DFC, Indian Railways intends to create rail infrastructure with the capability of transporting a substantially higher level of freight traffic.

Total length of the multimodal high axle load network comprising two corridors is 7,462 km, of which the route length is 2,793 km and feeder route length is 4,669 kms. Of the total route length, the eastern DFC and western DFC constitute 1,278 km and 1,515 km, respectively. The eastern DFC and western DFC constitute 2,587 km and 2,082 km, respectively of the total feeder route length. Rs 281 billion

investment in DFC is expected to ease congestion on the railway network and facilitate growth of bulk freight and container rail movement.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Investments

Tenth and eleventh plan outlay comparison

(Rs billion)	Tenth Plan	Eleventh Plan	Growth (%)
Construction of new lines	89.7	160.0	78.4
Gauge conversion	68.9	187.0	171.3
Line doubling	34.6	190.0	448.3
Rolling stocks	157.2	594.8	278.4
Tracks renewals	193.1	231.7	20.0
Others	311.1	1146.6	268.6
Total	854.6	2,510.0	193.7

(Source: CMIE and Ministry of railways)

Budget 2010 – 11 had proposed a plan outlay at Rs 414.26 billion, an increase of Rs 11.42 billion over 2009 – 10. CRISIL Research expects total investment of Rs 3,040 billion during 2009-10 to 2013-14.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009 & www.indiabudget.nic.in)

Funding Sources

Break up of projected public private investment (Rs Bn)



P: Projected

In the next 5 years, around 65-70 per cent of investment in railways is expected to be funded through budgetary support and extra budgetary resources. Internal accruals of the railways are likely to fund the rest.

With increasing cargo containerisation, demand for container movement by rail has grown rapidly. This was hitherto a monopoly of the Container Corporation of India, a PSU entity. In a major initiative in PPP, container movement has been thrown open to competition with 15 private sector entities being licensed for running container trains. Private sector container trains have commenced operations; operators would also be expanding investment into container handling facilities such as Inland Container Depots, etc.

(Source: Ministry of railways, CRISIL Research, Indian Infrastructure Report, November 2009)

In addition to above, private players are expected to make high investments in setting up logistics parks and free trade warehousing zones (FTWZs) across India.

(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Key Highlights

- 25,000 km of rail lines to be completed by 2020
- Rs 1302 crores to improve passenger amenities;
- 1021 Km of New Lines to be completed, 9 new line projects announced;
- Electrification of 1000 km by 2011
- 94 stations to be upgraded to Adarsh Stations
- Special Task Force to clear investment proposals within 100 days
- Multi-level parking complexes through PPP route
- Plan for high-speed rail corridor by National High Speed Rail Authority
- Master plan for development of rail infrastructure the Northeast region
- Setting up of dedicated freight and passenger corridors

(Source: www.pib.nic.in)

FUTURE OUTLOOK ON INFRASTRUCTURE:

Taking in to consideration both new and latent demand, CRISIL Research estimates infrastructure expenditure to nearly double to Rs 32 trillion (\$700 billion) over 2009-10 to 2013-14 period. CRISIL Research believes that even if new demand for infrastructure across sectors is ignored, bridging the latent demand itself presents a huge investment opportunity.

In the past few years, the government has taken initiatives to bridge the gap in infrastructure by encouraging private participation in a number of sectors. However, the gap is very huge and demand is growing at a faster pace. Therefore, in order to realize the potential economic growth rate in the long term, investments would need to grow at a much faster pace.



(Source: CRISIL Research, Indian Infrastructure Report, November 2009)

Infrastructure sector received an impetus in the Government's policy package, which includes measures such as permission to India Infrastructure Financing Company (IIFCL) for raising tax free bonds, removal of interest ceiling on external commercial borrowings (ECB), enhancing of cap on FII investment in corporate debt market, easy refinancing from the Reserve Bank and creation of Special Purpose Vehicle (SPV) to lend to non-bank finance companies.

With a view to enhancing the competitiveness of the domestic industry by providing quality infrastructure through public-private partnership (PPP) in select functional clusters/locations which have the potential to become globally competitive, the Government of India has recast the Industrial Infrastructure Upgradation Scheme (IIUS). The salient features of this scheme include creation of quality infrastructure in existing industrial clusters/locations with high growth potential requiring strategic interventions in providing common facilities for transport, road, power supply, effluent treatment and solid waste disposal, information and communication technology (ICT) and such other physical infrastructures.

(Source: www.rbi.org.in)

OUR BUSINESS

Our Company is into infrastructure business focusing on undertaking projects in Irrigation, Railway and Industrial segment. We have over 25 years of experience in infrastructure activities. We started as a partnership concern under the name of M/s A. Prabhakar Reddy & Co. in the year 1983 which was converted into a Public Limited Company in the year 2004. We commenced operations by undertaking civil construction works. Having gained experience we diversified in executing projects in Irrigation sector. As a growth strategy, we ventured into executing projects in Railways & Industrial segment. Our Company has been credited with ISO 9001:2008 Quality Management System by BSI for “Administrative and support functions for construction of civil, structural & engineering projects viz., irrigation dams, canals, bridges, tunnels, roads, infrastructural works, railways and turnkey projects.”

Our portfolio of services and presence across the states in India is as follows –



Irrigation Projects – Construction of Dams / Barrages / Spillways; Construction of Canals including structures, cement concrete lining & distributory systems and Construction of Tunnels.

Railway Projects – Formation of Railways Embankment; Construction of Structures; Collection and spreading of Ballasts; Erection & Laying of Railway tracks; Construction of Railway platforms & passenger amenities; Construction of Foot-over Bridges; Construction of Buildings (residential & service); Electrification and Signal Works.

Industrial Projects – Site preparation & gradation works; Railway Sidings; Approach Roads; Bridges; Reservoirs & Industrial Structures.

Our Company secures contracts through competitive bidding process either on a standalone basis or through joint venture depending on the project size and pre-qualifications requirements. A bid is normally evaluated on three broad areas viz., past experience; technical aspects and financial requirements. Our order book comprises of work orders received mainly from Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises.

Our Company has entered into Joint Venture agreements with International and Domestic players for bidding & execution of projects. Our International Joint Venture partners are M/s China Railway Shisiju Group Corporation & M/s Jiangsu Provincial Transportation Engineering Group Co. Limited (JTEGC) and Domestic Joint Venture partners are M/s V. Narayana Reddy; M/s M. Venkata Rao Infra Projects Private Limited; M/s PVR Projects Limited & M/s VNR Infrastructure Limited. The JV partner brings in synergies by aiding financial strength and technical skill set required for project qualification.

For the fiscal 2010 and 2009, our contract revenue was ₹27,276.40 lakhs and ₹19,057.07 lakhs respectively representing an annual growth rate of over 43%. Our net profit for fiscal 2010 and 2009 was ₹1517.62 lakhs and ₹1055.78 lakhs respectively representing an annual growth rate of over 43%. For the eight months period ended November 30, 2010 our contract revenue was ₹ 18,502.70 lakhs and our net profit was ₹ 882.60 lakhs.

Our Company has expanded both in service and project profile and also customer profile with greater geographical presence. Our operations are spread across the states of Andhra Pradesh, Maharashtra, Madhya Pradesh, Assam, Tripura, Karnataka, West Bengal, Tamil Nadu and Bihar.

Our project delivery is based on professional & skilled manpower that we have. As on February 28, 2011 we have 79 people on the payrolls.

Our major clientele under different segments are as follows –

Irrigation - Irrigation & CAD Department, Government of Andhra Pradesh; Tapi Irrigation Development Corporation; Vidharbha Irrigation Development Corporation; Maharashtra Krishna Valley Development Corporation (MKVDC); Karnataka Bhagya Jala Nigam (KBJNL); Karnataka Neeravani Nigam Ltd. (KNNL); Godavari Marathwada Irrigation Development Corporation (GMIDC); Water Resources Department, Government of Madhya Pradesh (WRD) & Narmada Valley Development Corporation.

Railways – Rail Vikas Nigam Limited

Industrial - NHPC; NTPC; SAIL; National Building Construction Corporation Ltd. (NBCCL), etc.

Our Competitive Strengths

Strong Execution capabilities

We have been in infrastructure activities for more than two decades. Over the years we have gained experience and expertise in construction of Irrigation infrastructure along with railways and industrial projects. The main requirements for thorough project execution are management, personnel and equipment. Our senior management has rich experience, combined with their hands-on approach, ensures timely completion of quality projects. Each site is under the direct supervision of a senior employee which ensures adequate control and faster decision making. We own the requisite critical equipment leading to better cost control and avoidance of delays

Professional & Experienced Management team and qualified employee base

Our Company is spear-headed by Mr. Harikrishna Pulagam, Managing Director, who has been instrumental in diversifying the operations of the Company into various segments of Infrastructure business. Mr. Gunapati Murali Krishna Reddy, Wholetime Director, having over 25 years of experience has played a key role in bringing our Company to the current level. He has been associated with our Company since inception. The management of our Company is well supported by qualified and experienced senior personnel. For more details about our Management and Key Management Personnel please refer to the section titled “Our Management” beginning on page 125 of this DRHP.

Our Company has technical skill-set that has been acquired through years of experience in business. The experience and technical expertise of our team of management and key managerial personnel has been instrumental in implementing business strategies. The skill sets of our employees give us the flexibility to adapt to the needs of our clients and the technical requirements of the various projects that we undertake and to implement strong project management practices.

Investment into critical construction equipment

One of our key advantages is our captive equipment bank which has the critical machinery related to irrigation, road and railway projects like Batching Units, Mechanical Pavers, Excavators / Back Hoe Loaders, Soil Compactors, Transit Mixers, Concrete Pumps and Cranes etc. This reduces our dependence on leased out machinery which plays an important role in timely execution of projects. We have set-up crushing facilities at three locations, two in the state of Andhra Pradesh and one in Madhya Pradesh. The combined capacity of these crushing units is 450 Tonnes per Hour. We have ensured consistent increase and churning in our asset base in line with our work on hand.

Presence across various States of India

Our Company operates in Irrigation; Roads, Railways and Industrial segment. Our order book of ₹ 1,41,619.88 Lakhs consists of diverse orders across segments; client's and geographical locations. We are present in Andhra Pradesh, Maharashtra, Madhya Pradesh, Assam, Tripura, Karnataka, West Bengal, Tamil Nadu and Bihar in various segments. Through this sectoral and geographic diversity, we are able to mitigate the risks associated with operations in a specific sector or geographical location.

Diverse Order Book

As on February 28, 2011 the value of our Order Book was ₹1,41,619.88, Lakhs. The Order Book is diversified across segments and geographical location. We have been adding orders consistently to our Order Book with a growth of 48.05% CAGR over the period of last five financial years till March 31, 2010.

Continuous growth in our bid capacity & pre – qualification capability

The growth in our business is based on our capacity to bid and our ability to undertake projects of larger sizes. Qualification is based on three factors viz., past track record, technical aspects and financial parameters. Pre-qualification criteria differ from project to project. We have been in business for over two decades now and have executed a number of projects in different segments. Our track record of over twenty five years with a number of completed ongoing projects enables us to meet customers' prequalification requirement either independently or in association with joint-venture partners.

Formation of Joint Ventures with International and Indian players to jointly bid & execute projects

We believe that our ability to identify, develop and forge strategic alliances and partnerships with International and Indian players is a significant strength of ours. These alliances and partnerships allow us to exploit technologies and expertise developed by our partners. We believe that such alliances and partnerships allow us to leverage the combination of our partners' technologies with our project management, engineering and construction capabilities as well as our knowledge of the market and customers in order to provide effective solutions for clients. Our Company has existing JV's with International and Indian players for bidding and execution of projects. Our Company's International JV partners are M/s China Railway Shisiju Group Corporation & M/s Jiangsu Provincial Transportation Engineering Group Co. Limited (JTEGC) and Domestic JV partners are M/s V. Narayana Reddy; M/s M. Venkata Rao Infra Projects Private Limited; M/s PVR Projects Limited & M/s VNR Infrastructure Limited. For details of the Memorandum of Understanding / Joint Venture agreements, please see the section titled "Joint Ventures" on page 119 of this DRHP.

Business Strategy

Expand our business by bidding for higher value projects

With the growth in investments and the government's emphasis on developing infrastructure at a faster pace through public private partnership, we believe that a considerable number of large infrastructure projects will be structured on a BOT or PPP basis. We intend to take advantage of these opportunities. Our Company has selectively started bidding for PPP projects by evaluating the technical and commercial feasibility of such projects.

Our Company has been executing Irrigation segment projects for more than two decades. We believe that we have developed expertise into building Dams / Spillways, Canals and Tunnels. Our Company is also present in Railways and Industrial segment. We intend to further strengthen our position by bidding for higher value projects, which will help us in improving margins.

Creation of Revenue Generating asset base

We intend to build a strong asset base with constant revenue flows and high value potential. As on November 30, 2010 our Company's investment into fixed assets has been ₹ 4377.42 Lakhs (net of accumulated depreciation). Our company has been investing into equipment as per business requirements. With diversification and increased order book position we had expanded our equipment bank. With the growth in the order book, we would require a number of capital equipment to pre-qualify and bid for and implement larger and more technically complex projects. The acquisition of such equipment and addition of the same to the existing equipment base will reduce the dependability on third party equipment operators and thereby enabling our Company to achieve higher operating margins. Our Company proposes to raise ₹ 4198.71 Lakhs for buying capital equipment as stated in the section titled "Objects of the Issue" beginning on page 58 of this DRHP.

Having a pan-India presence by bidding & procuring projects funded by Central & State government as well as other recognized institutions

Our Company started operations with projects in Andhra Pradesh and Karnataka. Currently, our Company has on-going projects in the states of Andhra Pradesh, Maharashtra, Madhya Pradesh, Assam, Tripura, Karnataka, West Bengal, Tamil Nadu and Bihar. All these projects are either from Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises. We intend to take advantage of growth opportunities for our business in the infrastructure segment by expanding our business to other geographical locations.

Diversify our business activities into other Infrastructure segments

From being a player undertaking civil construction works our Company has grown into segments like Irrigation, Industrial projects and Railways. Our Company intends to undertake BOT (Toll) Road projects in the near future. BOT projects in Road segment provide long-term sources of revenue. Going forward, we further intend to enter into Ports as well as Repairs & Maintenance activities under Roads & Railways.

Business Operations

Our Company's past growth is a result of the professional approach adopted by the management towards various aspects of the infrastructure business.

Projects undertaken by our Company are mainly through competitive bidding. Currently we undertake the following contracts –

1. Lump sum turnkey Contracts – bidding for contracts by quoting a fixed sum for the entire project which includes providing Designs, Drawings & Specification, Engineering and Execution.
2. Item Rate Contracts – bidding for contracts by quoting rates for individual items of work on the basis of schedule of quantities furnished by the client. The design, drawings and specifications are provided by the client.

The business of our Company is carried out through five distinct processes viz., Business Development; Contract Bidding; Post Tender Follow-up; Commercial & Purchase and Execution & Completion of Contract Works. The detailed description of each process is as follows –

Business Development

Our Company being in a competitive space, is always on the lookout for potential business opportunities. Contracts in the infrastructure space are awarded through competitive bidding. The process of business development is as follows:

- Information collection from Newspaper or Online notifications
- Short-listing of projects based on geographical location, project cost, client, resources and manpower
- To attend pre-bid meetings & understand key requirements
- Decide on the JV partner, as per the requirements of the project
- Submit pre-qualification report along with the requisite documents
- Establish contact with prospective clients / consultants and follow-up with them

Contract Bidding

On identification of the potential business opportunities, our Company will go through the process of bidding for contracts based on factors like resources requirements, pre-qualification parameters, financial position, project

specifications, etc. Our Company follows a methodical process for bagging contracts. The contract bidding process followed is enumerated as below –

- Obtain tender documents & understand pre-qualification formalities
- Assessing need for Joint Venture & entering into Joint Venture agreement, if required
- Planning department to obtain inputs from various departments for estimation of various parameters like cost, manpower, equipment, etc.
- Preparation of tender – BOQ, Price analysis, planning etc. & review tender conditions.
- To finalise & submit tender documents along with EMD

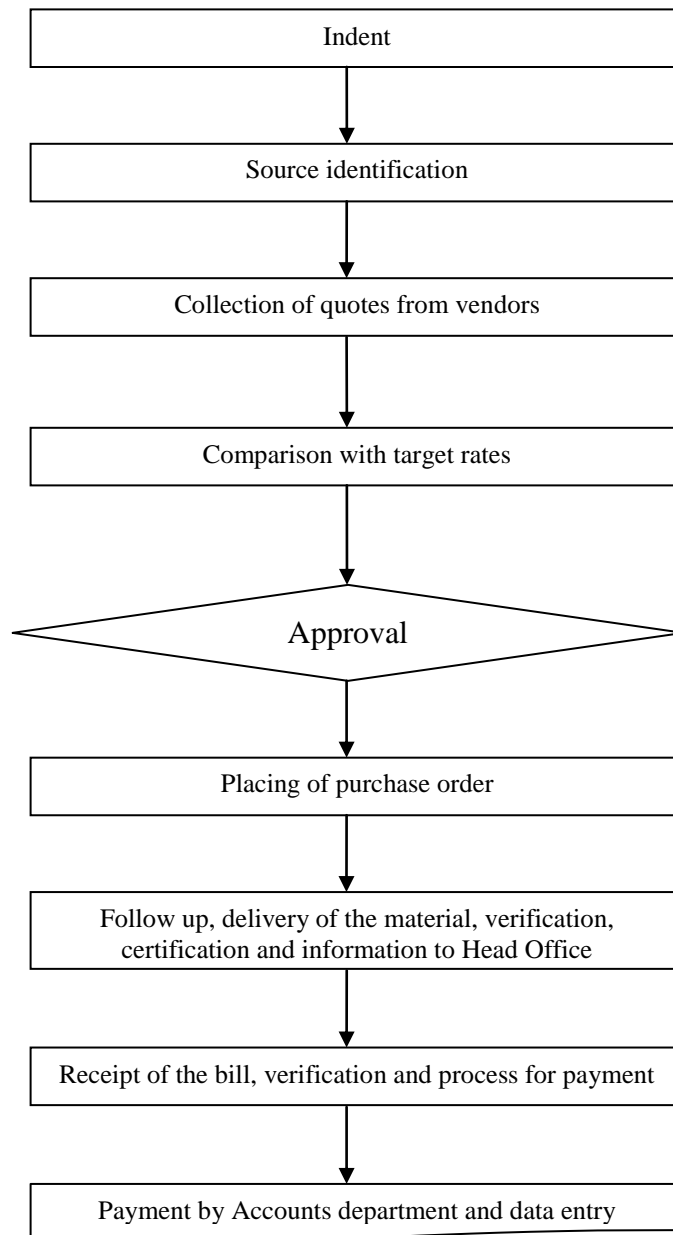
Post Tender Follow-up

This process starts with the submission of the tender documents. Our Company has a team that follows up with the clients to understand the developments taking place. This process is important as it will help the team to analyse the business development process, trends in the industry, pricing practise being followed by other players, etc. The post tender follow – up process followed by is enumerated as below:

- Opening of tenders on the specified date and identification of the tender value
- Announcing the sequence of contractors as L1, L2, L3, etc. based on the tender value with L1 being the lowest.
- If our Company is L1, then we will have to complete all formalities like –
 - Sign contract agreement
 - Take possession of the site
 - Obtain documents for Mobilisation Advances, etc.
- If our Company is not L1, then we will try to analyse the grounds on which we lost the tender
- Submit request for refund of EMD

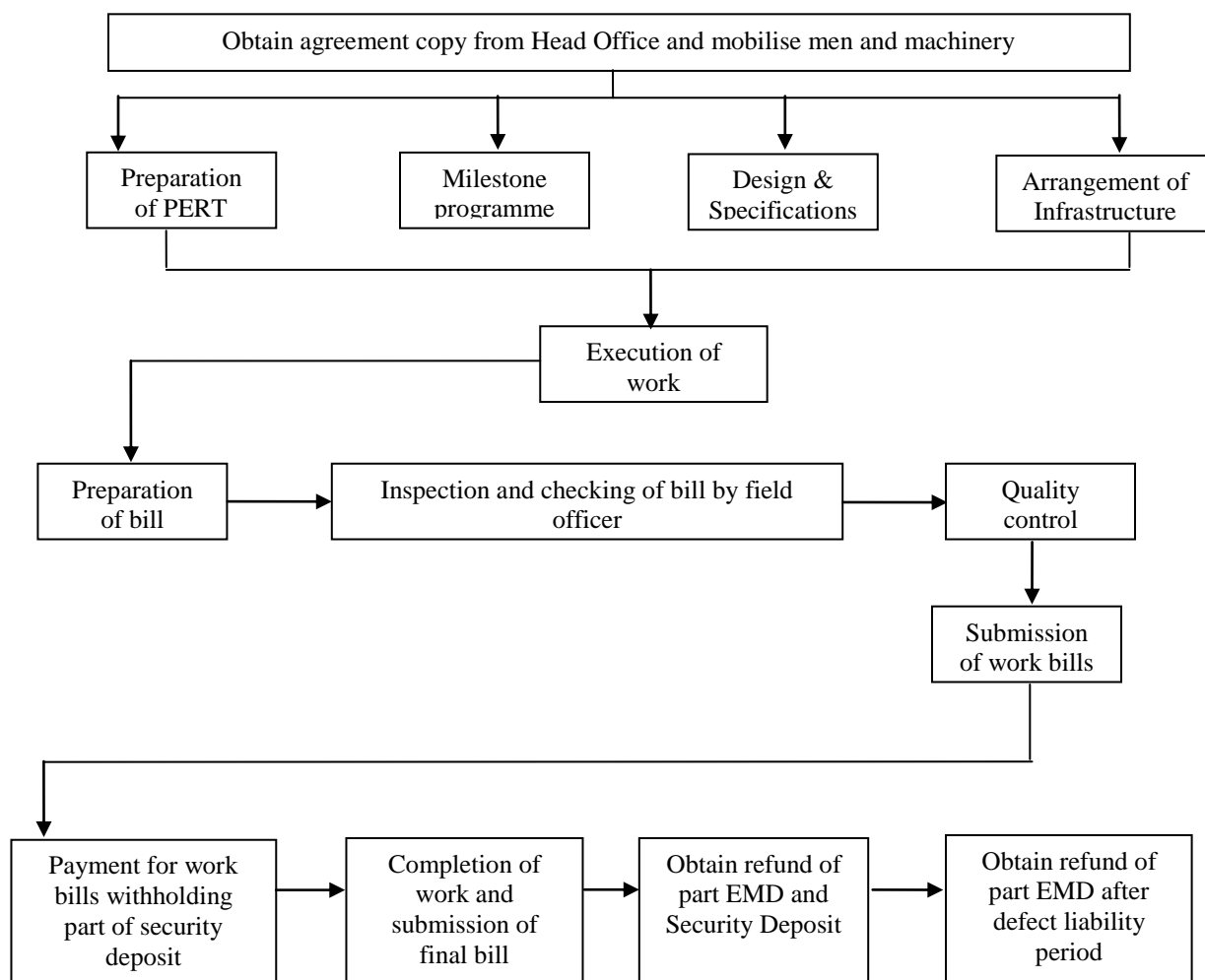
Commercials & Purchase

Once the contract is awarded, our Company will make arrangements for the required raw material, labour and equipment depending on the size and schedule of the project. Our Company doesn't have any identified source of raw material or a firm contract with any supplier of raw materials. The major raw material for projects undertaken by our Company are boulders, stone aggregates, cement, steel, bitumen, sand, fuel and water. The Commercial & Purchases department in conjunction with the Projects Management team draws up the raw material delivery schedule and places orders with the shortlisted vendors. Short fall in raw materials or urgent requirement, if any is sourced from local markets. The commercials & purchase process is described as follows



Execution & Completion of Contract Works

Projects team will prepare detailed execution plan i.e, design, drawings, specifications and schedules in accordance with the project requirements as well as client specifications. This stage is critical as it involves a number of processes as well as different functions are being carried out viz., planning, monitoring, construction & development, quality control, project delivery and billing. The execution & completion of contract works process is enumerated as follows



Our Services

Our Company is into infrastructure business undertaking projects in Irrigation, Railway and Industrial segment. **Our portfolio of services is as follows –**

Irrigation

Irrigation forms one of the core & major business activities of our Company with more than 60% of our gross contract receipts coming from this segment. Our Company has developed expertise in the following areas of irrigation

- a. Construction of Dams / Barrages / Spillways;
- b. Construction of Canals
- c. Construction of Tunnels

a. *Construction of Dams / Barrages / Spillways –*

Our Company undertakes works / projects which are awarded by the state governments to build Cement Concrete or Clogrout Masonry or UCR Masonry Dams / Barrages. Each project has its own design specifications for constructing dams / barrages. Our Company executes entire spectrum of construction activities of dams / barrages / spillways i.e., right from excavation to building of road ways on either side of the dams / barrages / spillways and handing over the same to the department from whom the order has been received. Our Company has completed projects for Government of Andhra Pradesh, Government of Karnataka and Government of Maharashtra.

b. Construction of Canals including structures, cement concrete lining & distributory systems –

Our Company undertakes work for excavation and formation of canals including construction of structures along the length of the canal like regulators, off take sluices, siphons, aqueducts, under tunnels, cross drainage works & bridges, etc. and CC lining. Projects for canals are either lump sum contracts or rate contracts or turnkey contracts. Our Company executes entire spectrum of canal development i.e., right from excavation & embankment formation to CC lining of the canal bed and slopes.

c. Construction of Tunnels –

Our Company is involved in building tunnels by undertaking entire project works, which includes earth work excavation including excavation in hard rock for tunnel, concrete lining, placing steel reinforcements, fixing G-I mesh, providing rock bolts and shotcreting. Our Company executes entire spectrum of tunnel development i.e., from tunnel alignment (locating the faces of the tunnel) to the concreting of the tunnels.

Our major clients in this segment are Irrigation & CAD Department, Government of Andhra Pradesh; Tapi Irrigation Development Corporation; Vidharbha Irrigation Development Corporation; Maharashtra KrishnaValley Development Corporation (MKVDC); Karnataka Bhagya Jala Nigam (KBJNL); Karnataka Neeravani Nigam Ltd. (KNNL); Godavari Marathwada Irrigation Development Corporation (GMIDC); Water Resources Department, Government of Madhya Pradesh (WRD) & Narmada Valley Development Corporation.

Order Book as on February 28, 2011

As of February 28, 2011 our Company has an order book position of ₹1,20,573.02 Lakhs under the Irrigation segment. The break up is as follows –

Project & Location	Value of Project (₹in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ Lakhs)
Easening side slopes 1:5:1 and providing cement concrete lining with paver to Somasila Kandaleru Flood Flow Canal between 5.850 and Km 45.125, branch canal No.1 of Satya Sai Ganga Canal together with distributory system in Nellore Dist, Andhra Pradesh.	17,500.00	Contract awarded to KCL-JCCG JV which was sub-contracted to APRCL	1,598.63
Investigation, design, estimation and execution of earth work excavation and forming embankment of Left main canal of Relumpadu Balancing reservoir of Netumpadu Lift Irrigation Scheme in Mahaboobnagar District in Mahabubnagar Dist., Andhra Pradesh.	4,074.00	Direct Contract to APRCL	1,013.55
Package No.110 A.M.R.P.-L.L.C.-Execution of Low Level canal (L.L.C.)from Km 63.000 to Km 87.000 under lifts of NagarjunaSagar Left Canal of A.M.R. Project in Nalgonda District, Andhra Pradesh.	3,400.00	Direct Contract to APRCL	1,807.83
Package No.37 Investigation, Design, Preparation of hydraulic particulars and Earth work excavation, lining and construction of structures of SRBC Main canal from KM.155.000 to KM 172.500 in Kurnool Dist., Andhra Pradesh.	4,840.00	Direct Contract to APRCL	1,995.51
Package No.1/06 - Investigation, Designs and earth work excavation of GNSS Main Canal from Km 32.640 to Km 66.150 of GNSS Main Canal under GNSS in Kadapa District, Andhra Pradesh.	12,994.00	Contract awarded to KCL-JCCG JV which was sub-contracted to APRCL	7,514.65
Package No.2/06 - Investigation, Designs and earth work excavation of GNSS Main Canal from Km 66.150 to Km	14,110.00	Contract awarded to KCL-JCCG JV	14,110.00

Project & Location	Value of Project (₹in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ Lakhs)
96.500 under GNSS in Kadapa District, Andhra Pradesh.		which was sub-contracted to APRCL	
Package No: 46/06-07 Earth work excavation and formation of embankment of Rajiv Lift-I in Makthal (M), Mahabubnagar District, Andhra Pradesh.	2,590.00	Direct Contract to APRCL	881.75
H.N.S.S. Project – Phase –II works - Package No. HNSS Phase-II/59 Investigation, Preparation of Hydraulic Particulars, Designs & Drawings and Land Plan Schedules and Excavation of Punganur Branch Canal from Km 150.000 to Km 173.000 and drinking water supply to Madanapalli Municipality in Anathapur Dist., Andhra Pradesh.	6,991.00	Direct Contract to APRCL	4,229.07
Package No.08/2006 Investigation, Design and Earth Work Excavation of GNSS Main Canal from From KM 254.000 to KM 262.100 of Balaji Tunnel – II From KM 262.100 to KM KM 272.800 including all allied works under GNSS in Chittoor District, Andhra Pradesh.	18,990.00	Contract awarded to APRCL-CRSSG JV which was sub-contracted to APRCL	18,947.48
Medium Irrigation – Nellore District – Modernization of Kanupur Canal System – under Kommalapudi Branch Channel, Muddamudi Branch Channel and Bandepalli Branch Channel including Tanks under Kanupur Main Canal and Repairs / Reconstruction of Structures, Andhra Pradesh.	3,040.00	Direct Contract to APRCL	1,201.44
Medium Irrigation – Nellore District – Modernization of Kanupur Canal System - under Thikkavarappadu Branch Channel and excavation of Link Channel to feed Moddugunta Tank, including Repairs / Reconstruction / New construction of Structures, Andhra Pradesh.	2,950.00	Direct Contract to APRCL	1,794.00
Construction of Spillway across Kandaleru Reservoir on the left flant for a discharge of 50,000 c/s and excavation of surplus course on d/s of spillway for a dishcharge of 50,000 c/s, Andhra Pradesh.	5,953.80	Direct Contract to APRCL	3,717.50
Package-IV of Vamsadhara-Formation of flood bank on Vamsadhara river left margin from Karakavalasa (V) in Jalumuru Mandal to Pallipeta (V) in Polaki Mandal of Srikakulam District, Andhra Pradesh.	5,660.01	Direct Contract to APRCL	5,660.01
Package No. 1/ 2008-09 Major Irrigation Nellore District-Modernization of Pennar Delta System investigation, designs, drawings, estimation and construction including repairs, reconstruction of all existing structure, new structures of channels including maintenace for a period of 2years (50 % of total work), Andhra Pradesh.	16,100.00	Contract awarded to APRCL- PVRPL JV which was sub-contracted to APRCL	14,860.47
Construction of Earthen Dam, Masonry Dam, Guide Walls, EDA and ICPO of Waghur Dam Project at Waghur, Jalgaon Dist, Maharastra	6,500.00	Direct Contract to APRCL	1,237.58*
Construction of slab Culvert @ Ch.1035M. Box Culvert @ Ch.6330M. Aqueduct @ Ch.8200M. & Ch.12210 M. of Waghur Left Bank Canal in Jalgaon Dist., Maharashtra.	1,166.70	Direct Contract to APRCL	255.56*

Project & Location	Value of Project (₹in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ Lakhs)
Construction of Earthen Dam including Spillway stilling Basin divide wall, Approach and Tail Channel of Jigaon Project Tal. Nandur Dist. Buldana, Maharashtra	32,000.00	Contract awarded to PVRPL - APRCL JV which was sub-contracted to APRCL	29,733.77
Construction of Earthwork Structures and CC lining of Belkhedi Distributory from km 0 to 34, Madhya Pradesh	1,472.95	Direct Contract to APRCL	200.88*
Construction of Earthwork Structures and CC lining of Pipariya Sub Distributory from KM 0.00 to 12.0 and Belkhedi Distributory tail Minor KM 0.00 to 15.00 KM & its sub minors in Jabalpur Dist., Madhya Pradesh	1,596.98	Direct Contract to APRCL	394.91
Construction of Earth work, C.C.Lining and inline Structure of Majholi Branch Canal Km.0.00 to 16.50 Km and its distribution systems off taking from Km 99.775 of Right Bank Main Canal in Jabalpur Dist., Madhya Pradesh.	4,000.98	Direct Contract to APRCL	465.34
Construction of Balance work of Madna Distributory and its distribution network system of Bargi Diversion Project, Madhya Pradesh.	3,247.80	Direct Contract to APRCL	232.72
Execution of the Bargi Right Bank Canal from R.D. 129 Km. to R.D. 154 Km. of Bargi Diversion Project. On TURNKEY Basis construction of lined TUNNEL (about 650 m. in length, about 10 m. diameter) with cut and cover RCC transitions (about 75 m. length), constructions of canals (about 25 km. in length), Madhya Pradesh.	13,876.00	Contract awarded to APRCL-JTEGC JV which was sub-contracted to APRCL	7,176.93
Construction of Bridge Cum Barrage across river Manjra near Jirgiyal in Bidar District, Karnataka.	4,277.58	Direct Contract to APRCL	1,310.53*
Constructions of (M.I. Tank) Bund, Waste Weir & Canals Near Antravalli in Ranebennur Taluk Haveri District, Karnataka.	388.21	Direct Contract to APRCL	232.91
TOTAL	1,80,053.30		1,20,573.02

* Represents portion of completed projects for which bills are yet to be raised.

Railways

Our Company ventured into Railways Segment in the year 2007. With government thrust on infrastructure spending and policy initiatives undertaken by the Railway Ministry we feel that Railways is one of the promising areas for growth in the near future. Our Company operates in Railways segment by offering a gamut of services as described below –

- Formation of Railway embankment to the required gradation and height
- Construction of structures for crossing of drains and rivers
- Collection and spreading of ballast on the embankment
- Erection of railway tracks with the rails supplied by the department
- Construction of railway platforms, staff quarters and buildings
- Electrification and signaling work

Our major client in this segment is Rail Vikas Nigam Limited

Order Book as on February 28, 2011

As of February 28, 2011 our Company has an order book position of ₹17,786.54 Lakhs under the Railways segment. The break up is as follows –

Project & Location	Value of Project (₹ in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ in lakhs)
Construction of new B.G. Line from obulavaripalle to Krishnapatnam-Phase I works from Venkatachalam to Krishnapatnam in South Central Railway, Andhra Pradesh	4,246.22	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	20.13*
Earth work in formation, construction of bridges, service and residential buildings, installation of track, remodeling of station yards, General Electrical and other miscellaneous works, including supply of materials except rails and PSC line sleepers, for patch doubling of Guntakal – Raichur section of S.C Railway, Andhra Pradesh	9,399.34	Contract awarded to APRCL- MVR JV which was sub-contracted to APRCL	4,197.68
Proposed construction of new BG Line between Tindivanam and Nagari (via) Walajah Road part of work new BG Line between Walajah Road and Arcot connecting Ranipet-acrossPalar riverin Ranipet-Arcot section, Tamil Nadu	2,804.75	Contract awarded to APRCL- KS JV which was sub-contracted to APRCL	1,489.73
Development/ Construction of Railway Yard facilities under expansion plan of SAIL-ISP near Damodar Railway station, West Bengal	5,361.06	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	2,862.25
Tender No. CE/Con/AUB-SGJ/MB/2008/01-Civil engineering works from Km 0 to 42 Between sillguri Junction to Galgalla (excluding) in connection with SGJ-AUB Gauge conversion project under Dy. Chief Engineer, Construction, NF Railway, New Jalpalguir, Assam	8,652.55	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	753.72
Tender No. CE/Con/AUB-SGJ/MB/2008/02-Civil engineering works from Km 42 to 76.2 Between Adhikari (enclusing) to Alubari Roadin connection with SGJ-AUB Gauge conversion project under Dy. Chief Engineer, Construction, NF Railway, New Jalpalguri, Assam	8,280.99	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	3,048.38
Earthwork and Minor Bridges from Ch. 35.00 KM to Ch. 44.11 in connection with construction of New Railway line from Agartala to Subroom, Tripura	2,313.23	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	1,874.72
Construction of foundation & Substructure of 3 x 61.10M span Major Br. No. 94 on river gomti at KM 39/180 on well foundation with earthwork at bridge approaches, other protection/ancillary works in Agartala -Udaipur section, Tripura.	1,522.87	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	1,399.36
Siliguri Junction-Construction of BG Diesel Loco Shed (I.R. & HR bay of Size 77 M x 18.10 M each) with provision movement of 10 ton and 40 ton EOT crane facility, other structures, Tripura.	1,268.95	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	1,228.64
Siliguri Junction - Construction of DMU- Car Maintenance Shed (LR&HR bay of size 159.87m x	1,000.25	Contract awarded to APRCL- VNR JV	594.96

Project & Location	Value of Project (₹ in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ in lakhs)
12.7m, six coaches each) with provision for movement of 2 nos of 15 ton & 40 ton EOT Crane Facility - including track linking & other related ancillary works, Tripura.		which was sub-contracted to APRCL	
Linking of BG track on PSC sleeper manually after dismantling of existing MG track including all ancillary works between ch. 51.00 km to 70.20 km including Aluabari Road and Thakurganj Station Yard in connection with Gauge conversion of Aluabari Road - Siliguri Junction - Section of NF Rly, Tripura.	471.91	Contract awarded to APRCL- VNR JV which was sub-contracted to APRCL	316.97
TOTAL	45,322.12		17,786.54

* Represents portion of completed projects for which bills are yet to be raised.

Industrial Infrastructure

Our Company undertakes site gradation work which is an initial activity for implementing any major power project or setting up any manufacturing centre. Our Company ventured into Industrial projects in the year 1998 - 99 (under erstwhile Partnership concern) by undertaking Toyota – Kirloskar site gradation work of ₹153.45 lakhs cubic meters near Bangalore for their proposed car manufacturing centre.

Our Company undertakes two types of site gradation works.

- Site gradation with large variations in natural ground – high mounds are cut by poclains or graders and low lying areas are filled up with excavated soils and consolidated with vibratory rollers to have a uniform level of land for the construction of factory or power plant.
- Site grading with filling up of land – the whole area of the proposed industry / power plant is filled up with borrowed earth to a height of 3 to 5 meters and consolidate the area.

Our Company, with the experience of over two decades in infrastructure sector, undertakes various projects like Railway Sidings; Approach Roads; Bridges; Reservoirs & Industrial Structures under the Industrial Infrastructure sector.

Our Company, through such industrial infrastructure projects, has presence into other segments of Infrastructure like Road. Our Company has experience of developing Roads which will enable us to undertake various Central or State government contracts.

Our major clients in this segment are NHPC; NTPC; SAIL; National Building Construction Corporation Ltd. (NBCC), etc.

Order Book as on February 28, 2011

As of February 28, 2011 our Company has an order book position of ₹3,260.32 Lakhs under the Industrial Infrastructure segment. The break up is as follows –

Project & Location	Value of Project (₹ in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ in lakhs)
NBCC Ltd: Site Levelling works package for Barh Super Thermal Power Project (3 X 600 MW) Package-II, BARH-Patna, Bihar	5,268.67	Direct Contract to APRCL	435.80*
Expansion of IISCO Steel Plant - Site Leveling works and Dressing Works in Burnpur, West Bengal.	5,232.30	Direct Contract to APRCL	146.52*

Project & Location	Value of Project (₹ in lakhs)	Nature of Contract	Value of Project yet to be executed (₹ in lakhs)
Constructions of Retaining Wall in Damodar Railway Yard - IISCO Steel Plant, Burnpur, West Bengal	1,404.98	Direct Contract to APRCL	1,404.98*
4000 MW Ultra Mega Power Project, Krishnapatnam, Nellore - Construction of Approach - 2 lane road of 4 KM - order given by Reliance Infrastructure Limited, Maharashtra	1,049.99	Direct Contract to APRCL	613.15
Civil works for construction of "Main Approach Road Works" for thermal power plant of 2x660 MW capacity at Nelatoorpalem/Pynapuram villages of Muthukur Mandal in SPS Nellore Dist, AP of Thermal Power tech Corpn India Ltd, Andhra Pradesh	659.87	Direct Contract to APRCL	659.87
TOTAL	13,615.81		3,260.32

* Represents portion of completed projects for which bills are yet to be raised.

Order Book

The order book of our Company consists of projects awarded to our Company for which work orders have been issued or agreements have been entered into or letter of intent has been issued. The order book is a summation of unexecuted portions of on-going projects and values of project where our Company has not started any execution activity and also includes portion of completed projects wherein the final bills are yet to be raised. Order book includes projects which are directly bagged by our Company as well as sub-contracted.

Order Book position is considered to be one of performance indicator in our industry.

As on February 28, 2011 our Company has an outstanding order book of ₹1,41,619.88 lakhs. A breakdown of the order book is as follows –

(₹ in Lakhs)		
Segment	Order Amount	Percentage
Irrigation Projects	1,20,573.02	85.14%
Railway Projects	17,786.54	12.56%
Industrial Projects	3,260.32	2.30%
TOTAL	1,41,619.88	100.00%

We have completed the following projects:

Project & Location	Value of Project (₹ Lakhs)**	Date of Completion
IRRIGATION SEGMENT		
RBC: Construction of RD 7.50 Km to 9.00 Km Excavation, Earthwork and Cement Concrete Lining, Karnataka	888.14	March 31, 2006
Construction Bridge Cum Barrage across Krishna river near Gugal village, Karnataka	4,543.00	March 31, 2007
Construction of Earth work, structures & CC lining of Pipariya sub distributory from KM 0.00 to KM 12.00 & Belkhedi Distributory tail minor KM 0.00 to KM 15.00 & its sub minors in Jabalpur, Madhya Pradesh	1,596.98	March 31, 2007
PACKAGE NO.II. Repair, Renovation and Restoration of Water Bodies Directly linked to Agriculture in Gulbarga District. Taluk Aland 1) Aland Tank 2) Honnali Tank 3) Halli Salgar Tank in Gulbarga Dist., Karnataka.	180.21	March 31, 2007
Construction of Earth Dam, Masonry Dam, Guide Walls, EDA & ICPO of	6,500.00	March 31, 2008

Project & Location	Value of Project (₹ Lakhs)**	Date of Completion
Waghur Dam, Maharashtra		
Construction of Earth work structures and CC lining of Belkhedi Distributory From KM 0.00 to KM 34.00, Majheeta, Meghawam, Natwara, Dhobi, Bheeta and Ishwarhdedas Minors of Belkedi distributory in Jabalpur, Madhya Pradesh	1,472.95	March 31, 2008
Construction of RD KM 119.500 to KM 126.190 of LBC. An its Disrtbution system Excavation, earth work Cement Concrete Lining and structure Complete in Kareli Jabalpur, Madhya Pradesh	1,357.31	March 31, 2008
Construction of Slab Culvert @ Ch.1035 mt., Box Culvert @ Ch.6330 mt., Aqueduct @ Ch.8200 mt. & Ch.12210 mt of waghur left bank canal, Maharashtra*	1,166.70	March 31, 2009
Construction of Spillway of Lower Wardha Project, Maharashtra	4,173.00	March 31, 2010
RAILWAYS SEGMENT		
Construction of new B.G. Line from obulavaripalle to Krishnapatnam-Phase I works from Venkatachalam to Krishnapatnam in South Central Railway	4,246.22	August 31, 2010
INDUSTRIAL INFRASTRUCTURE SEGMENT		
Site levelling NTPC BARH Super Thermal Power Project (3X660 MW), Bihar	5,268.56	March 31, 2007
Improvement of Casing Yard at Samarlkota of Reliance Industries Limited, Andhra Pradesh*	327.98	March 31, 2007
Expansion of IISCO steel plant site levelling & dressing work, West Bengal	5,232.30	March 30, 2009

* Certificate of Completion not received by our Company.

** includes projects awarded to the erstwhile partnership firm M/s A. Prabhakar Reddy & Co. prior to the formation of our Company. Portion of the said orders were executed by our Company post conversion of the partnership firm.

Financial Performance review

In fiscal 2010 our Company's Gross Contract Receipts were ₹27,276.41 Lakhs as compared to ₹19,057.07 Lakhs for fiscal 2009. In fiscal 2010 our Company earned profit after tax of ₹1517.62 Lakhs as compared to ₹1056.29 for fiscal 2009.

Further, vertical wise revenue is given as below –

(₹ in lakhs)						
Particulars	Eight Months period Ended November 30, 2010	FY 10	FY 09	FY 08	FY 07	FY 06
Irrigation Projects	7,584.49	16,415.36	12,510.25	11,542.60	11,611.25	7,409.82
Railway Projects	10,456.65	10,546.16	5,605.18	2,101.85	-	-
Industrial Projects	461.56	314.89	941.64	4,459.08	1,497.52	2,189.99
TOTAL	18,502.70	27,276.40	19,057.07	18,103.53	13,108.77	9,599.81

Project Specific Arrangements

We form Joint Ventures or enter into MoUs to form consortium with other entities which are either domestic or international companies, whereby the technical & financial capacities jointly will pre-qualify us to bid for a project. These joint ventures and MoUs are usually for the specific projects only.

Location of the Project

Considering the nature of our business the location of our projects depends upon the contracted site which usually varies from project to project. Currently our Company is having on-going work orders being executed at various locations in country.

Infrastructure facilities

The main utilities required in the construction activity are:

Power:

Power requirement depends upon the size and nature of the project. Power is required at site for running various equipments and lighting. Power requirement at sites is met by running Diesel Generator sets. The power requirement at the crusher plant is met by supply of electricity from Diesel Generator Sets owned by our Company and the local electricity supply channel.

Fuel:

The fuel required is met by supplies from the local depot / markets.

Water:

Our Company meets its water requirement through local supplies and bore wells.

Raw Materials

Our Company doesn't have any identified source of raw material or a firm contract with any supplier of raw materials. The major raw material for projects undertaken by our Company are boulders, stone aggregates, cement, steel, bitumen, sand, fuel and water. The Commercial & Purchases department in conjunction with the Projects Management team draws up the raw material delivery schedule and places orders with the shortlisted vendors. Short fall in raw materials or urgent requirement, if any is sourced from local markets.

Plant and machinery

Infrastructure industry requires varied equipment for execution of projects. Our Company has invested in equipment like crushing plants, batching plants, transit mixers, concrete pumps, mechanical pavers, excavators / back hoe loaders, soil compactors and cranes. Equipment requirement for projects under execution are met mainly through our own equipment bank. As on November 30, 2010 our Company's investment into fixed assets has been ₹ 4,377.42 Lakhs (net of accumulated depreciation). Our Company has been investing into equipment as per business requirements. With diversification and increased order book position we have expanded our equipment bank.

Details of our crushing plants

Crushing Plant	Location	Capacity (Ton per Hour)
1	Adoni, Andhra Pradesh	175
2	Nellore, Andhra Pradesh	100
3	Katni, Madhya Pradesh	175

Apart from the above mentioned Crushing plants, we have a number of critical equipment that have been classified broadly into three categories based on the usage – Concrete Works, Earth Works and Cranes.

These equipment are used for all the infrastructure segments wherein we are present.

A. Concrete Works:

1. Batching Plant – Used to mix concrete
2. Transit Mixer – To Transport the Concrete manufactured at the Batching Plant to site
3. Concrete Pumps – Used for placement of manufactured Concrete
4. Mechanical Paver – Used for lining of Canals

B. Earth Works:

1. Excavator/ Back hoe Loaders – Used for excavating and embankment works
2. Dumpers/Dump Trucks – Used for transportation of Earth and Construction Materials
3. Soil Compactors – Used in embankment Works for achieving the desired Density

C. **Cranes** – Used for erection of Pre-Stressed Concrete (PSC) slabs, track linking works, movement of heavy materials, etc.

Technology

Our Company has not entered into any technical collaboration agreements with any party.

Collaboration

Our Company has entered into joint ventures with various construction houses viz; China Railway Shisiju Group Corporation, Jiangsu Provincial Transportation Engineering Group Co. Limited, VNR Infrastructure Limited etc. The joint venture partners as aforesaid have vast experience and expertise in execution of civil construction, bridge construction, earth excavation, road construction works, installation of track, and civil engineering works awarded by Government departments and authorities. Our Company together with the joint venture partners aforesaid has undertaken projects awarded by Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises. For further details, please refer chapter titled “History and Other Corporate Matters” beginning on page 117.

Export Obligation

Our Company doesn't have any export obligation

Market

Our Company has on-going projects in the states of Andhra Pradesh, Maharashtra, Madhya Pradesh, Assam, Tripura, Karnataka, West Bengal, Tamil Nadu and Bihar.

Competition

Our Company faces competition from a number of players operating in the infrastructure segment. Our competition depends on factors like size of the project, nature of project and the location of the project. Our Company receives work orders from clients based on various parameters viz., qualification criteria, technical capability, reputation, experience, financials, size of the project, availability of skilled manpower, etc. Some of our major competitors are Valecha Engineering Ltd., IVRCL Infrastructures Ltd., RPP Infra Projects Limited, Hindustan Construction Company Limited, Simplex Infrastructures Limited, Atlanta Limited etc.

Capacity and Capacity Utilisation

Our business is project specific and not of the nature of a manufacturing concern with specified installed capacity. It is not possible to determine the capacity. The ability to undertake a project depends on requisite pre qualifications with respect to technical, managerial and financial ability to execute the project.

Human Resources

As on February 28, 2011 we have 79 people on the payrolls.

Sr. No.	Particulars	No.of employees
1	Engineers / Technician / Machine Operator	20
2	Supervisor	15
3	Accounts and administration	24
4	HR	1
5	Purchase, Marketing and Tendering	10
6	Skilled Workers	5
7	Unskilled Workers	4
	TOTAL	79

Being in the construction business, we would require large number of people to execute projects. Our approach is to manage critical functions like tendering, designing, purchasing, vendor management, etc. in the execution process through our registered office. For actual ground level execution of our projects we hire daily laborers at the project site. This helps us in adopting a flexible approach wherein expertise is employed on critical areas of a project.

The employees who are on the payrolls of the Company are not part of any trade or labour union.

Health and Safety Conditions

Our Company equips laborers with safety equipment and material that covers them from the risk of potential health hazards as well as avoids direct contact with material which may be harmful to human body. Right at the beginning of the project we identify the potential material hazards, evaluate all risks and set & implement safety standards. We train our employees and daily wage earners at the project site. The project managers are responsible for ensuring that safety standards are met at relevant project sites. All our projects are covered through Contractor's All Risk Policy.

Marketing Strategy

Our Company has a centralised marketing set up. We have dedicated personnel in business development department to identify and pursue opportunities including arranging tie ups for technology or to facilitate prequalification. Our marketing function is directly supervised by the Managing Director and he is supported by the KMPs.

Quality Certification

Our Company has been awarded a Certificate of Registration from BSI bearing certificate number FM 510721 for ISO 9001:2000 Quality Management System issued on September 15, 2006 for the scope "Construction of civil, structural & engineering projects, viz., irrigation dams, canals, bridges, tunnels, roads, infrastructural works and turnkey projects."

Subsequently, on September 10, 2009 our Certificate of Registration from BSI bearing certification number FM 510721 was updated from ISO 9001:2000 Quality Management System to ISO 9001:2008 Quality Management System. The certificate is valid till September 14, 2012. The scope of certification is "Administrative and support functions for construction of civil, structural & engineering projects viz., irrigation dams, canals, bridges, tunnels, roads, infrastructural works, railways and turnkey projects."

Insurance

Our Company's operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, land mine blasts and other work accidents, fire, earthquake, flood and other force major events, acts of terrorism and explosions including hazards that may cause injury and loss of life, destruction of property and equipment and environmental damage. We may also be subject to claims resulting from defects arising from engineering, procurement or construction services provided by us.

We obtain specialized insurance for construction risks, third party liabilities for projects, as required and specified by our clients, for the duration of the project and the defect liability period. We maintain comprehensive insurance covering our assets and operations at levels, which we believe to be appropriate. Loss or damage to our materials, property and/or materials used in the project, including contract works, whether permanent or temporary, and materials or equipment whether supplied by us or supplied to us by the client, are generally covered by “Contractors’ All Risks Policy” insurance against material damage to property. Under the all risk insurance policy we are also provided cover for price escalation, debris removal and surrounding properties.

The aggregate coverage under the policies currently is ₹88,967.83 lakhs for the assets. We have taken following insurance policies as on February 28, 2011.

(₹ Lakhs)		
Sr. No.	Nature of Policy	Amount Insured
1	Vehicle Insurance	309.12
2	Plant & Machinery Insurance	2,408.91
3	Contractor’s All Risk Policies (Project Insurance)	86,093.80
4	Group Personal Accident Policy (Employees)	156.00
	Total	88,967.83

OUR PROPERTIES

Intellectual Property

Our Company is the registered owner of trade mark “APR CONSTRUCTIONS” and the Corporate logo. We have received a certificate of Registration from the Registry of Trademarks for the registration of “APR CONSTRUCTIONS” logo under class 37 vide certificate number 790582 dated March 23, 2009. For further details of our intellectual property, see the section “Government and Other Approvals” beginning on page 191 of this Draft Red Herring Prospectus.

Properties owned by Our Company

Sr. No.	Description of Property	Agreement Date	Amount (₹ in Lakhs)	Total Area
1	Land and Buildings at MCH No. 6-2-12, Lakdikapool, Khairatabad Hyderabad	March 01, 2006	205.00	Acres 0.21
2	Open Plot of Land Situated in Sy. No. 480 at South Rajupalem(V), Chintareddy Palem, Majara, Nellore	December 29, 2005	1.91	Acres 1.70
3	Open Plot of Land in Sy. No. 329/A at Chinna Cherukur(V), Thotapalli Gudur(M), Nellore(Dist)	September 14, 2005	0.97	Acres 0.97
4	Open Plot of Land in Sy. No. 329/A at Chinna Cherukur(V), Thotapalli Gudur(M), Nellore(Dist)	September 14, 2005	0.92	Acres 0.92
5	Open Plot of Land in Sy. No. 481 at South Rajupalem, Chintareddy Palem, Nellore	September 16, 2005	1.72	Acres 1.72
6	Open Plot of Land in Sy. No. 482 at South Rajupalem, Chintareddy Palem, Nellore	September 16, 2005	2.14	Acres 2.14
7	Open Plot of Land in Sy.No.331/2, Patta No.119 at Chinna Cherukur(V), Thotapalli Gudur(M), Nellore(Dist)	September 14, 2005	1.01	Acres 1.01
8	Open Plot of Land at Sy.No. 479/A/1&479/B at Rajupalem(V), Chintareddy Palem, Majara, Nellore	December 12, 2005	1.66	Acres 1.50 ½
9	Open Plot of Land in Sy.No. 329/A, Patta No.117 at Chinna Cherukuru(V), Nellore Dist	December 23, 2005	1.15	Acres 1.04
10	Open Plot of Land Sy.No. 331/1 at Chinna Cherukuru(V), Nellore Dist	December 12, 2005	0.50	Acres 0.50
11	Open Plot of Land Sy.No. 331/2, Patta No. 119at	September 14, 2005	0.50	Acres 0.50

Sr. No.	Description of Property	Agreement Date	Amount (₹ in Lakhs)	Total Area
	Chinna Cherukuru(V), Nellore Dist			
12	Open Plot of Land in Sy.No. 478 & 479/A1, Patta No. 221 at South Rajupalem(V), Chintareddy Palem, Majara, Nellore	September 16, 2005	1.04	Acres 1.04
13	Land & Buildings at H.No. 8-2-283/1/A/B, Road No.3, Banjara Hills, Hyderabad	November 23, 2005	40.46	Acres 0.08
14	Land & Building bearing No.2(old 6), Gangadhara Chetty Road, Bangalore	March 19, 1988	19.95	Acres 0.48
15	Land & Buildings at MCH. No. 8-2-322, in Sy. No. 129, Road No.3, Banjara Hills, Hyderabad	October 09, 1985	1.27	Acres 0.21
16	Open Plot of Land at Plot No.101, Sy.No.130 to 133, Miyapur (V), Serilingampally Mandal, RR Dist	September 26, 1995	0.20	Acres 0.05
17	Open Plot of Land at Plot No.108, Sy.No.130 to 133, Miyapur (V), Serilingampally Mandal, RR Dist	September 26, 1995	0.26	Acres 0.07
18	Open Plot of Land at Plot No.72 & 73, Sy.No.130 to 133, Miyapur (V), Serilingampally Mandal, RR Dist	September 26, 1995	0.30	Acres 0.08
19	Open Plot of Land at Plot No.102, Sy.No.130 to 133, Miyapur (V), Serilingampally Mandal, RR Dist	September 26, 1995	0.31	Acres 0.09
20	Open Plot of Land at Plot No.118, Category-1, Tellapur Residential Complex, Tellapur(V), RC Puram (M), Medak Dist	September 16, 2006	48.22	Acres 0.09
21	Open Plot of Land at Plot No.119, Category-1, Tellapur Residential Complex, Tellapur(V), RC Puram (M), Medak Dist	September 16, 2006	50.38	Acres 0.09
22	Open Plot of Land at Sy.No. 311/E, 315/E,316/E, Plot No,4 Nallagandla village, Serilingampally Mandal, RR District	June 04, 2008	200.00	Acres 0.28
23	Residential House Property. Flat No.405, 4th Tower, 5th Floor, Dhruva –II Block, Sreenivasa Village Complex, Yousufguda, Hyderabad	January 31, 2008,	43.14	0.01 Acres of Undivided share of land with Duplex Flat with built up area of 0.07 Acres with 3 Car Parkings

Properties taken on license/lease by our Company

Sr. No	Description of Property	Name of Lessor	Agreement Date, Lease period and Khata No. and Plot No	Amount	Total Area	Purpose
1	Commercial Space	Sreenivasa Associates (Project Works) Ltd	1.06.2009 for 3 years Flat No. 404, 405,408,409 and 410, (alongwith car parkings) at 5 th Floor, Bhanu Enclave, Sundarnagar, Erragadda, Hyderabad 500 038	₹2.07 lakhs per month	10350 sq.ft	For Registered Office

KEY REGULATIONS AND POLICIES

Our Company is into Infrastructure segment in India. Our Company undertakes infrastructure activities in Irrigation, Railways and Industrial Infrastructure segment. Our Company undertakes projects which are awarded either by Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises. The following description is a summary of some of the relevant regulations and policies as prescribed by the Government of India. The summary of regulations set out below is not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. There are no specific regulations in India governing the infrastructure industry.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and [Miscellaneous Provisions] Act, 1952, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the section titled "Government And Other Approvals" beginning on page 191 of this DRHP.

1. Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registering authority in the prescribed manner for registration of the establishment. In the absence of registration, a contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

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

2. The Building and Other Construction workers Regulation of Employment and Conditions of Service Act 1996 and The Building and Other Construction workers Welfare Cess Act, 1996

This Act provides for the levy and collection of a cess on the cost of construction, with a view to augmenting the resources of the Building and other Construction Workers Welfare Boards constituted under the Building and Other Construction Workers (regulation of Employment and Conditions of Service) Act, 1996. All the establishments who carry on any building or other construction work and employ 10 or more workers are covered under this Act. All such establishments are required to pay cess at the rate not exceeding 2% but not less than 1% of the cost of construction incurred by the employer, as may be modified by the Government. The Employer of the establishment is required to provide safety measures at the Building or construction work and other welfare measures, such as Canteens, First-Aid facilities, Ambulance, Housing accommodations for workers near the work place etc. The Employer to whom the Act applies has to obtain a registration certificate from the Registering Officer appointed by the Government.

3. Payment of Wages Act 1936

The Payment of Wages Act 1936 ("**PWA**") makes provisions regarding the date by which wages payable to employees/ workers are to be paid, when it will be paid and what deductions can be made from the wages of the workers.

4. Payment of Bonus Act 1965

The Payment of Bonus Act 1965 is applicable to all establishments employing 20 or more employees. The said Act provides for payments of annual bonus subject to a minimum of 8.33% of wages and maximum of 20% of wages to employees drawing ₹3500/- per month or less. The bonus to be paid to employees getting ₹2500/- per month or above up to ₹3500/- per month is worked out by taking wages as ₹2500/- per month only. The Act does not apply to certain establishments. The newly set-up establishments are exempted for five years in certain circumstances. Some of the State Government has reduced the employment size from 20 to 10 for the purpose of applicability of this Act.

5. Employee State Insurance Act, 1948

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

Under the ESIA, every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to ₹10,000/- per month is entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation. Currently, the employee’s contribution rate is 1.75% of the wages and that of employer’s is 4.75% of the wages paid/payable in respect of the employee in every wage period.

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

6. Employees’ Provident Funds and Miscellaneous Provisions Act, 1952

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

7. Payment of Gratuity Act, 1972

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

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

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

8. Local Shops and Establishments Legislations

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

9. Minimum Wages Act, 1948

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

10. Workmen’s Compensation Act, 1923

The Workmen’s Compensation Act, 1923 (*“WCA”*) has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/ loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

11. Maternity Benefit Act 1951

The Maternity Benefit Act, 1951 provides for leave and some other benefits to women employees in case of confinement or miscarriage etc.

12. Equal Remuneration Act 1979

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex, against Female employees in the matters of employment and for matters connected therewith.

13. Industrial Disputes Act 1947

The Industrial Disputes Act 1947 lays down the machinery and procedure for investigation, settlement and resolution of Industrial disputes, in what situations a strike or lock-out becomes illegal and what are the requirements for laying off or retrenching the employees or closing down the establishment.

14. Child Labour Prohibition & Regulation Act 1986

The Child Labour Prohibition & Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour is prohibited in Building and Construction Industry.

15. The Inter-State Migrant workmen’s (Regulation of Employment & Conditions of service) Act 1979

The Inter-State Migrant workmen’s (Regulation of Employment & Conditions of Service) Act 1979 is applicable to an establishment which employs 5 or more interstate migrant workmen through an intermediary (who has recruited

workmen in one state for employment in the establishment situated in another state).The Inter-State migrant workmen, in an establishment to which this Act becomes applicable, are required to be provided certain facilities such as housing, medical aid, traveling expenses from home up to the establishment and back, etc.

HISTORY AND OTHER CORPORATE MATTERS

In the year 1983, Mr. Adala Prabhakara Reddy formed a partnership firm in the name and style of “A Prabhakar Reddy & Co” to undertake civil engineering construction activities. The partnership firm was converted into a Public Limited Company on December 03, 2004 under Part IX of the Companies Act, 1956 as “APR Constructions Limited”. The Registered Office of our Company is situated at Flat No. 404, Fifth Floor, Bhanu Enclave, Sundarnagar, Erragadda, Hyderabad – 500038, Andhra Pradesh, India. Our Company has been registered with the Registrar of Companies, Andhra Pradesh at Hyderabad with CIN U45200AP2004PLC044776.

As of the date of this Draft Red Herring Prospectus our Company has 9 shareholders.

Major events in the History of our Company

Sr. No.	Major Events	Month & Year
1	Our Company was incorporated as a Public Limited Company by conversion of a partnership firm under Part IX of the Companies Act, 1956 and commenced operations	December 2004
2	Our Company was awarded an EPC contract for Netempadu Lift Irrigation scheme (Pkg-1) in Andhra Pradesh	January 2005
3	Our Company was awarded an EPC contract for Satya Sai (Telugu Ganga) canal work in Andhra Pradesh	March 2005
4	Our Company diversified into Industrial projects by undertaking site levelling & upgradation work of IISCO plant of SAIL in West Bengal	September 2006
5	Our Company diversified into Railways by forming a Joint Venture with M/s VNR Constructions Ltd. to undertake construction of a new line from Venkatachalam to Krishnapatnam in Andhra Pradesh	November 2006
6	Our Company clocked total income in excess of ₹ 100 Crores in a financial year	March 2007
7	Our Company formed a Joint Venture with an international partner CRSSG, China to undertake construction of GNSS Main Canal including Balaji tunnel	March 2007
8	Our company formed a Joint Venture with M/s M. Venkata Rao Infra Projects Private Limited to undertake railways work in Guntakal – Raichur section of South Central Railways	April 2007
9	Our Company formed a Joint Venture with M/s KS & Company to undertake construction of a new BG line between Walajah Road and Arcot connecting Ranipet	October 2007
10	Our Company formed a Joint Venture with JTEG, China to undertake construction of Bargi RBC including tunnel	February 2008
11	Our Company clocked total income in excess of ₹ 200 Crs in a financial year	March 2008
12	Our Company formed a Joint Venture agreement with M/s PVRPL to undertake construction work of Jigaon Earthen Dam including Spillway in Maharashtra.	November 2008

Awards and Certifications

Sr. No.	Particulars	Month & Year
1.	Our Company was awarded ISO 9001:2000 Certification by British Standards Institute	September 2006
2.	Our Company's quality certification from British Standard Institute was upgraded from ISO 9001:2000 to ISO 9001:2008	September 2009
3.	Our Company was awarded credit rating of BBB+/stable for Fund based borrowing and P2 rating for Non-fund based by CRISIL	November 2009

Change in our Registered Office of our Company

Our Company has not changed its registered office since inception.

Changes in the Memorandum of Association of our Company

Since Incorporation, the following changes have been incorporated in Memorandum of Association of our Company, after approval of the members:

Sr. No.	Changes in Memorandum of Association	Date of shareholder's approval	Type of Meeting
1.	Increase in authorized share capital from ₹100 lakhs to ₹1000 lakhs	January 27, 2005	EGM
2.	Increase in authorized share capital from ₹1000 lakhs to ₹1600 lakhs	December 23, 2006	EGM
3.	Increase in authorized share capital from ₹1600 lakhs to ₹2000 lakhs	December 06, 2007	EGM
4.	Increase in authorized share capital from ₹2000 lakhs to ₹3000 lakhs	March 31, 2010	EGM
5.	Alteration of Main Objects Clause to include word "railway tracks" in clause no. 1 as mentioned under the heading "Our Main Objects"	March 31, 2010	EGM
6.	Alteration of Main Objects Clause to replace clause no. 3 and insertion of clause 4 as mentioned under the heading "Our Main Objects"	March 31, 2010	EGM

Our Main Objects:

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

1. To construct, erect, build, repair, remodel, demolish, develop, improve, grades, curve, pave, macadamize, cement, and maintain buildings, structures, bridges, houses, apartments, hospitals, schools, places of worship, highways, roads, paths, streets, railway tracks, sideways, courts, alleys, pavements and to do other similar construction, leveling or paying work, and for these purposes to purchase, take on lease or otherwise acquire and hold any lands, and prepare lay-out thereon or buildings of any tenure or description wherever situate, or rights or interests therein or connected there with, or any other structural or architectural work of any kind whatsoever and for such purposes to prepare estimates, designs, plans, specification or models and do such other or any act that may be requisite therefore.
2. To Purchase, acquire, on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences thereon and to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, television installations and to deal with the same in any manner whatsoever and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.
3. To carry on in India or elsewhere the business of builders, contractors, designers, architects, decorators, furniture, consultants, constructors, financiers and brokers of all types of buildings, bridges and structures including houses, flats, apartments, office, godowns, warehouses, shops, factories, sheds, hospitals, hotels, holiday resorts, shopping-cum-residential complexes and to develop, erect, install, alter, improve, add, establish, renovate, recondition protect, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialise, turn to account, fabricate handle and control all such buildings and structures and to purchase, sell, or deal in all types of movable or immovable properties for development investment or for resale and to act as buyer, seller, importer, exporter, agent, distributor, stockists or otherwise to deal in all types of raw materials, goods, fittings, parts, accessories, know-how, consumable, plant and machinery, tools and tackles used for the foregoing purpose and to do all incidental acts and things necessary.
4. To act as industrial, technical and commercial project consultants and advise on all and any matters relating to promotion, planning, establishment and development of an organization, selection and recruiting personnel, sales,

imports and exports, purchases, marketing and market research and administration of any project, industry/business or enterprise in India or out of India and to undertake, provide, procure, maintain and promote administration, and any other services and facilities required by or in connection with any project, industry or business including undertaking complete turnkey jobs and comprehensive management of unit and/or groups thereof and to carry on the business as civil, mechanical, engineering and electrical contractors, builders, road makers, engineers, and to take up turnkey projects, construction, manufacturing, building, road making engineering and all other allied works of any nature for any person, firm, company, public body, government, army, navy, railways, to execute projects under Built Operate Lease & transfer (BOLT), Built Operate & transfer (BOT) and Build Operate Own and Transfer (BOOT) under central government, railways & various other public bodies either itself or in partnership with any person, firm, company or government body or corporation.

SUBSIDIARIES & JOINT VENTURES

Subsidiaries of our Company

As on the date of this DRHP, our Company does not have any subsidiary.

Joint Ventures of our Company

Our Company has entered into joint ventures with various construction houses viz; China Railway Shisiju Group Corporation, Jiangsu Provincial Transportation Engineering Group Co. Limited, VNR Infrastructure Limited etc. The joint venture partners as aforesaid have vast experience and expertise in execution of civil construction, bridge construction, earth excavation, road construction works, installation of track, and civil engineering works awarded by Government departments and authorities. Our Company together with the joint venture partners aforesaid has undertaken projects awarded by Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises.

The joint venture partners, in mutual consultation with one another determine the quantum of work to be executed by each joint venture partners vide entering into memoranda of understanding/joint venture agreement. The work awarded to joint venture is executed by them independently or through the sub-contracting to the third party including the joint ventures partners.

Our Company has entered into following joint venture agreements: -

1. APRCL - MVR (JV)
2. APRCL - PVRPL (JV)
3. APRCL - CRSSG (JV)
4. JTEGC- APRCL (JV)
5. APRCL - VNR (JV)
6. APRCL – KS (JV)
7. PVRPL – APRCL (JV)

1. APRCL - MVR (JV)

Our Company has entered into a Joint Venture Agreement with M/s M. Venkata Rao Infra Projects Private Limited, dated April 11, 2007 pursuant to which joint venture entity APRCL-MVR (JV) (in 75:25 proportion) has been formed for the purpose of bidding for execution of “Earth works in formation, construction of bridges, services and residential buildings, installation of tracks, remodeling of station yards, General Electrical and other Miscellaneous works, including supply of material except rails and PSC line sleepers, for patch doubling of Guntakal – Raichur section of South Central Railways”. The JV has received the award of contract from Rail Vikas Nigam Limited vide letter dated August 23, 2007. The said joint venture has entered in to a sub-contracting agreement dated September 24, 2007 with our Company whereby the entire project was sub-contracted to our Company for a royalty of 0.50% on the gross bills.

Audited Financial Information

(₹ lakhs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	2,097.03	1,269.30	206.00
Other Income	10.49	6.35	1.03
Net Profit	8.11	5.64	0.74
Share Capital			
- APRCL	11.20	4.89	0.66
- MVR	3.73	1.63	0.20
Loans Funds	Nil	Nil	Nil

2. APRCL – PVRPL (JV)

Our Company has entered into a Joint Venture Agreement dated November 27, 2008 with M/s PVR Projects Limited pursuant to which joint venture entity APRCL-PVRPL (JV) (in proportion of 50:50) has been formed for the purpose of bidding and execution of “Package No. 1/2008-09 – Major Irrigation – Nellore District – Modernization of Pennar Delta System – Investigation, Designs, Drawings, Estimation and Construction of all the following works duly getting approval from the competent authority including Repairs/Reconstruction of all existing structures. New Construction on the above Channel including Maintenance of the same for a period of two years after completion of work etc.,

- Providing lining in cement concrete to 26 Distributaries and Minors of Southern Channel System
- Providing lining in cement concrete to 26 Distributaries and Minors of Eastern Channel and Allur Tank supply Channel System
- Providing lining in cement concrete to 38 Distributaries and Minors of Jaffersaheb Canal System
- Providing lining in cement concrete to 34 Distributaries and Minors of Survepalli Canal System”

The JV has received the Irrigation and CAD Department, Nellore vide letter dated February 02, 2009. The said joint venture has entered in to a sub-contracting agreement dated April 02, 2009 with our Company whereby 50% of the project was sub-contracted to our Company for a royalty of 0.10% on the gross bills.

Audited Financial Information

(₹ lakhs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	906.73	0.00	0.00
Other Income	0.91	0.00	0.00
Net Profit	0.44	0.00	0.00
Share Capital			
- APRCL	0.49	0.00	0.00
- PVRPL	0.22	0.00	0.00
Loans Funds	Nil	Nil	Nil

3. APRCL - CRSSG (JV)

Our Company has entered into a Joint Venture Agreement dated March 21, 2007 with M/s China Railway Shisiju Group Corporation (CRSSG), pursuant to which joint venture entity APRCL-CRSSG (JV) (in proportion of 75:25) has been formed for bidding and execution of

- carrying out “Package No.08/06: Investigation, designs, excavation and lining of Balaji Tunnel-I of GNSS main canal from Km 240.0 to 254.00 including all allied works under GNSS Project Phase –II in Kadapa District.”
- for carrying out “Package No.09/06: Investigation, design and 1) Earthwork, excavation of GNSS Main Canal from Km 254.000 to 264.000 including construction of CM & CD works and 2) Excavation and lining of Balaji Tunnels – II from Km 264.000 to Km 275.000 including all allied works under GNSS in Chittor District.”

Of the two, APRCL-CRSSG (JV) was awarded the contract by Irrigation and CAD Department, Government of Andhra Pradesh for Investigation, design and 1) Earthwork, excavation of GNSS Main Canal from Km 254.000 to Km 262.100 including construction of CM & CD works and 2) Excavation and lining of Balaji Tunnels – II from Km 262.100 to Km 272.800 including all allied works under GNSS in Chittor District, vide letter dated October 1, 2007.

The said Joint Venture has entered in to a sub-contracting agreement dated January 24, 2008 with our Company whereby the the above contract has been sub-contracted to our Company for a commission of 0.75% on gross bills.

Audited Financial Information

	(₹ lakhs)		
Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	0.00	0.00	42.52
Other Income	0.00	0.00	0.32
Net Profit	(0.25)	(0.36)	0.04
Share Capital			
- APRCL	(0.03)	0.82	0.13
- CRSSG	(0.01)	0.27	0.04
Loans Funds	Nil	Nil	Nil

4. JTEGC – APRCL (JV)

Our Company has entered into a Joint Venture Agreement dated February 05, 2008 with M/s Jiangsu Provincial Transportation Engineering Group Co. Limited pursuant to which joint venture entity JTEGC-APRCL (JV) (in proportion of 61:39) has been formed for bidding and execution of Bargi Right Bank Canal from R.D. 129 Km to R.D. 154 Km. of Bargi Diversion Project on TURNKEY Basis comprising the work of Survey, Planning, Geotechnical Investigations, Design, Estimation, preparation of permanent land Acquisition cases, construction of lined TUNNEL (about 650 m. in length, about 10 m. diameter) with cut and cover RCC transitions (about 75 m. length), constructions of canal (about 25 km. in length) by Excavation, cement concrete lining all inline structures and commissioning and testing of the canal system.

JTEGC-APRCL (JV) was awarded the contract by Office of the Executive Engineer, Narmada Development Division No.5, Katni, Madhya Pradesh vide letter dated March 20, 2008.

The said joint venture has entered in to a sub-contracting agreement dated March 28, 2008 with our Company whereby the entire project has been sub-contracted to our Company for a commission of 0.75% on gross bills.

Audited Financial Information

	(₹ lakhs)		
Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	3,703.12	605.69	0.00
Other Income	27.77	4.54	0.00
Net Profit	24.60	4.00	(0.24)
Share Capital			
- APRCL	11.34	1.21	0.05
- JTEGC	17.29	2.68	0.08
Loans Funds	Nil	Nil	Nil

5. APRCL - VNR (JV)

Our Company has entered into an Memorandum of Understanding/ Joint Venture Agreements with M/s VNR Infrastructures Limited (*formerly M/s V Narayana Reddy*) (collectively referred to as “**Partners**”) pursuant to which joint venture entity APRCL-VNR (JV) has been formed for bidding and execution of following projects:

- (a) Memorandum of Understanding dated November 11, 2006 for jointly bidding for the bids called for by Rail Vikas Nigam Limited for carrying out “Construction of new B.G. line from Obulavaripalle to Krishnapatnam – Phase 1 works from Venkatachalam to Krishnapatnam in South Central Railway which includes Earth Work in formation, Construction of bridges, Services and Residential Buildings, Installation of Tracks, Station yards, General Electrical works including Power Line Crossing and other Miscellaneous works along with testing and Commissioning including Supply of all materials, Except Rails, Line Sleepers and Turnouts”. The share between the partners for said work is in the ratio of 85:15, APRCL: VNR. Rail Vikas Nigam Limited has awarded the contract to the JV vide letter dated March 29, 2007. The said Joint Venture has entered in to a sub-contracting agreement dated June 23, 2007 with APRCL whereby the entire project was sub-contracted to our Company for a commission of 0.75% on gross bills.
- (b) Memorandum of Understanding dated October 18, 2007 for jointly bidding for the bids called by Steel Authority of India Limited for carrying out “Development/ Construction of Railway Yard facilities under expansion plan of SAIL-ISP near Damodar Railway Station.” The share between the partners for said work is in the ratio of 70:30, APRCL: VNR. Steel Authority of India Limited has awarded the contract to the JV vide letter dated March 13, 2008. The said Joint Venture has entered in to a sub-contracting agreement dated January 27, 2009 with our Company, whereby the entire project was sub-contracted to our Company for a commission of 0.50% on gross bills.
- (c) Memorandum of Understanding dated September 13, 2008 for jointly bidding for the bids called by Northeast Frontier Railway for the carrying out “Civil Engineering works from Km 0 – 42 (between Siliguri Junction to Galgalia (excluding) in connection with SGUJ – AUB Gauge Conversion Project under Deputy Chief Engineer, Construction, N.F. Railway, New Jalpaiguri. The work includes feasibility study of Major & Minor Bridges : Earthwork in embankment & cutting, blanketing, construction of Minor Bridges; construction of Major Bridges (Substructure & superstructure); construction / making of RBG Rooms, Platforms, PP sheds, FOB’s, Level Crossings and other ancillary works.” The share between the partners for said work is in the ratio of 55:45, APRCL: VNR. Northeast Frontier Railway has awarded the contract to the JV vide letter dated December 26, 2008. The said Joint Venture has entered in to sub-contracting agreements dated March 11, 2009 with our Company, whereby the entire project has been sub-contracted to our Company for a commission of 0.25% on gross bills.
- (d) Memorandum of Understanding dated September 13, 2008 for jointly bidding for the bids called by Northeast Frontier Railway for the carrying out “Civil Engineering works from Km 42 – 76.2 (between Adhikari (excluding) to Aluabari Road) in connection with SGUJ – AUB Gauge Conversion Project under Deputy Chief Engineer, Construction, N.F. Railway, New Jalpaiguri. The work includes feasibility study of Major & Minor Bridges : Earthwork in embankment & cutting, blanketing, construction of Minor Bridges; construction of Major Bridges (Substructure & superstructure); construction / making of RBG Rooms, Platforms, PP sheds, FOB’s, Level Crossings and other ancillary works.” The share between the partners for said work is in the ratio of 55:45, APRCL: VNR. Northeast Frontier Railway has awarded the contract to the JV vide letter dated December 26, 2008. The said joint venture has entered in to sub-contracting agreements dated March 11, 2009 with our Company, whereby the entire project has been sub-contracted to our Company for a commission of 0.25% on gross bills.
- (e) Joint Venture/Consortium Agreement dated October 12, 2009 jointly bidding for the bids called by Northeast Frontier Railway for “Construction and Foundation & substructure of 3 X 61.10m span Major Br. No. 94 on river Gomti at KM 39/180 on well foundation with earthwork at bridge approaches, other protection/ancillary works as per railway approved drawing and specification in Agartala and Udaipur section in connection with Agartala – Subroom new Railway line Project”. The share of profits between the partners for said work is in the ratio of 55:45, VNR: APRCL. APRCL: VNR. Northeast Frontier Railway has

awarded the contract to the JV vide letter dated November 27, 2009. The said joint venture has entered in to sub-contracting agreements dated April 29, 2010 with our Company, whereby the entire project has been sub-contracted to our Company for a commission of 0.25% on gross bills.

- (f) Joint Venture/ Consortium Agreement dated January 22, 2010 bidding for the bids called by Northeast Frontier Railway for carrying out “Earthwork and Minor Bridges from Ch. 35.00 Km. to Ch. 44.11 in connection with construction of new Railway line from Agartala to Subroom.” The share of profits between the partners for said work is in the ratio of 55:45, APRCL: VNR. Northeast Frontier Railway has awarded the contract to the JV vide letter dated November 27, 2009. The said joint venture has entered in to sub-contracting agreements dated April 27, 2010 with our Company, whereby the entire project has been sub-contracted to our Company for a commission of 0.25% on gross bills.
- (g) Joint Venture Agreement dated March 02, 2010 bidding for the bids called by Northeast Frontier Railway for carrying on Engineering and / or contract works, in connection with “Tender for at Siliguri Junction – Construction of BG Diesel Loco Shed (L.R & U.R. bay of size 77m x 18.10m each) with provision of movement of 10 ton and 40 ton BOT crane facility, other structures including vacuum dewatered flooring, RCC pavements, Inspection pit with cat walk, Dock Pit, Washing apron, double storied office building including track linking works and all other connected ancillaries works.” The share of profits between the partners for said work is in the ratio of 30:70, APRCL: VNR. Northeast Frontier Railway has awarded the contract to the JV vide letter dated March 25, 2010. The said joint venture has entered in to sub-contracting agreements dated August 13, 2010 with our Company, whereby the entire project has been sub-contracted to our Company for a commission of 0.25% on gross bills.

Audited Financial Information

	(₹ lakhs)		
Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	8,188.11	4,021.45	1,895.85
Other Income	34.19	32.97	14.22
Net Profit	20.34	27.07	13.69
Share Capital			
- APRCL	42.66	29.61	11.77
- VNR	18.57	11.28	2.05
Loans Funds	Nil	Nil	Nil

6. APRCL - KS (JV)

Our Company has entered into a Memorandum of Understanding dated October 25, 2007 with M/s K.S. & Company, a partnership firm pursuant to which joint venture entity APRCL-KS (JV) (in proportion of 60:40) has been formed for the execution of “Construction of new B.G. line between Tindivanam and Nagari (via) Walajah Road, part of work new BG Line between Walajah Road and Arcot connecting Ranipet, construction of new major bridge of span 36 x 30.50metre PSC box girder across Palar river in Ranipet – Arcot Section, of Southern Railway Construction Organization”.

APRCL: KS was awarded the contract by Office of Chief Administrative Officer, Construction, Southern Railway, Chennai vide letter dated February 04, 2008.

The said joint venture has entered in to sub-contracting agreements dated March 14, 2008 with our Company, whereby the entire project was sub-contracted to our Company for a commission of 0.75% on gross bills.

Audited Financial Information

(₹ lakhs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	536.52	314.42	0.00
Other Income	4.02	2.36	0.00
Net Profit	3.22	1.93	0.00
Share Capital			
- APRCL	3.50	1.25	0.00
- KS	2.20	0.83	0.00
Loans Funds	Nil	Nil	Nil

7. PVRPL - APRCL (JV)

Our Company has entered into a Memorandum of Understanding with M/s PVR Projects Limited dated April 14, 2006 pursuant to which joint venture entity PVRPL-APRCL (JV) (in proportion of 50:50) has been formed for the execution of “Construction of Earthen Dam including Spillway, Stilling Basin Divide Wall, Approach and Tail Channel of Jigaon Project Tal: Nandur, Dist: Buldana.”

PVRPL-APRCL (JV) was awarded the contract by Office of the Executive Engineer, Mint Project Division, Khamgaon vide letter dated November 1, 2006.

The said joint venture has entered in to a sub-contracting agreement dated October 31, 2006 with our Company whereby 50% of the project was sub-contracted to our Company for a royalty of 0.10% on the gross bills.

Audited Financial Information

(₹ lakhs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	2,406.64	1,000.00	0.00
Other Income	2.41	1.00	0.00
Net Profit	1.85	0.41	0.00
Share Capital			
- APRCL	1.80	0.74	0.00
- PVRPL	1.67	0.74	0.00
Loans Funds	Nil	Nil	Nil

Shareholders Agreement

Our company has not entered into any shareholders agreement as on the date of this DRHP.

Strategic Partners

As on the date of this DRHP, our Company doesn't have any strategic partners.

Financial Partners

As on the date of this DRHP, apart from our arrangements with our Lenders and Bankers, which we undertake in ordinary course of business, our Company doesn't have any financial partners within the meaning of SEBI (ICDR) Regulations.

Other Agreements

Except as stated in the section titled “History and Other Corporate Matters” in this DRHP and the contracts, which have been entered in regular course of business, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of this DRHP, which are subsisting as on date.

OUR MANAGEMENT

Our Company is currently managed by the Board of Directors comprising of six Directors. Mr. Pulagam Harikrishna is the Managing Director and is in charge of overall management of our Company subject to the supervision and control of the Board. As per our Articles of Association, our Board shall consist of not less than three Directors and not more than twelve Directors.

OUR DIRECTORS

Our Board consists of six Directors of which two are Executive Directors, two are Non-Executive Non-Independent Directors and two are Independent Directors. Our Chairman is Non – Executive and Independent Director. The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus with SEBI.

Sr. No.	Name, Father's / Husband's Name, Address, Designation, Occupation, DIN and Nationality.	Date of Appointment and Terms of Office	Age	Other Directorships
1.	Mr. Hari Vittal Rao Chinthalapati S/o Mr. Venkateshwar Rao Seetharamaiah Chinthalapati Plot No. 24, Phase I, Kamalapuri Colony, Srinagar Colony, Hyderabad - 500073 Designation: Chairman (Independent Director) Occupation: Ex-Banker DIN: 00012970 Nationality: Indian	Appointed as Independent director with effect from September 23, 2006 Terms of office: liable to retire by rotation	71	1. Gayatri Projects Limited.
2.	Mr. Pulagam Harikrishna S/o Mr. Pulagam Balarami Reddy H.No. 8-2-888/B/5/A, Road No. 12, Banjara Hills, Hyderabad – 500034 Designation: Managing Director Occupation: Service DIN: 01343079 Nationality: Indian	Appointed as first Director of our Company on December 03, 2004 Appointed as a Managing Director of our Company for a period of five years with effect from July 01, 2005. Re-appointed as a Managing Director of our Company for a period of three years with effect from October 01, 2009. Terms of office: Holds office as Managing Director till September 30, 2012	36	1. Sreenivasa Associates (Project Works) Limited 2. APR Hotels Limited 3. Prarthana Inns Private Limited 4. APR Bridge Company Private Limited
3.	Mrs. Adala Vindhyavali W/o Mr. Adala Prabhakara Reddy Plot No 14, Road No. 5, Jubilee Hills, Hyderabad- 500034 Designation: Non- Executive Director Occupation: Business DIN: 01685062 Nationality: Indian	Appointed as first Director of our Company on December 03, 2004 Terms of office: liable to retire by rotation	56	1. APR Hotels Limited 2. Prabhakar Investments Private Limited 3. APR Bridge Company Private Limited

4.	Mr. Gunapati Murali Krishna Reddy S/o Mr. Gunapati Adishesha Reddy Flat No G-3, Saikrishna Residency, Plot No. 6/132, Road No 1, Kavuri Hills, Madhapur, Hyderabad- 500034 Designation: Executive Director Occupation: Business DIN: 00020909 Nationality: Indian	Appointed as first Director of our Company on December 03, 2004 Appointed as a Wholetime Director for a period of five years with effect from July 05, 2009 Re-appointed as a Wholetime Director for a period of three years with effect from October 01, 2009 Terms of office: Holds office as Wholetime Director till September 30, 2012	48	Nil
5.	Dr. Pellakuru Chandra Kiran Reddy S/o Mr. Pellakuru Chandra Mohan Reddy Plot No. 14, Road No. 5, Jubilee Hills, Hyderabad - 500033 Designation: Non Executive Director Occupation: Business DIN: 00007952 Nationality: Indian	Appointed as first Director of our Company on December 03, 2004 Terms of office: liable to retire by rotation	37	1. Sreenivasa Associates (Project Works) Limited 2. R.A.S. Infotech Limited 3. APR Hotels Limited
6.	Mr. Rama Murthy Miduthuri Venkata S/o Mr. Subramanyam Miduthuri Venkata Flat No. 206 Srikar Apts, 12-13-260, ST No.8, Tarnaka, Secunderabad – 500007 Designation: Independent Director Occupation: Retired DIN : 01834347 Nationality: Indian	Appointed as Independent director with effect from September 29, 2007 Terms of office: liable to retire by rotation	77	Nil

Note:

1. None of the above mentioned Directors are on the RBI List of wilful defaulters.
2. All the Directors of our Company are Indian nationals and none of our Directors are related to each other, except Mr. Pulagam Harikrishna and Dr. Pellakuru Chandra Kiran Reddy who are the son-in-law's of Mrs. Adala Vindhayavali.
3. None of the Directors of our Company are / were Directors of listed companies the shares of which have been / were suspended from being traded on BSE and / or NSE at any time during the last 5 years from the date of this DRHP.
4. Further, none of the Directors of our Company are / were Directors of listed companies which have been / were delisted on the BSE and/or NSE and/or any other stock exchanges.

Brief Profile of our Directors

Mr. Hari Vittal Rao Chinthalapati, 71 years, is the Non Executive Director and Independent Director. He is also the Chairman of our Company. He has been on the Board of our Company since September 23, 2006. He holds a Bachelors of Arts degree from Andhra University and Certified Associate of Indian Institute of Bankers. In Bank of Baroda, he achieved Silver Shield Award for outstanding performance and for deposit mobilization for 10 consecutive

years, Special Silver Award and The Illustrious Banker Award. He has over 42 years of experience in Banking. He was associated with Bank of Baroda from 1957 until 1999.

Mr. Pulagam Harikrishna aged 36 years, is a Promoter and Managing Director of our Company. Mr. Pulagam Harikrishna has been on the Board of our Company since inception of our Company. He holds a Bachelors degree in Computer Science and Engineering from Bangalore Institute of Technology, Bangalore and Masters of Science degree from Bradley University, Peoria, Illinois, United States of America. He has an experience of over 11 years, of which 6 years is into construction business. He is responsible for formulating business strategies and steering the operations of our Company viz., Business Development, Tendering, Price & Vendor Negotiations, Project Implementation and Execution. Under his leadership, our Company ventured into new segments viz. Railways projects and Road project.

Mrs. Adala VindhyaVali, aged 56 years, is a Promoter and Non – Executive Director of our Company. She has been on the Board since the inception of our Company. She has passed Pre University Course from DMK College, Nellore, Andhra Pradesh. She was also one of the partners in erstwhile partnership firm M/s A. Prabhakar Reddy & Co. She has over 20 years of experience in the construction field.

Mr. Gunapati Murali Krishna Reddy, 48 years, is an Executive and Non – Independent Director of our Company. He has been on the Board of our Company since inception. He started his career with erstwhile partnership firm M/s A. Prabhakar Reddy & Co. He holds a Bachelors degree in Commerce from V.R. College, Nellore, Andhra Pradesh. He has over 30 years of experience into construction segment. He has worked on different segments of Infrastructure & Construction viz., Irrigation, Roads & Bridges, Railways, Tunnels and Industrial projects. He overlooks the execution of various projects and is also responsible for project site management viz. equipment handling, material procurement, labour management etc.. Under his leadership, our Company was able to execute a number of projects like building of Dams, Spillway, Canal works, Railways and industrial projects.

Dr. Pellakuru Chandra Kiran Reddy, 37 years, is the Non Executive and Non Independent Director of our Company. He was also a partner in the erstwhile partnership firm M/s A. Prabhakar Reddy & Co. He has been on the Board since the inception of our Company. He holds a Bachelors degree in Dental Surgery from Ragas Dental College & Hospital affiliated to The Tamil Nadu Dr. M.G.R. Medical University. His experience is spread across diverse segments like infrastructure; Real Estate and Hotels.

Mr. Rama Murthy Miduthuri Venkata, 77 years, is the Non Executive and Independent Director. He has been on the Board of our Company since September 29, 2007. He holds a Bachelors degree in Engineering from Madras University. He has over 50 years of experience with Railways and Rail related projects. He was associated with Indian Railways from 1958 until 1991. He has worked on a number of projects like construction of new railway lines, bridges and structures; technical audit and administration; etc. He was associated with RITES Limited from 1991 until 1994 in the capacity of Advisor and General Manager for its projects at Hyderabad. Since 1994, he has been associated with Balaji Railroad Systems Ltd. as Director (Technical).

BORROWING POWERS OF BOARD OF DIRECTORS

Pursuant to a resolution passed by the shareholders in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956, at the Extra Ordinary General Meeting held on December 23, 2006 our Board has been authorized to borrow sums of money for the purposes of our Company on such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies borrowed together with the monies already borrowed by our Company does not exceed, a sum of ₹500 crores.

COMPENSATION AND BENEFITS TO THE MANAGING DIRECTOR / WHOLETIME DIRECTOR

Sr. No.	Name of Director	Designation	Compensation paid for the Financial Year 2009-10
1.	Mr. Pulagam Harikrishna	Managing Director	₹29,40,000/-
2.	Mr. Gunapati Murali Krishna Reddy	Wholetime Director	₹24,00,000/-

Terms of appointment and compensation of Mr. Pulagam Harikrishna, Managing Director is as follows:

The remuneration of Mr. Pulagam Harikrishna has been increased to ₹48 lakhs per annum with effect from October 01, 2009 *vide* the resolution passed at the Extraordinary General Meeting of the Shareholders dated November 02, 2009.

Sr. No.	Particulars	Remarks
1.	Date of shareholders resolution (EGM)	November 02, 2009
2.	Consolidated Salary	₹4.00 Lakh p.m. (all inclusive)
3.	Perquisites	Reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges if any from time to time available to other Sr. Executives of the Company. Other perquisites, which shall not be included in the compensation of the ceiling of Managerial Remuneration: a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either taken singly or put together are not taxable under Income tax Act, 1961. b) Gratuity payable at a rate not exceeding half a months salary for each completed year of service, and c) Encashment of leave at the end of the tenure.
4.	Term of appointment	3 years
5.	Effective date of appointment	October 01, 2009

Terms of appointment and compensation of Mr. Gunapati Murali Krishna Reddy, Wholetime Director is as follows:

The remuneration of Mr. Gunapati Murali Krishna Reddy has been increased to ₹24 lakhs per annum with effect from October 01, 2009 *vide* the resolution passed at the Extraordinary General Meeting of the Shareholders dated November 02, 2009.

Sr. No.	Particulars	Remarks
1.	Date of shareholders resolution	November 02, 2009
2.	Consolidated Salary	₹2,00,000/- per month (all inclusive)
3.	Perquisites	Reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges if any from time to time available to other Sr. Executives of the Company. Other perquisites, which shall not be included in the compensation of the ceiling of Managerial Remuneration: a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either taken singly or put together are not taxable under Income tax Act, 1961. b) Gratuity payable at a rate not exceeding half a months salary for each completed year of service and c) Encashment of leave at the end of the tenure.
4.	Term of appointment	3 years
5.	Effective date of appointment	October 01, 2009

Sitting Fees payable to Non Executive Directors

Sitting fees of ₹2500 per meeting is payable to our Non-Executive and Independent Directors for attending Board and Committee Meetings, as approved *vide* Board resolution dated April 22, 2010.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the Stock Exchanges. Our Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of board, constituting the Committees such as Shareholders/Investors Grievance Committee, Audit Committee and Remuneration Committee.

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

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investor Grievance Committee

Audit Committee

Our Board constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act, 1956. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on April 06, 2005 and the same was recently reconstituted *vide* the Board resolution dated October 01, 2009.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The committee consists of two independent directors and one Non - Executive Director.

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Hari Vittal Rao Chinthalapati	Chairman	Independent Director
2.	Mr. Rama Murthy Miduthuri Venkata	Member	Independent Director
3.	Dr. Pellakuru Chandra Kiran Reddy	Member	Non - Executive Director

Our Company Secretary Mr. Prakash Reddy Pentareddy, will act as the secretary of the Committee.

The terms of reference of our Audit Committee are given below:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the 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:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings

- e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 8. 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.
 9. Discussion with internal auditors any significant findings and follow up there on.
 10. 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.
 11. 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.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Shareholders' / Investor Grievances Committee

The Shareholders' / Investors' Grievance Committee has been formed by the Board of Directors at the meeting held on October 01, 2009 which was reconstituted on January 18, 2011 as per the requirements of the Clause 49 of the Listing Agreement. The Shareholders' / Investors' Grievance Committee has been constituted with the following Directors: -

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Rama Murthy Miduthuri Venkata	Chairman	Independent Director
2.	Mr. Hari Vittal Rao Chinthalapati	Member	Independent Director
3.	Mr. Pulagam Harikrishna	Member	Executive Director

Our Company Secretary Mr. Prakash Reddy Pentareddy, will act as the secretary of the Committee.

The terms of reference of the Shareholders' / Investors' Grievances Committee is as follows:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholder and investor complaints such as non-receipt of declared dividends, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates; etc;

3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by the Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

Remuneration Committee

The Remuneration Committee has been formed by the Board of Directors at the meeting held on June 30, 2005. The Remuneration Committee was reconstituted *vide* the Board resolution Dated September 30, 2006, November 19, 2007 and October 01, 2009 with the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Rama Murthy Miduthuri Venkata	Chairman	Independent Director
2.	Mr. Hari Vittal Rao Chinthalapati	Member	Independent Director
3.	Dr. Pellakuru Chandra Kiran Reddy	Member	Non - Executive Director

Our Company Secretary Mr. Prakash Reddy Pentareddy will act as the secretary of the Committee.

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

The Scope of the committee is

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - a. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
3. Approve the remuneration of executive Directors of the Company as may be required pursuant to the provisions of the Companies Act, 1956.
4. Perform such functions as are required to be performed by the Remuneration Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in particular, those stated in Clause 5 of the ESOP Guidelines.
5. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Policy on Disclosures & Internal Procedure For Prevention Of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of our Equity Shares on the Stock Exchanges.

Mr. Prakash Reddy Pentareddy, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding of Directors

As per our Article of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company. The following table details the shareholding of our Directors in their personal capacity, as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Directors	No of Equity Shares held as on date	Percentage (%) of holding in our Company
1.	Mr. Hari Vittal Rao Chinthalapati	Nil	Nil
2.	Mr. Pulagam Harikrishna	11,250	0.06
3.	Mrs. Adala Vindhyavali	18,64,440	10.23
4.	Mr. Gunapati Murali Krishna Reddy	11,250	0.06
5.	Dr. Pellakuru Chandra Kiran Reddy	11,250	0.06
6.	Mr. Rama Murthy Miduthuri Venkata	Nil	Nil
	Total	18,98,190	10.41

None of our Directors or Key Managerial Personnel are “relatives” within the meaning of Section 6 of the Companies Act except as stated below:

Name of the Director	Relationship
Mr. Pulagam Harikrishna	Son in law of Mrs. Adala Vindhyavali and brother in law of Dr. Pellakuru Chandra Kiran Reddy
Dr. Pellakuru Chandra Kiran Reddy	Son in law of Mrs. Adala Vindhyavali & brother in law of Mr. Pulagam Harikrishna

INTEREST OF OUR DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board, commission payable to our Non-executive Directors as well as to the extent of remuneration payable to our executive Directors for their services as executive directors of our Company and reimbursement of expenses payable to them under our Articles of Association. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives or firms, trusts or other entities/ bodies corporate in which they have interest, and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our non-Promoter Directors may also be deemed to be interested in the Equity Shares, if any, out of the present Issue that may be subscribed by and Allotted/transferred to the companies, firms and trusts and other entities/bodies corporate in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Except as stated in the section titled “Financial Statements” and “Related Party Transactions” in this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our company other than in the normal course of business.

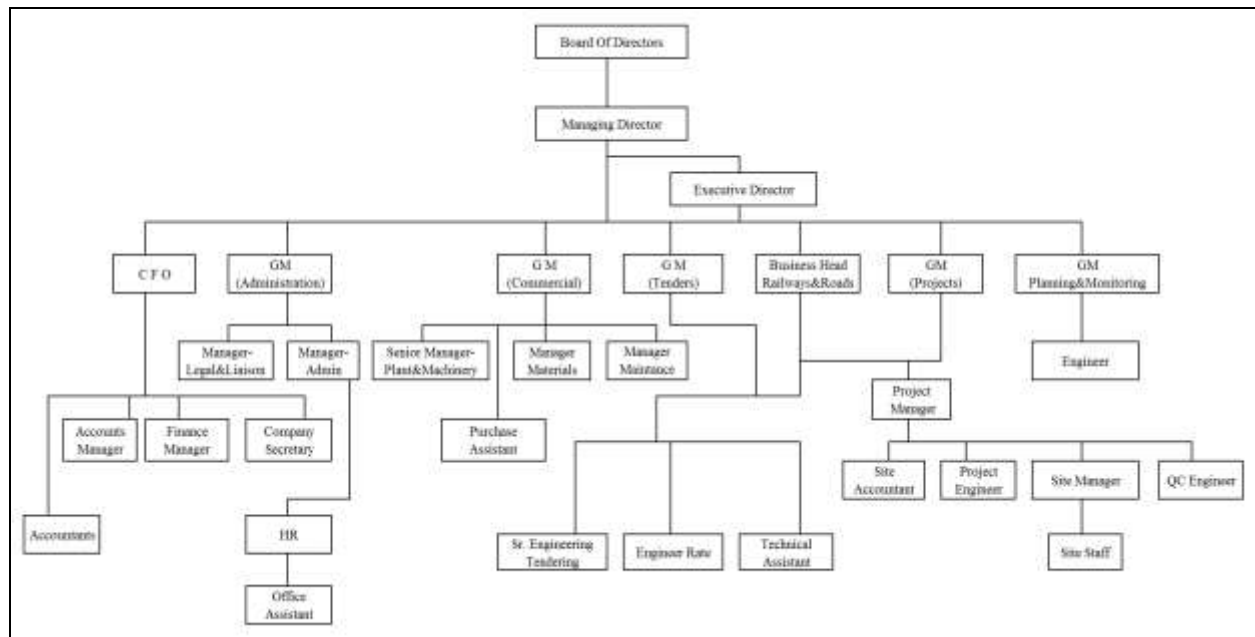
Further except as stated under the heading Related Party Transaction under the chapter titled “Financial Statements” beginning on page 148 of this Draft Red Herring Prospectus, the Directors do not have any other interest in the business of our Company.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

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

Name of the Director	Date of Change	Remarks
Mr. J. Appa Rao	October 01, 2009	Resigned due to pre-occupation

Management Organisational Structure



KEY MANAGEMENT PERSONNEL

In addition to our Wholtime Directors, the following are the Key Management Personnel of our Company.

Mr. P. Seshagiri Rao, 53 years, is the Chief Financial Officer of our Company. He holds a Bachelor of Commerce degree from Andhra University and is a Fellow Chartered Accountant of the Institute of Chartered Accountants of India. He joined our Company in April 2007. He has over 25 years of work experience in finance, accounts, audit, taxation, corporate affairs and administration. He was previously employed with Issar Pharmaceuticals Pvt. Ltd., as Head – Finance & Corporate Affairs. He overlooks finance & accounts, taxation matters, human resources and reporting systems & procedures. The gross remuneration paid to him during fiscal 2010 was ₹5.85 Lakhs.

Mr. S. Venkata Kumar, 47 years, is the Business Head – Roads & Railways vertical in our Company. He holds a Bachelor of Technology degree in Civil Engineering from Indian Institute of Technology, Chennai. He joined our Company in March 2009. He has over 22 years of experience in Civil Engineering, including 15 years of experience with Indian Railways. During his stint with Indian Railways he gained exposure in various railway projects. He was previously employed with Maytas Infra Ltd., Hyderabad in tendering and project execution department. He is currently responsible for Roads & Railways vertical of our Company. The gross remuneration paid to him during fiscal 2010 was ₹30.00 Lakhs.

Mr. P. Chandramouli, 55 years, is the General Manager (Projects) of our Company. He holds Bachelor of Civil Engineering degree from University of Mysore. He joined our Company in March 1995 (erstwhile partnership firm M/s A. Prabhakar Reddy & Co.). He has over 29 years of experience in the field of Civil Engineering. He was previously employed with Government of Karnataka as Assistant Engineer in Irrigation. He is responsible for execution of projects. The gross remuneration paid to him during fiscal 2010 was ₹12.00 Lakhs.

Mr. V. Subba Rao, 79 years, is the General Manager (Tenders) of our Company. He holds a Diploma in Civil Engineering from the College of Engineering, Guindy, Madras. He joined our Company in September 1994 (erstwhile partnership firm M/s A. Prabhakar Reddy & Co.). He has over 40 years of experience in Construction sector including execution of major and medium Irrigation projects, construction of buildings and Tendering process. He was previously employed with Government of Andhra Pradesh as a Deputy Executive Engineer in Irrigation department.

He overlooks bidding, tendering, contract claims and arbitration cases of our Company. The gross remuneration paid to him during fiscal 2010 was ₹4.16 Lakhs.

Mr. V Ranga Swamy, 65 years, is the General Manager (Planning & Projects) of our Company. He holds a Master of Technology in Structural Engineering degree from the Jawaharlal Nehru Technological University, Andhra Pradesh. He joined our Company in March 2006. He has over 30 years of experience in irrigation and civil engineering works. He was previously employed as Superintending Engineer in Irrigation & CAD Department, Government of Andhra Pradesh. He overlooks project planning, project implementation and project monitoring in our Company. The gross remuneration paid to him during fiscal 2010 was ₹3.64 Lakhs.

Mr. J. Subba Rao, 55 years, is the General Manager (Administration) of our Company. He holds a Master of Commerce degree from Sri Venkateswara University, Tirupati. He joined our Company in January 1985 (erstwhile partnership firm M/s A. Prabhakar Reddy & Co.). He has over 30 years of experience in administration & accounts. He was previously employed with Fine Drugs & Chemicals Ltd., Hyderabad as Manager (Accounts). He overlooks administrative functions in our Company. The gross remuneration paid to him during fiscal 2010 was ₹3.83 Lakhs.

Mr. T. V. Subrahmanya Sarma, 45 years, is the General Manager (Commercial) of our Company. He holds a Bachelor of Arts degree from Sri Venkateswara University. He joined our Company in January 2010. He has over 19 years of experience in Finance, Marketing, Purchase and Procurement in Civil and Construction domains. He was previously employed with Sreenivasa Associates (Project Works) Ltd. (a promoter group company) as Business-in-charge of Andhra Pradesh region. He overlooks purchases, procurement and material management functions in our Company. The gross remuneration paid to him during fiscal 2010 was ₹1.20 Lakhs.

Mr. A. Viswanadha Sarma, 45 years, is the Manager (Legal & Liaisoning) of our Company. He holds Bachelor of Commerce degree from Andhra University, Post Graduate Diploma in Public Accounting from Ambedkar Open University and Diploma in Management from Indira Gandhi National Open University. He joined our Company in January 2010. He has over 18 years of experience in Accountancy, Legal and Liaisoning. He was previously employed with Sreenivasa Associates (Project Works) Ltd. (a promoter group company) as Commercial Manager. He overlooks Legal matters & liaisoning with various government authorities. The gross remuneration paid to him during fiscal 2010 was ₹0.90 Lakhs.

Mr. Prakash Reddy Pentareddy, 25 years, is the Company Secretary of our Company. He holds Bachelor of Commerce degree from Osmania University, Hyderabad and is an Associate Company Secretary with the Institute of Company Secretaries of India. He joined our Company in December 2010. He was previously employed with M/s Puttaparthi Jagannatham & Co. He overlooks secretarial and other statutory matters. The gross remuneration paid to him during fiscal 2010 was NIL.

All the key management personnel mentioned above are permanent employees of our Company.

None of the key management personnel are related to each other or any promoters or directors.

Service Contracts

No service contracts have been entered into with any Key Management Personnel or Directors for provision of benefits or payments of any amount upon termination of employment.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold any shares in our Company.

Bonus or Profit Sharing plan for the Key Management Personnel

There is no bonus or profit sharing plan for key management personnel of our Company.

Employees

As on February 28, 2011 our Company has provided direct employment 79 people. For more details about our employees please refer to section titled “Our Business” beginning on page 94 of this Draft Red Herring Prospectus.

Interest of Key Management Personnel

The key management personnel do not have any interest in our Company other than to the extent of the remuneration paid or benefits received by them to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Changes in the Key Management Personnel

The following are the changes in the key management personnel of our company in the last three years preceeding the date of filing of this Draft Red Herring Prospectus

Sr. No.	Name	Date of Appointment / Cessation	Designation	Reason
1.	Mr. S. Venkata Kumar	March 6, 2009	Business Head (Roads & Railways)	Appointment
2.	Mr. T. V. Subrahmanya Sarma	January 01, 2010	General Manager (Commercial)	Appointment
3.	Mr. A. Viswanadha Sarma	January 01, 2010	Manager (Legal & Liasioning)	Appointment
4.	Ms. Loya Padma Agarwal	April 12, 2010 / November 30, 2010	Company Secretary	Appointment/ Resignation
5.	Mr. Prakash Reddy Pentareddy	December 01, 2010	Company Secretary	Appointment

Employee Stock Option Scheme/ Employee Stock Purchase Scheme

As of the date of filing of this Draft Red Herring Prospectus, our Company does not have any Employee Stock Option or Purchase Scheme.

Loans taken by Directors / Key Management Personnel

Our Directors and key management personnel have not taken any loan from our Company. Further, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

Arrangement and / or Understanding with Major Shareholders




None of our Key Management Personnel or Directors have been appointed pursuant to any arrangement and / or understanding with our major shareholders, customers, suppliers or others.

Payment of Benefit to Officers of our Company (non-salary related)

Except the statutory payments made by our Company, in the last two years, our Company has not paid any non-salary amount or benefit to any of its employees.

OUR PROMOTERS

Our Company's Promoters are Mr. Adala Prabhakara Reddy, Mrs. Adala Vindhyavali (Non – Executive Director) and Mr. Pulagam Harikrishna (Managing Director). The brief profiles of our Promoters are as follows:

	<p>Mr. Adala Prabhakara Reddy, aged 62 years, residing at Plot No 14, Road No. 5, Jubilee Hills, Hyderabad- 500034, is the Chief Promoter of our Company.</p> <p>Mr. Adala Prabhakara Reddy, a first generation entrepreneur, entered construction business in the year 1983 and has come a long way in establishing the visibility of the group in the past 25 years. He comes from an agriculture background. He has experience of more than 2 decades into construction activities. He is an active politician. At present he is Member of the Legislative Assembly (M.L.A.) of Andhra Pradesh legislative assembly representing Sarvepally constituency. He guides the management in formulating the overall business strategies of our Company.</p> <p>Details of Education: Pre-University Course from Jawahar Bharthi Degree College, Nellore, Andhra Pradesh</p> <p>Details of Directorship in other ventures: Prarthana Inns Private Limited APR Hotels Limited Sreenivasa Associates (Project Works) Limited Prabhakar Investments Private Limited</p> <p>PAN: ADOPA4675Q Passport Number: H4535420 Driving License No: Not Available Voter ID: BZV1674712</p>
	<p>Mrs. Adala Vindhyavali, aged 56 years, residing at Plot No 14, Road No. 5, Jubilee Hills, Hyderabad- 500034, is a Promoter and Non – Executive Director of our Company.</p> <p>She has been on the Board since the inception of our Company. She was also one of the partners in erstwhile partnership firm M/s A. Prabhakar Reddy & Co. She has over 20 years of experience in the construction field.</p> <p>PAN: AGGPA4300H Passport Number: G3594220 Driving License No: Not Available Voter Id: BZV1674654</p>
	<p>Mr. Pulagam Harikrishna aged 36 years, residing at H.No. 8-2-888/B/5/A, Road No. 12, Banjara Hills, Hyderabad – 500034, is a Promoter and Managing Director of our Company.</p> <p>Mr. Pulagam Harikrishna has been on the Board of our Company since inception of our Company. He holds a Bachelors degree in Computer Science and Engineering from Bangalore Institute of Technology, Bangalore and Masters of Science degree from Bradley University, Peoria, Illinois, United States of America. He has experience of over 11 years, of which 6 years are into construction business.</p> <p>He is responsible for formulating business strategy and steering the operations of our Company viz., Business Development, Tendering, Price & Vendor Negotiations, Project Implementation and Execution. Under his leadership, our Company ventured into new segments viz. railways projects and Road project.</p> <p>PAN: AHPPP8893C Passport Number: A9766751 Driving License No: DLSAP00987142009 Voter Id: FYY1204973</p>

We confirm that the permanent account number, bank account number and passport number of aforesaid promoters will be submitted to the BSE and the NSE, at the time of filing this Draft Red Herring Prospectus with them.

Promoter and Promoter Group Matrix

Relationship with the Promoters	Mr. Adala Prabhakara Reddy	Mrs. Adala Vindhyavali	Mr. Pulagam Harikrishna
Father	Mr. A. Shankar Reddy	Mr. R. Subba Reddy,	Mr. P. Balarami Reddy
Mother	Mrs. A. Susheelamma	Mrs. R. Kousalyamma	Mrs. P. Sarada
Spouse	Mrs. Adala Vindhyavali	Mr. Adala Prabhakara Reddy	Mrs. P. Hima Bindu
Brother	Mr. A. Raghava Reddy, Mr. A. Murali Krishna Reddy	N.A.	N.A.
Sister	Ms. A. Shyamalamma, Ms. A. Jaladamma	Ms. R. Devaki, Ms. R. Narmada, Ms. R. Aruna, Ms. R. Jyothi, Ms. R. Jamuna Ms. R. Anita	Ms. P. Madhavi Reddy, Ms. G. Shalini Reddy
Children	Mrs. P. Bhanu Rekha, Mrs. P. Hima Bindu	Mrs. P. Bhanu Rekha, Mrs. P. Hima Bindu	Miss P. Ananya, Master P. Shiveen
Spouse's Father	Mr. R. Subba Reddy	Mr. A. Shankar Reddy	Mr. Adala Prabhakara Reddy
Spouse's Mother	Mrs. R. Kousalyamma	Mrs. A. Susheelamma	Mrs. Adala Vindhyavali
Spouse's Brother	N.A.	Mr. A. Raghava Reddy, Mr. A. Murali Krishna Reddy	N.A.
Spouse's Sister	Ms. R. Devaki, Ms. R. Narmada, Ms. R. Aruna, Ms. R. Jyothi, Ms. R. Jamuna, Ms. R. Anita	Ms. A. Shyamalamma, Ms. A. Jaladamma	Mrs. P. Bhanu Rekha

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member.	1. Mr. Adala Prabhakara Reddy Prabhakar Investments Private Limited Sreenivasa Associates (Project Works) Limited APR Hotels Limited Prarthana Inns Private Limited APR Bridge Company Private Limited RAS Infotech Limited 2. Mrs. Adala Vindhyavali Prabhakar Investments Private Limited Sreenivasa Associates (Project Works) Ltd APR Hotels Limited Prarthana Inns Private Limited APR Bridge Company Private Limited RAS Infotech Limited 3. Mr. Pulagam Harikrishna Prabhakar Investments Private Limited Sreenivasa Associates (Project Works) Ltd APR Hotels Limited Prarthana Inns Private Limited APR Bridge Company Private Limited RAS Infotech Limited

Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital.	NIL
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	A. Prabhakara Reddy(HUF)

Common Pursuits

One of our Promoters, Mr. Adala Prabhakara Reddy is also the promoter of one of our group companies, Sreenivasa Associates (Project Works) Limited which has objects similar to that of our Company.

Except as stated above none our Promoters/ any member of Promoter Group have interest in any venture that is involved in any activities similar to those conducted by our Company. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Interest of Promoters

The Promoters of our Company are interested to the extent of their shareholding in our Company and the dividend they are entitled to receive, if declared, by our Company. Further, our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them.

The registered office of our Company has been acquired on lease basis from Sreenivasa Associates (Project Works) Ltd., one of our Group Companies. Our Promoters or Promoter Group will be deemed to be interested to the extent of the lease rent received by Sreenivasa Associates (Project Works) Ltd. from our Company. For further information on our properties, please refer the section titled “Our Business” beginning on page 94 of this DRHP.

Except as stated in the section “Our Promoters” in this DRHP, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this DRHP in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further except as otherwise stated under the heading Related Party Transaction under the section titled “Financial Statement” beginning on page 148 of this DRHP, the promoters do not have any other interest in the business of our Company.

Payment or Benefit to Our Promoters

For details of payments or benefits paid to our promoters, please refer to paragraph “Compensation And Benefits To Managing Director / Wholetime Director”, “Interest of Promoters” and “Related Party Transactions” beginning on pages 127, 138 and 165 respectively of this DRHP.

Defunct Group Companies

None of our Group Companies which had remained defunct and for which application was made to the Registrar of Companies for striking off the name of the company, during the five years preceding the date of filing offer document with the Board except as given below:

Binduvindhya Investments Limited (BIL)

BIL, one of our Group Company, promoted by Mrs. Adala VindhyaVali and M/s APR Construction Limited on July 07, 1993 having its registered office at Flat No 101, Bhanu Enclave, Besides ESI Hospital, Erragadda, Hyderabad 500038. BIL has not carried on any commercial operations since inception.

BIL has made an application dated September 10, 2010 to the Registrar of Companies, Andhra Pradesh under section 560 of the Companies Act, 1956 for striking off the name from the records of RoC, Andhra Pradesh and which was duly approved on March 09, 2011.

Bhanurekha Investment Private Limited (BIPL)

BIPL, one of our Group Company, promoted by Mr. Adala Prabhakara Reddy and M/s APR Construction Limited on August 11, 1993 having its registered office at Flat No 101, Bhanu Enclave, Besides ESI Hospital, Erragadda, Hyderabad 500038. BIPL has not carried on any commercial operations in the last 5 years.

BIPL made an application dated September 09, 2010 to the Registrar of Companies, Andhra Pradesh under section 560 of the Companies Act, 1956 for striking off the name from the records of RoC, Andhra Pradesh and which was duly approved on March 9, 2011.

Prabhakar Investments Private Limited (PINPL)

PINPL, one of our Group Company, promoted by Mr. Adala Prabhakara Reddy on March 29, 1984 having its registered office at Plot No 14, Road No - 5, Jubilee Hills, Hyderabad 500033. The main object of PINPL is to undertake investment activities.

PINPL made an application dated September 09, 2010 to the Registrar of Companies, Andhra Pradesh under section 560 of the Companies Act, 1956 for striking off the name from the records of RoC, Andhra Pradesh, which was duly approved on March 9, 2011. PINPL has made an application dated March 22, 2011 with RoC, Andhra Pradesh with a request to restore its name on their records.

Details of Companies / firms from which Promoters have disassociated

Except as set out below none of our Promoters have disassociated themselves from any company / partnership in the last three years:

Sr. No.	Name of the Company	Name of the Promoter	Date of Disassociation	Reason for Disassociation	Terms of Disassociation
1	G. Murali Krishna Reddy & Co	Mrs. Adala Vindhyavali	01-04-2009	Retirement from Partnership	Transfer of business to new partners on "As is where is" condition.
2	APR GRANITES	Mr. Pulagam Harikrishna & Mr. Adala Prabhakara Reddy	01-04-2009	Retirement from Partnership	Transfer of business to new partners on "As is where is" condition.

Related Party Transactions

For details on related party transactions refer to Related Party Transaction under the chapter titled "Financial Statements" beginning on page 148 of this DRHP.

GROUP COMPANIES

1. APR Bridge Company Private Limited (“APRBCPL”)

APRBCPL is a private limited company promoted by Mr. Pulagam Harikrishna. It was incorporated on October 13, 2008 as a private limited company with its registered office at Flat No 404, 5th Floor, Bhanu Enclave, Erragadda, Hyderabad 500038. APRBCPL was formed as a Special Purpose Vehicle for undertaking contract pertaining to construction and maintenance of bridge across River Krishna. There has been no activity in the company as the project has not taken off by the Andhra Pradesh State Government.

APRBCPL was a subsidiary of our Company in FY 2009. Our Company was allotted 24,255 equity shares of APRBCPL. Subsequently, our Company divested 20,000 equity shares on March 30, 2010 consequent to which the shareholding of our Company in APR Bridge Company Private Limited was reduced to 28.48%, and thereby ceased to be the subsidiary of our Company.

APRBCPL presently has an authorized capital of ₹10,00,000/- (Rupees Ten Lakhs) consisting of 40,000 equity shares of ₹10 each aggregating ₹4,00,000 (Rupees Four Lakhs) and 6,000 Cumulative Redeemable optionally convertible preference shares of ₹100 each aggregating to ₹6,00,000 (Rupees Six Lakhs).

Board of Directors

The composition of the Board of Directors of APRBCPL is as under:

Sr. No.	Name	Designation
1.	Mr. Pulagam Harikrishna	Director
2.	Mrs. Adala Vindhyavali	Director

Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Pulagam Harikrishna	24,500	71.52
2.	M/s APR Constructions Limited	9,755	28.48
	Total	34,255	100.00

Financial performance (Audited)

(₹ lakhs)

Particulars	For the year ended	
	31-Mar-10	31-Mar-09
Sales and other income	0.00	0.00
Profit/(Loss) after tax	0.00	0.00
Equity capital (par value ₹10 per share)	3.43	1.00
Reserves and Surplus	0.00	0.00
Earnings per share (₹)	N.A.	N.A.
Book value per equity share (₹)	8.55	5.02

The Equity shares of APRBCPL are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

APRBCPL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against APRBCPL.

2. Prarthana Inns Private Limited (“PIPL”)

PIPL is a private limited company promoted by Mr. Adala Prabhakara Reddy. It was incorporated on April 19, 2006 as a private limited company. The registered office of PIPL is situated at Flat No 101, Bhanu Enclave, Beside ESI Hospital, Erragadda, Hyderabad 500038. The main object of PIPL is to undertake business as hoteliers and restaurants.

PIPL presently has an authorized equity share capital of ₹5,00,000/- (Rupees Five Lakhs) divided into 50,000 (Fifty Thousand) equity shares of ₹10/-each.

Board of Directors

The composition of the Board of Directors of PIPL is as under:

Sr. No.	Name	Designation
1	Mr. Poondla Satish Kumar Reddy	Wholetime Director
2	Mr. Poondla Venku Reddy	Managing Director
3	Mr. Adala Prabhakara Reddy	Director
4	Mr. Pulagam Harikrishna	Director

Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Adala Prabhakara Reddy	2,500	25.00
2	Mr. Pulagam Harikrishna	2,500	25.00
3	Mr. Poondla Venku Reddy	2,500	25.00
4	Mr. Poondla Satish Kumar Reddy	2,500	25.00
	Total	10,000	100.00

Financial performance (Audited)

(₹ lakhs)

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Sales and other income	0.00	0.00	0.00
Profit/(Loss) after tax	0.00	0.00	0.00
Equity capital (par value ₹10 per share)	1.00	1.00	1.00
Reserves and Surplus	0.00	0.00	0.00
Earnings per share (₹)	0.00	0.00	0.00
Book value per equity share (₹)	7.48	7.48	7.48

The Equity shares of PIPL are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

PIPL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against PIPL.

3. APR Hotels Limited (“APRHL”)

APRHL is a public limited company promoted by Mr. Adala Prabhakara Reddy. It was incorporated on April 20, 2006 as a public limited company with its registered office at Flat No 101, Bhanu Enclave, Besides ESI Hospital, Erragadda, Hyderabad 500038. The main object of APRHL is to undertake business as hoteliers.

APRHL presently has an authorized equity share capital of ₹5,00,000/- (Rupees Five Lakhs) divided into 50,000 (Fifty Thousand) equity shares of ₹10/-each.

Board of Directors

The composition of the Board of Directors of APRHL is as under:

Sr. No.	Name	Designation
1	Mr. Adala Prabhakara Reddy	Director
2	Mr. Harikrishna Pulagam	Director
3	Dr. Pellakuru Chandra Kiran Reddy	Director
4	Mrs. Adala Vindhyavali	Director

Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Adala Prabhakara Reddy	20,000	40.00
2	Mrs. Adala Vindhyavali	5,000	10.00
3	Mrs. Hima Bindu Adala	5,000	10.00
4	Mrs. Bhanu Rekha Adala	5,000	10.00
5	Mr. Harikrishna Pulagam	5,000	10.00
6	Mr. Gunapati Murali Krishna Reddy	5,000	10.00
7	Dr. Pellakuru Chandra Kiran Reddy	5,000	10.00
	Total	50,000	100.00

Financial performance (Audited)

(₹ lakhs)

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Sales and other income	0.00	0.00	0.00
Profit/(Loss) after tax	0.00	0.00	0.00
Equity capital (par value ₹10 per share)	5.00	5.00	5.00
Reserves and Surplus	0.00	0.00	0.00
Earnings per share (₹)	0.00	0.00	0.00
Book value per equity share (₹)	8.87	8.87	8.87

The Equity shares of APRHL are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

APRHL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against APRHL.

4. Sreenivasa Associates (Project Works) Limited ("SAL")

SAL is a public limited company promoted by Mr. Adala Prabhakara Reddy. It was incorporated on July 23, 1992 as a public limited company. The registered office of SAL is situated at 202, Meridian Plaza, Next to Lal Bungalow, Ameerpet, Hyderabad 500016. The main object of SAL is to undertake construction activities.

SAL presently has an authorized equity share capital of ₹50,00,000/- (Rupees Fifty Lakhs) divided into 5,00,000 (Five Lakhs) equity shares of ₹10/-each.

Board of Directors

The composition of the Board of Directors of SAL is as under:

Sr. No.	Name	Designation
1	Mr. Adala Prabhakara Reddy	Director
2	Dr. Pellakuru Chandra Kiran Reddy	Director
3	Mrs. Hima Bindu Reddy Adala	Director
4	Mr. Harikrishna Pulagam	Director
5	Lakshmi Venkata Narayan Reddy S	Director

Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Adala Prabhakara Reddy	50,010	99.88
2	Mrs. Adala Vindhyavali	10	0.02
3	Mr. P. Srinivasulu Reddy	10	0.02
4	Mr. V. Venugopal Reddy	10	0.02
5	Mr. J. Subba Rao	10	0.02
6	Mr. B. Narayana Reddy	10	0.02
7	Mr. T. Davadas	10	0.02
	Total	50,070	100.00

Financial performance (Audited)**(₹ lakhs)**

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Sales and other income	106.62	90.84	768.19
Profit/(Loss) after tax	33.00	19.52	75.63
Equity capital (par value ₹10 per share)	5.01	5.01	5.01
Reserves and Surplus	251.29	218.29	200.35
Earnings per share (₹)	65.91	38.99	151.05
Book value per equity share (₹)	511.88	445.98	410.14

The Equity shares of SAL are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

SAL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against SAL.

5. Prabhakar Investments Private Limited (“PINPL”)

PINPL is a private limited company promoted by Mr. Adala Prabhakara Reddy. It was incorporated on March 29, 1984 as a private limited company. The registered office of PINPL is situated at Plot No 14, Road No - 5, Jubilee Hills, Hyderabad-33. The main object of the company is to undertake investment activities.

PINPL presently has an authorised equity share capital of ₹10,00,000/- (Rupees Ten Lakhs) divided into 1,00,000 (One Lakh) equity shares of ₹10/- each.

Board of Directors

The composition of the Board of Directors of the company is as under:

Sr. No.	Name	Designation
1	Mr. Adala Prabhakara Reddy	Managing Director
2	Mr. Vanteru Venugopal Reddy	Director
3	Mrs. Adala Vindhyavali	Director

Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Adala Prabhakara Reddy	44,010	50.29
2	Mr. M. Chandra Sekhar Reddy	7,500	8.57
3	Ms. S. Jamuna	7,500	8.57
4	Mr. B. Venugopal Reddy	6,000	6.86
5	Mr. Vanteru Venugopal Reddy	5,000	5.71
6	Mr. C. H. V. Ramanaiah	4,000	4.57
7	Mr. V. Venkateswarlu Reddy	4,000	4.57
8	Mr. K. Anitha	3,500	4.00
9	Mr. V. Vijay Kumar Reddy	3,500	4.00
10	Mr. V. Indira	2,500	2.86
11.	Mrs. Adala Vindhyavali	10	0.01
	Total	87,520	100.00

Financial performance (Audited)**(₹ lakhs)**

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Sales and other income	0.00	0.00	0.00
Profit/(Loss) after tax	(0.05)	(0.05)	(0.05)
Equity capital (par value ₹10 per share)	8.75	4.95	4.95
Reserves and Surplus	(4.03)	(3.98)	(3.93)
Earnings per share (₹)	N.A.	N.A.	N.A.
Book value per equity share (₹)	5.39	1.96	2.05

The Equity shares of PINPL are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

PINPL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against PINPL.

PINPL made an application dated September 09, 2010 to the Registrar of Companies, Andhra Pradesh under section 560 of the Companies Act, 1956 for striking off the name from the records of RoC, Andhra Pradesh, which was duly approved on March 9, 2011. PINPL has made an application dated March 22, 2011 with RoC, Andhra Pradesh with a request to restore its name on their records.

6. RAS Infotech Limited (“RIL”)

RIL is a public limited company promoted by Mr. Adala Prabhakara Reddy. It was incorporated on October 16, 1998 as a public limited company with its registered office at 7-1-638 To 643/1, 4th Floor, Flat No 405 to 410, Bhanu Enclave, Sundar Nagar, Erragadda, Hyderabad 500038. The main object of RIL is to undertake business as manufacturer, trader and service provider for information technology products.

RIL presently has an authorized equity share capital of ₹15,00,00,000/- (Rupees Fifteen Crore) divided into 1,50,00,000 (One Crore Fifty Lakh) equity shares of ₹10/-each.

Board of Directors

The composition of the Board of Directors of RIL is as under:

Sr. No.	Name	Designation
1	Mr. Chandra Mohan Reddy Konda	Managing Director
2	Dr. Pellakuru Chandra Kiran Reddy	Director
3	Mrs. Bhanu Rekha Adala	Director

Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Adala Prabhakara Reddy	2,60,000	6.52
2	Mrs. Adala Vindhyavali	2,60,000	6.52
3	Mrs. Hima Bindu. A	2,60,000	6.52
4	Mrs.Bhanu Rekha. A	2,59,000	6.50
5	Ms. Shalini Reddy.M	1,80,010	4.52
6	Mr. Sukumar Reddy.M	2,25,000	5.64
7	Mr. Chandra Mohan Reddy. K	1,60,000	4.01
8	Ms. Swarnalatha.K	1,50,000	3.76
9	Ms. Sharmila.K	1,50,000	3.76
10	Ms. Sriharsha.K	1,50,000	3.76
11	Kabini Finance And Investments Limited	1,00,000	2.51
12	Mr. Mrityunjay Balasundaram Athreya	1,00,000	2.51
13	Mr. Sankara Reddy.B	1,00,000	2.51
14	Ms. Ramadevi MV	85,000	2.13
15	Mr. Anil Kumar.K	61,300	1.54
16	Panchamukhi Power Projects(P)Ltd	60,000	1.51
17	Ms. Sarita Reddy. K	50,000	1.25
18	Ms. Pramila Devi.K	50,000	1.25
19	Mr. Narasimha Reddy.K.V	50,000	1.25
20	R.J.Infotech Services Pvt. Ltd.	50,000	1.25
21	Mr. Malathy M	45,000	1.13
22	Mr. Subba Raju. M	40,010	1.00
23	Ms. Arnita Kethi Reddy	40,000	1.00
24	Mr. Govardhan Reddy Yerram Reddy	40,000	1.00
25	Mr. Bhaskar Reddy Somareddy	40,000	1.00
26	Others (Less than 1% holding)	10,22,880	25.65
	Total	39,88,200	100.00

Financial performance (Audited)

(₹ lakhs)

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Sales and other income	1086.62	933.74	692.24
Profit/(Loss) after tax	103.89	190.51	90.12
Equity capital (par value ₹10 per share)	398.82	398.82	398.82
Reserves and Surplus	72.29	(30.22)	(220.13)
Earnings per share (₹)	2.60	4.78	2.26
Book value per equity share (₹)	11.80	9.16	4.33

The Equity shares of RIL are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

RIL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against RIL.

TRUST:**Adala Prabhakar Reddy Charitable Trust:****Brief History**

Adala Prabhakar Reddy Charitable Trust is situated at 23/1306, Tekkemma, Nellore, Andhra Pradesh formed under the Trust deed dated May 05, 1999. Mr. Adala Prabhakara Reddy is the founder and Managing Trustee of the Trust.

Nature of Activities

The main object of the trust is to provide assistance to the poor and needy, provision of medical facilities and education, render help to the victims of natural calamities, rural development programs, assistance to orphans, physically handicapped and mentally retarded, establish and maintain old age homes, etc.

HUF:**A. Prabhakar Reddy HUF**

A. Prabhakar Reddy HUF consists of Mr. Adala Prabhakara Reddy (Karta) and Mrs. Adala VindhyaVali as parceners. There are no financial activity in this HUF reported other than the investment in our Company.

Common Pursuits

Except as stated below, the Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the Group Companies.

1. Sreenivasa Associates (Project Works) Limited (“SAL”)

One of our promoters, Mr. Adala Prabhakara Reddy is also the promoter of one of our Group Companies, Sreenivasa Associates (Project Works) Limited which has objects and business activities similar to that of our Company. Considering the current financial position of the company it may not be in a position to compete with us in bidding and procuring large contracts.

Sale or Purchase Exceeding 10% between Companies in the Promoter Group

There are no sale or purchase transactions between our Company and Companies in the Group exceeding in value of 10% of the total sale or purchase of our Company except those transaction mentioned under “Financial Statements -Related Party Transactions” beginning on page 165 of this Draft Red Herring Prospectus.

Nature and interest of the Group Companies in our Company

Except as disclosed under “Financial Statements -Related Party Transactions” beginning on page 165 of this Draft Red Herring Prospectus, there are no business interest of any of the group companies in our Company.

Currency of Presentation

All references to “Rupees” or “Rs.” Or “₹” are to Indian Rupees, the official currency of the Republic of India. Rs. 1 lac / lakh means Rs. 1,00,000 and Rs. 1 Crore means Rs. 100,00,000. All references to “US\$”, “USD” or United States Dollars are to the official currency of the United States of America.

DIVIDEND POLICY

Our Company has no stated dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared dividend in last five (5) years.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS' REPORT AND RESTATED FINANCIAL STATEMENTS OF APR CONSTRUCTIONS LIMITED

To

The Board of Directors,
APR Constructions Limited
Hyderabad

Dear Sirs,

We have examined the financial information of APR Constructions Limited (the Company) annexed hereto with this report for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP"). The financial information has been prepared in accordance with Paragraph B(1) of Part II of Schedule-II of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India ("SEBI") – Issue of Capital and Disclosure Requirements Regulations 2009 (SEBI (ICDR) regulations), the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") and term of engagement agreed upon by us with the Company. The information has been prepared by the Company and approved by the Board of Directors.

A. Financial Information as per Audited Financial Statements

We report that:

- i. The attached "Summary Statement of Profit & Losses, as restated" for the Financial Year ended 2006, 2007, 2008, 2009, 2010 and for the 8 months period ended on 30.11.2010. (**Annexure I**).
- ii. The attached "Summary Statement of Assets and Liabilities, as restated" as at 31st March, 2006, 2007, 2008, 2009, 2010 and as at 30.11.2010. (**Annexure II**).

together referred to as the "Summary Statements", have been extracted from the financial statements of the respective years audited by us and approved by the Board of Directors/ Members.

Based on our examination of these Summary Statements, we further state that

- The restated profits, assets and liabilities have been arrived at after making such adjustments and the regroupings which in our opinion are appropriate in the year to which they relate, as shown in **Annexure-III** to this report.
- The summary statements of the company have been restated wherever required with retrospective effect to reflect the significant accounting policies adopted by the company as at 31st March, 2010 as given in **Annexure-IV** to this report.

B. Other Financial Information:

We have also examined the following financial information relating to the Company, which is proposed to be enclosed in the offer document as approved by the Board of Directors of the company.

1. Summary Statement of Cash Flows as Restated - Annexure-V
2. Statement of Accounting Ratios - Annexure-VI
3. Statement of Secured Loans – Principal Terms & Security - Annexure-VII
4. Statement of Sundry Debtors - Annexure -VIII
5. Statement of Loans and advances Annexure - IX
6. Statement of Capitalization -Annexure - X
7. Statement of Tax Shelter- Annexure - XI
8. Statement of Related Party Disclosures - Annexure -XII
9. Statement of Contingent Liabilities - Annexure – XIII
10. Statement of Rates and amount of Dividend – Annexure - XIV
11. Statement of Other Income- Annexure - XV
12. Statement of Reserves & Surplus- Annexure - XVI
13. Statement of Investments- Annexure - XVII
14. Statement of Earnings per Share - Annexure – XVIII
15. There were no changes in significant accounting policies in the last five years.

In our opinion, the financial information of the Company attached to this report, as mentioned in paragraph A and B above, read with notes (Annexure-III) and significant accounting policies (Annexure IV) to this report and after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Companies Act and the Regulations issued by SEBI.

We confirm that all notes to accounts as well as significant accounting policies have been incorporated and further there are no material notes to our report which may have material effect on the financial status of the company.

This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report nor this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For J.B. Reddy & Co.
Chartered Accountants

Sd/-
A.V. Reddy
Partner
M.No. 23983
FRNo. 003256S

Place: Hyderabad
Date : March 01, 2011

ANNEXURE I

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

The Profit and Loss statements of the company for five financial years ended 31st March of 2006 to 2010 and for the 8 months period ended on 30th November, 2010 read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below:

(Rs. in lakhs)

Particulars	For the 8 months Period ended	Year ended 31st March				
		30-11-2010	2010	2009	2008	2007
INCOME						
Contracts Revenue	18502.70	27276.40	19057.07	18103.53	13108.77	9599.81
Other income	425.04	721.47	455.81	579.49	851.45	87.18
Increase in Work-in-progress	1194.71	1647.28	1526.87	1335.89	622.74	12.90
Total Income	20122.45	29645.15	21039.75	20018.91	14582.96	9699.89
EXPENDITURE						
Work Expenditure	17064.18	24855.17	17413.48	17410.65	12099.45	8340.67
Staff Cost	195.22	279.46	224.35	139.30	62.60	53.83
Administrative Expenditure	157.89	303.67	178.80	159.91	159.94	64.61
Interest & Finance charges	974.35	1294.57	1143.37	450.16	298.60	209.01
Depreciation	394.69	578.17	469.42	282.21	214.36	123.90
Total Expenditure	18786.33	27311.04	19429.42	18442.23	12834.95	8792.02
Profit before tax	1336.12	2334.11	1610.33	1576.68	1748.01	907.87
Taxation						
Current Tax	470.01	805.50	492.39	527.05	600.79	306.83
FBT etc.,	0.00	0.00	8.32	4.47	3.67	2.58
Deferred tax,	(16.49)	10.99	53.84	19.69	27.15	17.92
Net Profit after tax but before extra-ordinary items	882.60	1517.62	1055.78	1025.47	1116.40	580.54
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after tax and extra-ordinary items	882.60	1517.62	1055.78	1025.47	1116.40	580.54
Balance brought forward from earlier years	4556.70	3039.08	2591.02	1768.12	851.72	271.18
Net profit available for appropriation						
Less: Bonus Shares	0.00	0.00	607.72	202.57	200.00	0.00
Net profit after Adjustments	5439.30	4556.70	3039.08	2591.02	1768.12	851.72

The accompanying statement of adjustments to audited profit and loss account (Annexure-III) and significant accounting policies and notes on accounts (Annexure-IV) are an integral part of this statement.

ANNEXURE II

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Assets and Liabilities of the company at the end of each financial year regrouped wherever necessary and read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below:

(Rs. in lakhs)

Particulars	As at	As at 31 st March				
	30-11-2010	2010	2009	2008	2007	2006
A. Fixed Assets						
Gross Block	6498.27	6450.10	6269.80	3707.43	3054.10	2099.18
Less: Depreciation	2120.85	1726.16	1150.78	681.36	399.15	184.79
Net Block (A)	4377.42	4723.94	5119.02	3026.07	2654.95	1914.39
B. Investments	91.35	92.11	58.83	32.76	20.00	20.00
C. Current Assets, Loans & Advances						
Inventories	6970.69	5775.98	4128.70	2601.83	1265.93	643.19
Receivables	2712.95	3288.13	2178.18	779.22	1120.97	620.11
Cash & Bank Balances	2100.46	2653.21	3509.40	3816.92	2241.63	2842.63
Loans & Advances	4886.87	4723.21	3394.47	1906.59	1427.55	209.60
Total (C)	16670.97	16440.53	13210.75	9104.56	6056.08	4315.53
Total Assets D (A + B + C)	21139.74	21256.58	18388.60	12163.39	8731.03	6249.92
Liabilities & Provisions:						
E.Loan Funds						
Secured Loans	10825.72	10832.07	11514.53	5765.92	3854.48	2883.33
TotalE	10825.72	10832.07	11514.53	5765.92	3854.48	2883.33
F.Current Liabilities & Provisions						
Current Liabilities						
- Sundry Creditors	2397.17	3046.62	1318.72	1932.52	1397.79	1319.29
Provisions						
- Provision for tax as restated	470.01	805.50	510.54	542.71	609.25	323.96
- Provision for gratuity & Leave Encashment	39.18	30.84	31.87	18.91	11.29	8.68
Total (F)	2906.36	3882.96	1861.13	2494.14	2018.33	1651.93
G.Deferred Tax Liability	145.21	161.70	150.71	96.88	77.20	50.03
TotalH (G + F)	3051.57	4044.66	2011.84	2591.02	2095.53	1701.96
I.Total Liabilities & Provisions (E + H)	13877.29	14876.73	13526.37	8356.94	5950.01	4585.29
Net Worth J [D - I]	7262.45	6379.85	4862.23	3806.45	2781.03	1664.63
Represented by- Shareholders' Funds						
Share Capital	1823.15	1823.15	1823.15	1215.43	1000.00	800.00
Share Application Money	0.00	0.00	0.00	0.00	12.91	12.91
Reserves & surplus - P & L	5439.30	4556.70	3039.08	2591.02	1768.12	851.72
Net Worth	7262.45	6379.85	4862.23	3806.45	2781.03	1664.63

The accompanying statement of adjustments to audited profit and loss account (Annexure-III) and significant accounting policies and notes on accounts (Annexure-IV) are an integral part of this statement.

ANNEXURE-III

STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT & LOSS ACCOUNTS:

(Rs. in lakhs)

Particulars	For the 8 months Period ended	Year ended 31st March				
		2010	2009	2008	2007	2006
Profit after tax & extra ordinary item as per audited Financial Account	853.02	1517.58	1036.41	1052.64	1095.37	593.19
Adjustments to Profit & Loss Account						
Prior period items:						
Income Tax related to earlier years						
FY-2004-05						
FY-2005-06						9.67
FY-2006-07				(0.99)	29.88	(16.72)
FY-2007-08						
FY-2008-09			11.27	(6.48)		(2.41)
FY-2009-10	29.58	(17.78)	(1.97)	(3.43)	(6.40)	
Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.04	(0.04)
Adjustments related to Gratuity	0.00		5.34	(0.89)	0.50	(4.95)
Adjustments related to Leave encashment	0.00		8.39	(5.19)	(1.47)	(1.73)
Adjustments relating to Preliminary Expenses	0.00	17.82	1.01	(12.28)	(1.85)	1.28
Adjustments relating to Deferred Tax	0.00	(0.00)	(4.67)	2.09	0.33	2.25
Total adjustments relating to retirement benefits	0.00	0.00	13.73	(6.08)	(0.97)	(6.68)
Total adjustments relating to Taxation	29.58	(17.78)	9.30	(10.90)	23.52	(9.50)
Gross effect on P&L	29.58	0.04	19.37	(27.17)	21.03	(12.65)
Net profit as per restated Profit & Loss Account	882.60	1517.62	1055.78	1025.47	1116.40	580.54

STATEMENT OF ADJUSTMENTS TO AUDITED ASSETS AND LIABILITIES

(Rs. in lakhs)

PARTICULARS	As at	As at 31 st March				
	30-11-2010	2010	2009	2008	2007	2006
Reserves and Surplus						
---Profit and Loss Account	-	(29.58)	(29.62)	(48.99)	(21.82)	(42.85)
Provisions						
---Taxation	-	29.58	(11.80)	(21.10)	(10.20)	(33.72)
--- Retirement benefits	-	-	-	(13.73)	(7.65)	(6.68)
Deferred Tax Liability	-	-	-	4.67	2.57	2.25
Preliminary Expenses	-	-	(17.82)	(18.83)	(6.55)	(4.70)

NOTES ON RESTATED ACCOUNTS:

1. Current Tax and Fringe Benefit Taxes

The amount of income tax paid in a year against the short provisions made in the earlier years was taken to the respective years in the restated financial statements.

2. Preliminary Expenses:

The amount of Preliminary Expenses shown in the books of accounts over a period has been taken in the restated financial statements to the concerned year in which the expenses were actually incurred to give the effect of full write off in the year itself.

3. Retirement Benefits:

The actuary valuation was first conducted in the Financial Year 2008-09 with base year as 2005-06 and the short provision made in the earlier years was debited to the Profit and Loss account of 2008-09 in the books of accounts. This amount has been taken to related years in the restated financial statements.

4. Deferred Tax Liability:

The resultant changes in the deferred tax liability due to the changes made in the retirement benefits as mentioned at point 3 above have been given to respective years in the restated financial statements.

5. Non-recurring items :

The company derived profit / suffered loss on sale of used fixed assets and land. Following are the details:

(Rs. in lakhs)		
Financial Year	Loss	Profit
2005-06	-	-
2006-07	-	632.26
2007-08	-	-
2008-09	-	-
2009-10	0.80	-
For the 8 months Period ended	-	-

Though such sale is non-recurring, they are not extraordinary in nature.

6. In these restated accounts, the figures from the audited accounts for the respective years, have been regrouped / reclassified wherever required for proper comparison.

ANNEXURE - IV

Significant Accounting Policies and Notes on Accounts:

1. Accounting Policies:-

a. Basis of Accounting:

These financial statements have been prepared on historical cost conventions on accrual basis to comply in all material respects with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.

b. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reasonably measured.

- i) Revenue from Fixed Price construction contracts is recognized on the percentage of completion method. Percentage of completion is determined on the basis of surveys performed. However, profit is not recognized unless there is reasonable progress on the contract. Where the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income of the period in which revisions are made.

Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred up to the reporting date bear to the estimated total costs of the contract.

Contracts executed in Joint Ventures under work sharing arrangement are accounted in accordance with the accounting policy followed by the company as that of an independent contract as stated above.

- ii) The revenue on account of claims is accounted for based on management's estimate of probability that such claims would be admitted either wholly or in part.
- iii) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

c. Fixed Assets and Depreciation:

- i) Fixed Assets are stated at cost less accumulated depreciation, impairment losses and specific grant / subsidies, if any. Cost comprise of purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.
- ii) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values whichever is lower.
- iii) The carrying amount of fixed assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.
- iv) Depreciation is provided on straight line basis as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

d. Investments:

Investments consisting of long term investments are carried at cost.

e. Inventories:

Materials, Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on first in first out basis.

Work-in-progress is valued at cost till such time the outcome is ascertained reliably and at contractual rates thereafter.

f. Borrowing Costs:

Specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g. Leases:

Leases, where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments consisting of rental for the premises taken on lease are recognized as an expense in Profit & Loss Account on straight line basis over the lease term.

h. Employee Benefits:

i. Retirement benefits in the form of Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities.

ii. Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation on project unit credit method.

iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

iv. Actuarial gain/losses are taken to profit and loss account and are not deferred.

i. Deferred Taxes:

Deferred tax is provided, on all timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

2. APR Constructions Limited was formed on 3rd December, 2004 by converting Partnership firm M/s A. Prabhakar Reddy & Co., carrying on and continuing the business of the said partnership firm uninterrupted together with the assets, properties and rights and liabilities. The Company is primarily engaged in the business of Construction of Road, Railway, Irrigation, Bridge, Highway and Infrastructure Development etc.

3. Contingent Liabilities not provided for:

(Rs. in lakhs)

S.No.	Particulars	As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
1	The outstanding contingent liabilities on account of guarantees given by the banks	15077.86	15082.09	15441.90	10750.30	5280.56	3257.09
2	Claims against the Company not acknowledged as debts						
	- Service Tax Liability that may arise in respect of matters in appeal (which in turn recoverable from the contractee as per the terms of contract)	628.87	628.87	628.87	-	-	-
	- Others	9.50	9.50	-	-	-	-
3	Corporate Guarantee given by the Company on behalf of Associate Concerns	1300.00	1300.00	-	-	-	-

4. Secured Loans:

[i] Working Capital Loans from the Karnataka Bank Ltd., are secured by:

- hypothecation of current assets on pari-passu basis with SBI & ICICI Bank.
- collateral security by way of EM of title deeds of immovable properties of promoters & Directors.
- further guaranteed by personal guarantees of 4 directors and 2 coobligants.

[ii] Working Capital Loans from the ICICI Bank Ltd., are secured by:

- hypothecation of current assets on pari-passu basis with KBL & SBI,
- collateral security by way of EM of title deeds of residential property of promoter.
- further guaranteed by personal guarantees of 3 directors & 1 coobligant.

[iii] Working Capital Loans from the State Bank of India, are secured by:

- hypothecation of current assets on pari-passu basis with KBL & ICICI Bank.
- collateral security by way of EM of title deeds of immovable properties of Company & associate company.
- further guaranteed by personal guarantees of 4 directors, 1 coobligant & corporate guarantee of associate company.

[iv] Departmental Mobilization Advances received by the company in respect of contract works are secured by guarantees by banks.

[v] Amounts due under HP Agreements are secured by hypothecation of specific assets purchased under the said Hire Purchase Agreements.

5. Managerial Remuneration:

(Rs. in lakhs)

Sr. No.	Particulars	For the 8 months Period ended	Year ended 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
1	Salary to Managing Director	32.00	29.40	10.80	10.80	10.80	8.10
2	Salary to Executive Director	16.00	24.00	24.00	8.60	7.20	4.80

6. Gratuity :

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The gratuity plan of the entity is an unfunded plan.

The details of the components of net benefit expenses recognized in the profit and loss account with regard to gratuity and amounts recognized in the Balance Sheet are given below:

(Rs. in lakhs)

Particulars	For the 8 months Period ended	Year ended 31 st March				
	30-11-2010	2010	2009	2008	2007	2006
Cost for the year:						
Current Service Cost	1.38	2.69	0.96	0.73	0.74	-
Interest cost on benefit obligation	0.92	1.25	0.85	0.65	0.54	-
Expected return on plan assets		Nil	Nil	Nil	Nil	Nil
Net Actuarial (gain). Loss recognized in the year	10.16	(2.75)	4.08	1.05	(0.15)	-
Past Services Cost	Nil	Nil	Nil	Nil	Nil	Nil
Net Benefit expenses	12.46	1.19	5.89	2.44	1.13	-
Actual return on plan assets	NA	NA	NA	NA	NA	NA
Opening defined benefit obligation	17.60	16.41	10.52	8.08	6.95	6.95
Interest cost	0.92	1.25	0.85	0.65	0.54	-
Current services cost	1.38	2.69	0.96	0.73	0.74	-
Benefits paid	Nil	Nil	Nil	Nil	Nil	-
Actuarial (gains)/losses on obligation	10.16	(2.75)	4.08	1.05	(0.15)	-
Past Service Cost	Nil	Nil	Nil	Nil	Nil	Nil
Closing defined benefit obligation	30.06	17.60	16.41	10.52	8.08	-
Amounts recognized in the Balance Sheet:						
Projected benefit obligation at the end of the year	30.06	17.60	16.41	10.52	8.08	-
Fair Value of Plan Assets at the end of the year	NIL	NIL	NIL	NIL	NIL	NIL
Funded Status of the plan- (Assets)/Liability	30.06	17.60	16.41	10.52	8.08	-
Assumptions						
Salary Rise	7%	7%	7%	6%	6%	6%
Discount Rate	7.85%	7.85%	7%	8%	8%	7.50%
Mortality Rate	LIC(1994-96))	LIC(1994-96))	LIC(1994-96))	LIC(1994-96))	LIC(1994-96))	LIC(1994-96))
Retirement Age	58 Years	58 Years	58 Years	58 Years	58 Years	58 Years

7. The Works awarded to the Joint Ventures, in which the Company is a partner, are shared as per the contract work sharing arrangements and executed as independent contract works by the partners of the said Joint Ventures. The Profit to the Joint Ventures, representing commission received as reduced by expenses, is being shared by the partners to the joint ventures.

8. Deferred Tax (Asset) / Liability:

The significant component and classification of deferred tax liability on account of timing difference are:

(Rs. in lakhs)							
Sr. No.	Particulars	As at	As at 31st March				
		30-11-2010	2010	2009	2008	2007	2006
1	Timing difference on account of depreciation	466.41	506.59	475.27	303.94	240.61	157.33
2	Timing Differences on account of Retirement benefits	(39.18)	(30.84)	(31.86)	(18.91)	(11.28)	(8.69)
3	Net timing difference	427.23	475.75	443.40	285.02	229.33	148.65
4	Deferred Tax Liability	145.21	161.70	150.71	96.88	77.20	50.03

9. Based on the information available with the Company, there are no suppliers who are registered under the Micro, Small & Medium Enterprises Development Act, 2006 as at 30th November, 2010. Hence the information as required under Micro, Small & Medium Enterprises Development Act, 2006 is not disclosed.
10. The Company's operations comprise only one reportable segment i.e. infrastructure business. During the period under report, the Company is engaged in its business only within India and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.
11. For the Financial Year 2008-09 the company had a subsidiary company, M/s. APR Bridge Company Private Limited. On 27.03.2010 APR Bridge Company Private Limited has allotted 24,255 equity shares to APR Constructions Limited further the company has disposed off 20,000 No of equity shares on 30.03.2010 Consequent to which the share holding of the company in APR Bridge Company Private Limited was reduced to 28.48% , there by ceased to be the subsidiary of the company.

ANNEXURE - V
SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

The Cash Flows of the company for the five financial years ended on 31st March of 2006 to 2010 and for the 8 months period ended on 30th November, 2010 read with significant accounting policies, notes on accounts are set out below:

(Rs. in lakhs)

Particulars	As at	As at 31st March				
	30-11-2010	2010	2009	2008	2007	2006
A. Cash Flows from operating activities						
Net Profit before tax	1,336.12	2,334.11	1,610.33	1,576.68	1,748.01	907.87
Adjustments for:						
Depreciation	394.69	578.17	469.42	282.21	214.36	123.90
Misc. Exp	-	-	0.00	0.00	0.00	0.00
Loss/profit on sale of fixed assets	-	0.80	-	-	(632.27)	-
Interest income	(83.42)	(288.29)	(202.77)	(133.52)	(92.81)	(80.54)
Investments Written off	20.00	-	-	-	-	-
Lease Rent on Property	(8.00)	(7.42)	-	-	-	-
Share of Profit from Joint Ventures	(19.15)	(31.09)	(24.99)	(12.22)	-	-
Interest expense	974.35	1,294.57	1,143.37	450.16	298.60	209.01
Operating profit before working capital changes	2,614.59	3,880.85	2,995.35	2,163.31	1,535.90	1,160.24
Inventory	(1,194.71)	(1,647.28)	(1,526.87)	(1,335.90)	(622.74)	(12.91)
Trade Receivable	575.18	(1,109.95)	(1,398.96)	341.75	(500.86)	(104.15)
Loans & Advances	(163.66)	(1,328.74)	(1,487.88)	(479.04)	(1,217.95)	(104.45)
Trade Payables	(649.45)	1,727.90	(613.80)	534.73	78.50	(2.25)
Other current liabilities	8.34	(1.03)	12.96	7.62	2.61	8.28
Cash generated from operations	1,190.29	1,521.75	(2,019.20)	1,232.47	(724.54)	944.76
Direct Tax paid	(805.50)	(510.54)	(532.88)	(598.06)	(319.17)	(151.49)
Prior period expenses / incomes		-	-	-	-	-
Net cash generated from operating activities (A)	384.79	1,011.21	(2,552.08)	634.41	(1,043.71)	793.27
B. Cash Flows from investing activities						
Purchase of fixed assets	(48.17)	(188.19)	(2,562.37)	(653.33)	(1,222.65)	(1,434.89)
Sale of Fixed assets		4.30	-	-	900.00	-
Interest received	83.42	288.29	202.77	133.52	92.81	80.54
Investments Written off	(20.00)	-	-	-	-	-
Increase in Investments	0.76	(33.28)	(26.07)	(12.76)	-	-
Lease Rent on Property	8.00	7.42	-	-	-	-
Share of Profit from Joint Ventures	19.15	31.09	24.99	12.22		
Net Cash used in investing activities (B)	43.16	109.63	(2,360.68)	(520.35)	(229.84)	(1,354.35)
C. Cash flow from financing activities						
Increase in share capital	-	-	607.72	215.43	200.00	400.00
Increase in share money deposit	-	-	-	(12.91)	-	-
Decrease in Reserves	-	-	(607.72)	(202.57)	(200.00)	-
Increase / decrease in long-term borrowings	(1544.24)	(1443.04)	3701.01	1,292.29	464.07	966.34
Increase / decrease in short-term borrowings	1537.89	760.58	2047.60	619.15	507.08	563.93
Interest paid	(974.35)	(1,294.58)	(1,143.37)	(450.16)	(298.60)	(209.01)
Net cash from financing activities [C]	(980.70)	(1,977.04)	4,605.24	1,461.23	672.55	1,721.26
Net increase / decrease in cash and cash equivalents (A + B + C)	(552.75)	(856.19)	(307.52)	1,575.29	(601.00)	1,160.18
Opening balance of cash and cash equivalents	2,653.21	3,509.40	3,816.92	2,241.63	2,842.63	1,682.45
Closing balance of cash and cash equivalents	2,100.46	2,653.21	3,509.40	3816.92	2,241.63	2,842.63

ANNEXURE -VI

SUMMARY OF KEY ACCOUNTING RATIOS

Particulars	As at	As at 31 st March				
	30-11-2010	2010	2009	2008	2007	2006
Basic & Diluted EPS (Rs.)	4.84	8.32	5.79	5.63	6.20	3.66
Cash EPS (Rs.)	7.01	11.50	8.37	7.18	7.39	4.45
Return on Net worth %	12.15	23.79	21.71	26.94	40.14	34.87
Net Asset Value per share (Rs.)	39.83	34.99	26.67	31.32	27.81	20.81
Weighted Average No. of equity shares	18231480	18231480	18231480	18222672	18000000	15841096

NOTE: The Ratios have been computed as below:

1 Earnings per share

Net profit after adjustments attributable to equity shareholders divided by weighted average number of equity shares outstanding at the end of the year.

Cash earnings per share represents Net Profit after adjustments plus non-cash charges divided by the weighted average number of equity shares as at the end of the year

2 Return on Net Worth

Net profit after adjustments as restated divided by equity shareholders' funds at the end of the year.

3 Net Asset Value per share

Net worth at the end of the year divided by the outstanding number of equity shares at the end of the year.

ANNEXURE-VII

STATEMENT OF SECURED LOANS – PRINCIPAL TERMS AND SECURITY:

(Rs. in Lakhs)

Sr. No.	Name of the Bank	Facility	As at	As at 31 st March				
			30-11-2010	2010	2009	2008	2007	2006
I.	Working Capital Loans from Banks:							
1	Karnataka Bank Ltd.,							
	--Fund Based	Working Capital Loan	2953.45	1932.15	1829.98	1372.71	1021.54	354.56
		Short Term Loan	0.00	0.00	0.00	0.00	0.00	405.00
2	State Bank of India	Working Capital Loan	2505.08	2011.44	1359.83	0.00	0.00	0.00
3	ICICI Bank Ltd.,	Working Capital Loan	773.33	750.37	743.58	513.08	245.11	0.00
II.	Various Govt. Agencies	Mobilization Advances	3765.89	4693.58	5562.73	2844.85	1667.00	1478.42
III.	Vehicle / Hire Purchase Financiers	various Equipment Loans	827.97	1444.53	2018.41	1035.28	920.83	645.35
TOTAL			10825.72	10832.07	11514.53	5765.92	3854.48	2883.33

I.	Primary Security to Karnataka Bank Ltd	
1	Banks - OD/CC facility	Hypothecation of Stock/WIP/contract receivables on pari passu basis with ICICI Bank Limited and SBI
	Collateral security for OD / CC limits To Karnataka Bank Ltd	
1	G-3,G-4 of Pavani Plaza, Panjagutta, Hyd - in the name of Mr. Adala Prabhakara Reddy	
2	G-5,G-6 of Pavani Plaza, Panjagutta, Hyd - in the name of Mrs. Adala Vindhyavali	
3	G-7,G-8 of Pavani Plaza, Panjagutta, Hyd - in the name of Mrs. P. Himabindu	
4	EM of land property - Plot No. 42,43 at Ramamurthy nagar, Nellore, 876 Sq. yards with 2 storied building belonging to Mrs. Adala Vindhyavali	
5	EM of landed property Plot No. 1 - at Benniganahalli Village, KR Puram, Hubli, Bangalore - 4487.25 sft , commercial building with 8 floors - 34,400 sq ft. belonging to Mr. Adala Prabhakara Reddy	
6	EM plots bearing no. 1058 at JH coop Housing Society, Hyd - 1250 sq. yards belonging to Mrs. A. Himabindu	
7	Vacant commercial site No. 2, D-1, Gangadhara chetty Road, Bangalore -21,000 sq. ft. belonging to Company	
8	Co-obligation / guarantee	a)Mrs. Adala Vindhyavali
		b) Mr. Pulagam Harikrishna
		c)Dr. Pellakuru Chandra Kiran Reddy
		d) Mr. Gunapati Murali Krishna Reddy
		e) Mr. Adala Prabhakara Reddy and
		f) Mrs. P Himabindu
II.	State Bank of India:	
	Primary Security:	Hypothecation of stocks, receivables and other chargeable current assets of the company, ranking pari-passu, with Karnataka Bank Ltd and ICICI Bank Ltd
	Collateral Security	Equitable Mortgage of six properties belonging to company and associate concern(as detailed below)
a	Residential plots Nos 1,2,3 in survey no 311/E, 315/E, & 316/E, located in Nallagandla village, Serilingampally mandal, RR Dist belonging to M/s. Sreenivasa Associates (Project Works) Ltd, admeasuring 1983.85 S.Y. (Document No.1794/08)	
b	Residential plots Nos 4 & 5 in survey no 311/E, 315/E, & 316/E, located in Nallagandla village, Serilingampally mandal, RR Dist belonging to M/s. Sreenivasa Associates (Project Works) Ltd, admeasuring 2504.89 S.Y.	
c	Two Commercial plots bearing Nos 118 and 119, admeasuring 861.12 SY, located at HUDA Tellapur residential complex, Ramachandrapuram Mandal, Rangareddy District, belonging to company.	
d	Vacant site admeasuring 1429 SY located at road no.3, Banjara Hills, Hyderabad belonging to the company.	
e	vacant site with a shed, admeasuring 400 SY at D. No. 8-2-283/1 A & B, located at Road No.3, Banjara Hills, Hyderabad, Belonging to the company.	
f	Open plot at Prashant Nagar, Miyapur in S.No. 130 to 133 & EPC Plot No. 72, 73 admeasuring 400 SY, belonging to The company	
	Personal guarantee of :	1. Shri. Adala Prabhakara Reddy
		2. Shri. P. Harikrishna
		3. Shri. Gunapati Murali Krishna Reddy
		4. Dr. Pellakuru Chandra Kiran
		5. Smt. Adala Vindhyavali
		and

	Corporate Guarantee of :Sreenivasa Associates (Project Works) Ltd	
	To ICICI Bank Ltd	
1	Primary Security	Pari passu first charge by way of hypothecation on the entire current assets of the Company (present and future)
		Exclusive mortgage on residential property located at Plot No.14, Road No.5, Jubilee Hills, Hyderabad belonging to Mr. Adala Prabhakara Reddy.
2	Personal Guarantees	Personal Guarantees of:
		a)Mr. Adala Prabhakara Reddy
		b) Mr. Pulagam Harikrishna
		c) Dr. Pellakuru Chandra Kiran Reddy
		d)Mrs. Adala Vindhyavali
		e)Mr. Gunapati Murali Krishna Reddy
	Vehicle /Equipment loans	secured by hypothecation of specific asset
	Mobilization advances Department	secured by Bank Guarantee

ANNEXURE-VIII
STATEMENT OF DEBTORS:

(Rs. in Lakhs)

Particulars		As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
a	From Promoter Group						
	(unsecured but considered good)						
	Outstanding for more than six months	-	-	-	-	-	-
	Outstanding for less than six months:						
	-Considered Good	-	-	-	-	-	-
	-Considered Doubtful	-	-	-	-	-	-
	Total (a)	-	-	-	-	-	-
B	Other than Promoter Group	-	-	-	-	-	-
	(unsecured but considered good)						
	Outstanding for more than six months	-	-	-	-	-	-
	Outstanding for less than six months:						
	-Considered Good	2712.95	3288.13	2178.18	779.22	1120.97	620.11
	-Considered Doubtful	-	-	-	-	-	-
	Total (b)	2712.95	3288.13	2178.18	779.22	1120.97	620.11
	Total (a) + (b)	2712.95	3288.13	2178.18	779.22	1120.97	620.11

ANNEXURE- IX

STATEMENT OF LOANS AND ADVANCES:

(Rs. in Lakhs)

	Particulars	As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
	Advances recoverable in cash or in kind or for value to be received						
A	Given to affiliates / group companies / promoter/ director/ related parties: including share application money	430.75	416.87	419.43	416.88	416.80	0.00
	Total	430.75	416.87	419.43	416.88	416.80	0.00
B	Other advances:						
	Deposits with Govt. authorities	4046.23	3746.62	2515.41	959.41	587.09	12.64
	Pre-paid taxes / TDS	375.06	529.93	459.63	530.25	303.61	196.96
	other misc. advances	34.83	29.79	0.00	0.05	120.05	0.00
	Total	4456.12	4306.34	2975.04	1489.71	1010.75	209.60
	Of the above -						
	Unsecured - considered good	4886.87	4723.21	3394.47	1906.59	1427.55	209.60
	Unsecured - considered doubtful	0.00	0.00	0.00	0.00	0.00	0.00
	Net Loans and Advances	4886.87	4723.21	3394.47	1906.59	1427.55	209.60

ANNEXURE-X

CAPITALIZATION STATEMENT:

(Rs. in Lakhs)

Particulars	Pre Issue As on 30.11.2010	Post- Issue *
Debt		
Long Term Debt	4593.86	
Working Capital Loans	6231.86	
Total Debts (A)	10825.72	
Equity (shareholders' funds)		
Equity share capital	1823.15	
Share money deposit	0.00	
Share Premium	0.00	
Reserves & surplus	5439.30	
Total Equity (B)	7262.45	
	1.49	
Long Term Debt / Equity Shareholders' funds - A / B		

Long term debt includes mobilization advances and Vehicle Finance obligations.

Shareholders' funds post issue can be calculated only on the conclusion of the public issue process.

*The details will be incorporated on ascertaining the issue price through 100% book building process.

ANNEXURE-XI

STATEMENT OF TAX SHELTER:

(Rs. in Lakhs)

Particulars	For the 8 months Period ended	Year ended 31st March				
		30-11-2010	2010	2009	2008	2007
Profit before tax	1336.12	2334.11	1610.33	1576.68	1748.01	907.87
Normal tax rates	33.99%	33.99%	33.99%	33.99%	33.66%	33.66%
Minimum alternative tax rates	19.93%	17.00%	11.33%	11.33%	11.22%	8.42%
Normal tax at normal rates -(A)	454.15	793.37	547.35	535.91	588.38	305.59
Permanent differences						
Adjustments during Assessments	0.00	0.00	0.00	0.00	0.00	(25.00)
Other adjustments – disallowances	0.00	0.00	0.00	0.00	0.00	0.00
Share of profit from Joint Ventures	19.15	31.09	24.99	12.22	0.00	0.00
Total- (B)	19.15	31.09	24.99	12.22	0.00	(25.00)
Timing differences						
Difference between tax depreciation and book depreciation	(40.17)	32.13	171.32	63.33	83.27	69.19
Capital gains on sale of assets	0.00	(0.80)	0.00	0.00	632.27	0.00
Provision for gratuity & Leave Encashment	(8.34)	(1.06)	(12.95)	(1.55)	(1.62)	(1.60)
Difference due to section 43B	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments	(17.29)	(27.85)	0.00	(0.41)	(634.87)	(0.64)
Total- (C)	(65.80)	2.42	158.37	61.37	79.05	66.95
Net adjustments - (B+C)	(46.65)	33.51	183.36	73.59	79.05	41.95
Tax savings thereon -(D)	(15.86)	11.39	62.32	25.01	26.61	14.12
Total taxation (E = A+D)	470.01	781.98	485.03	510.90	561.77	291.47
Add: Interest under IT Act			6.75	6.48	32.65	11.13
Brought forward losses set off (Dptn)	0.00	0.00	0.00	0.00	0.00	0.00
Tax effect on the above (F)	0.00	0.00	0.00	0.00	0.00	0.00
Net tax for the year / period (E-F)	470.01	781.98	491.78	517.38	594.42	302.60
Tax payable as per MAT	266.30	396.68	182.45	178.64	196.13	76.40
Tax expense recognized	470.01	781.98	491.78	517.38	594.42	302.60
Tax as per return of income	470.01	775.92	491.43	523.63	594.39	304.42

Note: The statement of tax shelter has been prepared based on the Return of income filed by the company with the Income Tax Authorities / Assessment orders.

ANNEXURE- XII

Detail of Related Parties as per AS-18

A) List of Related Parties:

- i) Associates:
 - a) Bhanu Rekha Investments Private Limited.
 - b) Bindu Vindhya Investments Limited
 - c) Prabhakar Investments Private Limited.
 - d) Sreenivasa Associates (ProjectWorks) Limited
 - e) APR Hotels Limited
 - f) Prardhana InnsPrivate Limited
 - g) APR Bridge Company Private Limited.
 - h) PVRPL - APRCL(J.V)
 - i) APRCL - CRSSG (J.V)
 - j) APRCL - PVRPL (J.V)
 - k) APR - MVR (J.V)
 - l) APR - VNR (J.V)
 - m) APR - KS (J.V)
 - n) JTEGC - APRCL(J.V)
- ii) Promoters Holding More than 20%
Mr. Adala Prabhakara Reddy
- iii) Key Management Personnel:
 - a) Mr. Pulagam Harikrishna, Managing Director
 - b) Mr. Gunapati Murali Krishna Reddy, Wholetime Director

B) Transactions with related parties:

(Rs. in Lakhs)

Particulars		As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
a)	<u>Managerial Remuneration</u>						
i)	Mr. Pulagam Harikrishna, Managing Director	32.00	29.40	10.80	10.80	10.80	8.10
ii)	Mr. Gunapati Murali Krishna Reddy. Executive Director	16.00	24.00	24.00	8.60	7.20	4.80
b)	<u>Share of Profit</u>						
i)	APR - VNR (J.V)	8.21	12.52	17.84	11.64	-	-
ii)	APR - MVR (J.V)	4.34	6.09	4.23	0.55	-	-
iii)	APRCL - CRSSG (J.V)	0.00	(0.19)	-	0.03	-	-
iv)	APR-KS (JV)	1.93	1.93	1.16	-	-	-
v)	PVRPL-APRCL (JV)	0.56	0.93	0.20	-	-	-
vi)	APRCL-PVRPL(JV)	0.03	0.22	-	-	-	-
vii)	JTEGC-APRCL (JV)	4.07	9.59	1.56	-	-	-

(Rs. in Lakhs)

Particulars		As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
c)	<u>Income/Expenses:</u>						
i)	Rent paid to Sreenivasa Associates (Project Works) Limited	16.56	20.70	-	-	-	-
ii)	Lease Rentals from APR Hotels Limited	8.00	7.42	-	-	-	-
iii)	A. Prabhakara Reddy(Contract Works) - Works Taken/(given) on sub-contract :Net - Commission Paid /(Received): Net	246.97 14.82	278.43 45.00	1365.39 81.92	1012.90 36.28	- -	- -
iv)	Sreenivasa Associates (Project Works) Limited Gross Bills raised Purchase of Flat	- -	- -	- -	385.51 51.26	- -	- -
d)	<u>Investments made:</u>		-	-			
i)	APR Bridge Company Private Limited	-	-	2.43	-	-	-
ii)	APR – VNR (J.V)	0.09	0.52	-	-	-	-
iii)	APR – MVR (J.V)	-	0.31	-	-	-	-
iv)	APRCL – CRSSG (J.V)	-	0.09	-	-	-	-
v)	APR-KS (JV)	-	0.39	-	-	-	-
vi)	PVRPL-APRCL (JV)	-	0.00	0.13	-	-	-
vii)	APRCL-PVRPL(JV)	-	0.27	-	-	-	-
viii)	JTEGC-APRCL (JV)	-	0.05	-	-	-	-
ix)	APR Hotels Limited	-	-	-	0.04	300.93	-
x)	Prarthana Inns Private Limited	-	-	-	0.04	115.87	-
e)	<u>Guarantees given:</u>						
	APR Hotels Limited	1300.00	1300.00	-	-	-	-
f)	<u>Amount Outstanding as at the Balance Sheet Date</u>						
	<u>Investment in Shares/Capital:</u>						
i)	Bhanu Rekha Investments Pvt Ltd.	-	5.00	5.00	5.00	5.00	5.00
ii)	Bindu Vindhya Investments Limited	-	15.00	15.00	15.00	15.00	15.00
iii)	APR Bridge Company Private Limited	0.98	0.98	0.55	-	-	-
iv)	APR - VNR (J.V)	50.97	42.66	29.61	11.77	-	-
v)	APR - MVR (J.V)	15.66	11.32	4.93	0.69	-	-
vi)	APRCL - CRSSG (J.V)	0.06	0.06	0.16	0.16	-	-
vii)	APR - KS (J.V)	5.41	3.48	1.16	0.21	-	-
viii)	PVRPL - APRCL(J.V)	2.36	1.80	0.74	0.05	0.05	-
ix)	APRCL-PVRPL(J.V)	0.52	0.49	-	-	-	-
x)	JTEGC - APRCL(J.V)	15.41	11.34	1.69	0.14	-	-
	<u>Investment in Share Application Money:</u>						
i)	APR Hotels Limited	300.97	300.97	300.97	300.97	300.93	-
ii)	Prarthana Inns Private Limited	115.91	115.91	115.91	115.91	115.87	-
	<u>Rent Deposit:</u>						

	Sreenivasa Associates (Project Works) Limited	20.70	20.70	-	-	-	-
	<u>Receivables (Payables) from/to Associated Concerns:</u>						
i)	A. Prabhakara Reddy (Contract Works):Net	4.28	(0.71)	201.29	429.15	-	-
ii)	APR Bridge Company Private Limited	-	-	2.43	-	-	-
iii)	PVRPL-APRCL (JV)	-	-	0.13	-	-	-
iv)	APR Hotels Limited	13.87	6.68	-	-	-	-
v)	Sreenivasa Associates (Project Works) Limited	-	-	-	383.29	(11.90)	(53.31)
	<u>Guarantees outstanding:</u>						
	APR Hotels Limited	1300.00	1300.00	-	-	-	-

ANNEXURE -XIII

STATEMENT OF CONTINGENT LIABILITIES:

(Rs. in Lakhs)

S.No.	Particulars	As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
1	The outstanding contingent liabilities on account of guarantees given by the banks	15077.86	15082.09	15441.90	10750.30	5280.56	3257.09
2	Claims against the Company not acknowledged as debts						
	- Service Tax Liability that may arise in respect of matters in appeal (which in turn recoverable from the contractee as per the terms of contract)	628.87	628.87	628.87	-	-	-
	- Others	9.50	9.50	-	-	-	-
3	Corporate Guarantee given by the Company on behalf of Associate Concerns	1300.00	1300.00	-	-	-	-

ANNEXURE-XIV

STATEMENT SHOWING RATE AND AMOUNT OF DIVIDEND PAID:

The company has not paid any dividend since inception.

ANNEXURE -XV

STATEMENT OF OTHER INCOME:

(Rs. in Lakhs)

Particulars	For the 8 months Period ended	Year ended 31 st March					Nature of income	Related or not related to business
		30-11-2010	2010	2009	2008	2007	2006	
SOURCES OF INCOME								
Interest	83.42	288.29	202.77	133.52	92.82	80.54	recurring	Related
Sub-contract commission	314.47	392.59	228.05	433.75	126.37	6.64	recurring	Related
Share of Profit from Joint Ventures	19.15	31.09	24.99	12.22	0	0	recurring	Related
Profit on sale of assets	0	0	0	0	632.26	0	non-recurring	Related
land lease rent	8.00	7.42	0	0	0	0	recurring	Related
Misc. Income (Excess prov. For leave encashment Written back)	0	2.08	0	0	0	0	non-recurring	Related
Foreign currency fluctuations	0	0	0	0	0	0	-	-
Export incentives	0	0	0	0	0	0	-	-
Total	425.04	721.47	455.81	579.49	851.45	87.18		
Total as a percentage of Profit Before Tax	31.81%	30.91%	28.31%	36.75%	48.71%	9.60%		

ANNEXURE XVI

DETAILS OF RESERVES AND SURPLUS:

(Rs. in Lakhs)

Particulars		As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
1	General Reserve	-	-	-	-	-	-
2	Profit & Loss Account						
	-Opening balance	4556.70	3039.08	2591.02	1768.12	851.72	271.18
	-Current year profit	882.60	1517.62	1055.78	1025.47	1116.40	580.54
	Total	5439.30	4556.70	3646.80	2793.59	1968.12	851.72
	Less: Utilized for Bonus issue of shares	0.00	0.00	607.72	202.57	200.00	0.00
	Total	5439.30	4556.70	3039.08	2591.02	1768.12	851.72

ANNEXURE -XVII

STATEMENT OF INVESTMENTS

(Rs. in Lakhs)

Particulars		As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
I.	Un-Quoted Investment						
1	Bhanu Rekha Investments Pvt Ltd						
	No. of Shares	-	0.50	0.50	0.50	0.50	0.50
	Rate	-	10	10	10	10	10
	Amount	-	5.00	5.00	5.00	5.00	5.00
2	Binduvindhya Investments Ltd						
	No. of Shares	-	1.50	1.50	1.50	1.50	1.50
	Rate	-	10	10	10	10	10
	Amount	-	15.00	15.00	15.00	15.00	15.00
3	APR Bridge Company Private Limited						
	No. of Shares	0.098	0.098	0.06	0.00	0.00	0.00
	Rate	10.00	10.00	10.00	0.00	0.00	0.00
	Amount	0.98	0.98	0.55	0.00	0.00	0.00
4	Investment in Joint ventures:						
	APR-VNR (JV)	50.96	42.66	29.61	11.77	0.00	0.00
	APR-MVR (JV)	15.65	11.32	4.93	0.69	0.00	0.00
	APRCL-CRSSG (JV)	0.06	0.06	0.16	0.16	0.00	0.00
	JTEGC-APRCL (JV)	15.41	11.33	1.69	0.14	0.00	0.00
	APR-KS (JV)	5.41	3.48	1.15	0.00	0.00	0.00
	PVRPL-APRCL (JV)	2.36	1.79	0.74	0.00	0.00	0.00
	APRCL-PVRPL(JV)	0.52	0.49	0.00	0.00	0.00	0.00
	Amount	90.37	71.13	38.28	12.76	0.00	0.00
	Total	91.35	92.11	58.83	32.76	20.00	20.00
II.	Quoted Investments	NIL	NIL	NIL	NIL	NIL	NIL

ANNEXURE -XVIII

STATEMENT OF EARNINGS PER SHARE:

Particulars		As at	As at 31 st March				
		30-11-2010	2010	2009	2008	2007	2006
1	Nominal Value of Equity Share (Rs. per share)	10.00	10.00	10.00	10.00	10.00	10.00
2	Total No of equity shares outstanding at the beginning of the year	1,82,31,480	1,82,31,480	1,21,54,320	1,00,00,000	80,00,000	40,00,000
3	Add: Issue of equity shares on Preferential basis/Capitalization of reserves.	-	-	60,77,160	21,54,320	20,00,000	40,00,000
4	Total Number of Equity shares outstanding at the end of the year.	1,82,31,480	1,82,31,480	1,82,31,480	1,21,54,320	1,00,00,000	80,00,000
5	Weighted average number of Equity Shares outstanding at the end of the year.	1,82,31,480	1,82,31,480	1,82,31,480	1,82,22,672	1,80,00,000	1,58,41,096
6	Net Profit after tax for the purpose of EPS. (Rs. In lakhs)	882.60	1517.62	1055.78	1025.47	1116.40	580.54
7	EPS-Basic and Diluted (Rs.)	4.84	8.32	5.79	5.63	6.20	3.66

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our Company's financial condition and results of operations together with our Company's financial statements included in this Draft Red Herring Prospectus. You should also read the Chapter titled "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our Company's financial condition and results of operations.

These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our Statutory Auditor dated March 01, 2011 in the Chapter titled "Financial Information" beginning on page 148 of this Draft Red Herring Prospectus.

Our financial year ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. Our Company's historical financial performance may not be considered as indicative of future financial performance.

Business Overview

Our Company is into infrastructure activities with registered office based out of Hyderabad, Andhra Pradesh. Our Company has executed a diverse range of construction projects undertaking Irrigation projects, Road projects, Railway projects and Industrial projects. Our operations are spread across the states of Andhra Pradesh, Maharashtra, Madhya Pradesh, Assam, Tripura, Karnataka, West Bengal, Tamil Nadu and Bihar.

We have over 25 years of experience in Infrastructure segment. We started as a partnership concern under the name of M/s A. Prabhakar Reddy & Co. in the year 1983 and were converted into a Public Limited Company in the year 2004. We commenced operations by undertaking civil construction works. Having gained experience we diversified our operations by undertaking Irrigation projects. As a growth strategy, we ventured into Railways & Industrial segment.

Our portfolio of services is as follows –

Irrigation Projects – Construction of Dams / Barrages / Spillways; Construction of Canals including structures, cement concrete lining & distributory systems and Construction of Tunnels.

Railway Projects – Formation of Railways Embankment; Construction of Structures; Collection and spreading of Ballasts; Erection & Laying of Railway tracks; Construction of Railway platforms & passenger amenities; Construction of Foot-over Bridges; Construction of Buildings (residential & service); Electrification and Signal Works.

Industrial Projects – Site preparation & gradation works; Railway Sidings; Approach Roads; Bridges; Reservoirs & Industrial Structures.

Our Company has been awarded Certificate of Registration for ISO 9001:2008 Quality Management System by BSI for "Administrative and support functions for construction of civil, structural & engineering projects viz., irrigation dams, canals, bridges, tunnels, roads, infrastructural works, railways and turnkey projects."

As on February 28, 2011 we have an outstanding order book position of ₹ 1,41,619.88 Lakhs . Order book comprises work orders received mainly from Central & State government bodies / agencies, Public Sector Enterprises and Private Sector Enterprises. We have entered into Joint Venture agreements with International and Domestic players for bidding & execution of projects. Our International Joint Venture partners are M/s China Railway Shisiju Group Corporation & M/s Jiangsu Provincial Transportation Engineering Group Co. Limited (JTEGC) and Domestic Joint Venture partners are M/s V. Narayana Reddy; M/s M. Venkata Rao Infra Projects Private Limited; M/s PVR Projects Limited & M/s VNR Infrastructure Limited. The JV partner brings in synergies by aiding financial strength and technical skill set required for project qualification.

Material developments occurring after the Balance Sheet Date:

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in this DRHP any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay the material liabilities within the next twelve months.

Key factors affecting the results of operation:

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Implementation risk involved in our Projects;
- Order Book not being representative of our future results;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Our inability to manage growth;
- Our ability to respond to competitive pressures;
- Increase in cost or non-availability of equipment, materials or fuel;
- Fluctuations in operating costs;
- Engagement of sub-contractors or other agencies in the course of execution of our road and railway projects;
- Dependence on joint ventures to qualify for the bidding process;
- Seasonality and weather conditions;
- General economic and political conditions in India and which have an impact on our business activities;
- Statutory taxes and other levies, which may affect our margin in the event of our inability to factor such expenses in our bids or contract price
- Any adverse outcome in the legal proceedings / arbitrations in which our Company is involved.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies of our Company, please refer to the Chapter titled “Financial Information” beginning on page 148 of this Draft Red Herring Prospectus.

Contract Revenue:

Our Company started as an irrigation infrastructure player and diversified into different verticals like Railway infrastructure and Industrial infrastructure. The break-up of revenue from different verticals are as under:

(₹Lakhs)										
Verticals	Eight Months period Ended November 30, 2010		Year Ended March 31, 2010		Year Ended March 31, 2009		Year Ended March 31, 2008		Year Ended March 31, 2007	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Irrigation	7,584.49	40.99	16,416.16	60.18	12,510.25	65.65	11,542.60	63.76	11,611.25	88.58
Railway	10,456.65	56.51	10,546.16	38.66	5,605.18	29.41	2,101.85	11.61	NIL	NIL
Industrial	461.56	2.49	314.08	1.15	941.64	4.94	4,459.09	24.63	1,497.52	11.42
Total	18,502.70	100.00	27,276.40	100.00	19,057.07	100.00	18,103.53	100.00	13,108.77	100.00

Railway vertical generally command better margin and less turnaround time as compared to Irrigation segment. Composition of our contract revenue mix in terms of Irrigation and Railway segment has undergone a change with an inclination towards Railway segment. Contract Revenue of Railway segment showed a growth of 166.68% and 88.15% in FY 2009 and FY 2010 respectively. Our contract revenue was also on upside, showing a growth of 43.13% over FY 2009. Revenue from industrial segment for the eight months period includes revenue from construction of roads.

Work Expenditure

Work expenditure constitutes around 91% of our Contract Revenue. Work expenditure comprises of material purchase, wages, power and fuel, subcontract expenses, repairs & maintenance and hire charges. The main raw material used in our business is cement, steel, bitumen and ballast. Raw material is the major component of the direct work expenditure. The consumption of raw material varies from project to project and also with segment. Our Company has developed a long term relationship with the quality suppliers for raw materials.

Operating (other than raw material) and other expenses

Operating expenses include other expenses, salaries and wages and administration expenditure. Operating expenses as a % of total income was 1.97 during FY 2010.

Depreciation

Depreciation has been provided on Fixed Assets on Straight Line Method as per rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

Net Profit After Tax**(₹Lakhs)**

Product	8 months Period Ended	Year Ended			
	30-11-10	31-03-10	31-03-09	31-03-08	31-03-07
PAT	882.60	1,517.62	1,055.78	1,025.47	1,116.40
Total Income	20,122.45	29,645.15	21,039.75	20,018.91	14,582.96
PAT / Total Income (%)	4.39%	5.12%	5.02%	5.12%	7.66%

Our Company was able to sustain the margins even during economic downturn and is improving with the improved economic scenario in the country. PAT margins as a % of total income stood at 5.02% in FY 2009 and have grown to 5.12% in FY 2010.

Sundry Debtors

The details of debtors for the respective years are as under:

(₹Lakhs)

Product	8 months Period Ended	Year Ended			
	30-11-10	31-03-10	31-03-09	31-03-08	31-03-07
Contract Revenue	18,502.70	27,276.40	19,057.07	18,103.53	13,108.77
Debtors					
Debtors less than 180 days	2,712.95	3,288.13	2,178.18	779.22	1,120.97
Debtors more than 180 days	0.00	0.00	0.00	0.00	0.00
Bad Debts written off	0.00	0.00	0.00	0.00	0.00
No of days outstanding debtors (days)	54	44	42	16	31
% of bad debts to sales (%)	0.00	0.00	0.00	0.00	0.00

Discussion on Results of Operations

(Rs in Lakhs)

Particulars	Eight Months Period ended		Year ended 31st March							
	30-11-10	% of Total Income	2010	% of Total Income	2009	% of Total Income	2008	% of Total Income	2007	% of Total Income
INCOME										
Contracts Revenue	18,502.70	91.95	27,276.40	92.01	19,057.07	90.58	18,103.53	90.43	13,108.77	89.89
Other income	425.04	2.11	721.47	2.43	455.81	2.17	579.49	2.89	851.45	5.84
Increase in Work-in-progress	1,194.71	5.94	1,647.28	5.56	1,526.87	7.26	1,335.89	6.67	622.74	4.27
Total Income	20,122.45	100.00	29,645.15	100.00	21,039.75	100.00	20,018.91	100.00	14,582.96	100.00
EXPENDITURE										
Work Expenditure	17,064.18	84.80	24,855.17	83.84	17,413.48	82.76	17,410.65	86.97	12,099.45	82.97
Staff Cost	195.22	0.97	279.46	0.94	224.35	1.07	139.30	0.70	62.60	0.43
Administrative Expenditure	157.89	0.78	303.67	1.02	178.80	0.85	159.91	0.80	159.94	1.10
Interest & Finance charges	974.35	4.84	1,294.57	4.37	1,143.37	5.43	450.16	2.25	298.60	2.05
Depreciation	394.69	1.96	578.17	1.95	469.42	2.23	282.21	1.41	214.36	1.47
Total Expenditure	18,786.33	93.36	27,311.04	92.13	19,429.42	92.35	18,442.23	92.12	12,834.95	88.01
Profit before tax Taxation	1,336.12	6.64	2,334.11	7.87	1,610.33	7.65	1,576.68	7.88	1,748.01	11.99
Current Tax	470.01	2.34	805.50	2.72	492.39	2.34	527.05	2.63	600.79	4.12
FBT etc.,	-	-	-	-	8.32	0.04	4.47	0.02	3.67	0.03
Deferred tax,	(16.49)	(0.08)	10.99	0.04	53.84	0.26	19.69	0.10	27.15	0.19
Net Profit after tax	882.60	4.39	1,517.62	5.12	1,055.78	5.02	1,025.47	5.12	1,116.40	7.66

No audited accounts were made for corresponding stub period during the previous Financial Year and hence no comparison has been done

Results of operations from April 01, 2010 to November 30, 2010

Contract Revenue:

Contract Revenue for the eight months period ended November 30, 2010 was ₹ 18,502.70 lakhs. Contract Revenue comprised 91.95% of the total income of our Company.

Other Income

Other income as a percentage of total income stood at 2.11% for the eight months period ended November 30, 2010. Other income includes sub contract commission amounting to ₹ 314.47 lakhs and interest income of ₹ 83.42 lakhs etc.

Work Expenditure

Work expenditure at ₹ 17,064.18 lakhs constitutes 84.80% of total revenue respectively for the eight months period ended November 30, 2010. This is marginally higher at 1% more than the expenditure during the previous financial year.

Staff Cost

Staff cost stood at ₹ 195.22 lakhs for the eight months period ended November 30, 2010. This is around 0.97% and 1.04% of total revenue and expenditure respectively for the eight months period ended November 30, 2010. This is also in line with the respective percentages during the previous two financial years.

Administrative expenditure

The administrative expenditure stood at ₹ 157.89 lakhs for the eight months period ended November 30, 2010. Administrative expenditure mainly include legal and professional charges, rent, rates and taxes etc. This is around 0.78% and 0.84% of total revenue and expenditure respectively for the eight months period ended November 30, 2010.

Interest and Finance charges and Depreciation

Interest and Finance charges stood at ₹974.35 lakhs and ₹ 394.69 lakhs respectively for the eight months period ended November 30, 2010.

Net Profit after tax

As a result of foregoing, the net profit after tax of our company has stood at ₹ 882.60 lakhs for the eight months period ended November 30, 2010. This is around 4.39% of total income for the period as compared to 5.12% of total income during previous financial year. This decrease is due increase in work expenditure which as a percentage has decreased by 1% as mentioned above.

Comparison of Fiscal Year 2010 with 2009

Contract Revenue:

Contract Revenue has increased by 43.13 % from ₹ 19,057.07 lakhs in fiscal year 2009 to ₹ 27,276.40 lakhs in fiscal year 2010. The increase in Contract Revenue has been due to increased number of projects executed by our Company.

Other Income

Other income as a percentage of total income stood at 2.43% in FY 10 as compared to 2.17% in FY 2009. The increase in other income has been mainly due to increase in sub-contract commission from ₹ 228 lakhs to ₹ 392.58 lakhs and interest income on amount kept as margin money.

Work Expenditure

Work expenditure has been increased by 42.74% from ₹17,413.48 lakhs in fiscal year 2009 to ₹ 24,855.17 lakhs in fiscal year 2010. The increase in Work Expenditure is in line with increase in Contract Revenue. Work expenditure constitutes 91.12% of our Contract Revenue in FY 2010 and 91.38% in FY 2009.

Staff Cost

Staff cost have increased from ₹ 224.35 lakhs in the fiscal year 2009 to ₹ 279.46 lakhs in the fiscal year 2010, showing an increase of 24.56%. The increase was primarily due to increase in number of employees and increase in their salaries and wages. We have employed few key managerial personnel in FY 10 for a more focused approach into the functioning of our Company. This represents .97% of total income and 1.02% of total expenditure.

Administrative expenditure

The administrative expenditure increased from ₹ 178.80 lakhs in the fiscal year 2009 to ₹ 303.67 lakhs during the fiscal year 2010 showing an increase of 69.82% mainly on account of increase in rent and maintenance expenses.

Interest & Finance charges

Interest & Finance charges increased from ₹1143.37 lakhs for the fiscal year 2009 to ₹ 1294.57 lakhs for the fiscal year 2010 showing an increase of 13.22 %. The increase is mainly due to purchase of assets by our Company on hire purchase.

Depreciation

The depreciation has increased from ₹469.42 lakhs for the fiscal year 2009 to ₹ 578.17 lakhs for the fiscal year 2010 showing an increase of 23.17 %. This has due to increase in purchase of fixed assets.

Net Profit after tax

As a result of foregoing, the net profit after tax of our Company has increased from ₹ 1055.78 lakhs for the fiscal year 2009 to ₹ 1517.62 lakhs for the fiscal the year 2010 showing an increase of 43.74%.

Comparison of Fiscal Year 2009 with 2008

Contract Revenue

Contract Revenue has increased by 5.27% from ₹ 18103.53 lakhs in fiscal year 2008 to ₹ 19,057.07 lakhs in fiscal year 2009. The increase in Contract Revenue has been due to increased number of projects executed by our Company.

Other Income

Other income as a percentage of total income stood at 2.17% in FY 2009 as compared to 2.89% in FY 2008. The reduction in other income has been mainly due to reduction in sub-contract commission.

Work Expenditure

Work Expenditure has been increased by 0.02% from ₹17410.65 lakhs in fiscal year 2008 to ₹ 17413.48 lakhs in fiscal year 2009. The increase in Work Expenditure is very marginal as compared to the increase in the Contract Revenue. Work expenditure constitutes 91.38% of our Contract Revenue in FY 2009 which is however less than the previous fiscal .

Staff Cost

Staff Cost have increased from ₹139.30 lakhs in the fiscal year 2008 to ₹ 224.35 lakhs in the fiscal year 2009, showing an increase of 61.06%. The increase was primarily due to increase in number of employees and increase in their salaries and wages. The staff cost was 1.07% of total revenue and 1.15% of total expenditure

Administrative Expenditure

The administrative expenditure increased from ₹ 159.91 lakhs in the fiscal year 2008 to ₹ 178.80 lakhs during the fiscal year 2009 showing an increase of 11.82% mainly on account of increase in rent and maintenance expenses.

Interest & Finance Charges

Interest & Finance Charges increased from ₹450.16 lakhs for the fiscal year 2008 to ₹ 1143.37 lakhs for the fiscal year 2009 showing an increase of 153.99 %. The increase in Interest & Finance Charges is mainly due to increase in secured loans from ₹ 5765 lakhs in Fiscal 2008 to ₹ 11514 lakhs in the current fiscal.

Depreciation

The depreciation has increased from ₹282.21 lakhs for the fiscal year 2008 to ₹ 469.42 lakhs for the fiscal year 2009 showing an increase of 66.34%. This increase can be attributed to increase in gross assets from ₹3707 lakhs in 2008 to ₹ 6269 lakhs in the current fiscal.

Net Profit after tax

As a result of foregoing, the net profit after tax of our company has increased marginally by 2.95% from ₹ 1025.47 lakhs for the fiscal year 2008 to ₹ 1055.78 lakhs for the fiscal the year 2009.

Comparison of Fiscal Year 2008 with 2007

Contract Revenue

Contract Revenue has increased by 38.10% from ₹ 13108.77 lakhs in fiscal year 2007 to ₹ 18103.53 lakhs in fiscal year 2008. The increase in Contract Revenue has been due to increased number of projects executed by our company.

Other Income

Other income as a percentage of total income stood at 2.89% in FY 2008 as compared to 5.84% in FY 2007.

Work Expenditure

Work expenditure has been increased by 43.90% from ₹ 12099.45 lakhs in fiscal year 2007 to ₹ 17410.65 lakhs in fiscal year 2008. The increase in Work Expenditure at 96.17% of contract revenue rose sharply as compared to 92.30% of contract revenue in fiscal 2007

Staff Cost

Staff Cost increased from ₹ 62.60 lakhs in the fiscal year 2007 to ₹ 139.30 lakhs in the fiscal year 2008, showing an increase of 122.52%. The increase was primarily due to increase in number of employees and increase in their salaries and wages.

Administrative Expenditure

The administrative expenditure increased very marginally from ₹ 159.94 lakhs in the fiscal year 2007 to ₹ 159.91 lakhs during the fiscal year 2008.

Interest & Finance Charges

Interest & Finance Charges increased from ₹298.60 lakhs for the fiscal year 2007 to ₹ 450.16 lakhs for the fiscal year 2008 showing an increase of 50.76%. The increase in Interest & Finance Charges is mainly due to increase in Secured loans which increased from ₹ 3854 lakhs in 2007 to ₹ 5765 lakhs in 2008.

Depreciation

The depreciation has increased from ₹214.36 lakhs for the fiscal year 2007 to ₹ 282.21 lakhs for the fiscal year 2008 showing an increase of 31.65%. This is as a result of an increase in fixed assets from ₹ 3054 lakhs to ₹ 3707 lakhs.

Net Profit after tax

As a result of foregoing, the net profit after tax of our company has reduced from ₹ 1116.40 lakhs for the fiscal year 2007 to ₹ 1025.47 lakhs for the fiscal year 2008 showing reduction of 8.15%. This has been due to increase in work expenditure, depreciation and interest expenses.

Cash Flow Statement

Set forth below is a table of selected, standalone restated cash flow statement data for the eight months period ended November 30, 2010 and for financial year 2010, 2009 and 2008:

(₹Lakhs)

	Eight months period ended	Year ended March 31,		
	November 30, 2010	2010	2009	2008
Cash generated from/(used in) Operations	384.79	1,011.21	(2,552.08)	634.41
Cash flow from / (used in) Investing Activities	43.16	109.63	(2,360.68)	(520.35)
Cash flow From / (used in) Financing Activities	(980.70)	(1,977.04)	4,605.24	1,461.23
Net increase / (decrease) in Cash and Cash Equivalents	(552.75)	(856.19)	(307.52)	1,575.29

The industry in which we operate is highly capital intensive. Our Company requires long term funds as well as funds to meet working capital requirements. Long term funds are required for investment in capital equipment. Our Company undertakes various infrastructure projects which entails huge requirement of working capital.

In our business, working capital management is very important. Our net cash generated from operating activities is affected in each period mainly on account of increase/decrease in working capital items like Inventories, Receivable, Loans & Advances etc. Major portion of our Contract Revenue as well as order book position pertains to government/government aided projects, wherein the recovery period is generally high.

Operating Activities

Net cash used in operating activities for the eight months period ended November 30, 2010 was ₹ 384.79 lakhs. Our Company was able to generate positive cash flow from operating activity in this period due to reduction in the trade receivable.

In financial year 2010, our net cash generated from operating activities was ₹ 1011.21 lakhs. Our net profit before taxation was ₹ 2334.11 lakhs in financial year 2010, which was mainly utilised for working capital requirement.

In fiscal 2009, we had negative cash flow from operating activities amounting to ₹ 2552.08 lakhs. Our net profit before taxation was ₹ 1610.33 lakhs in fiscal 2009. Certain adjustments have been made to the net profit before taxation. These include working capital adjustments such as an increase in trade receivable of ₹ 1,398.96 lakhs, loans & advances to ₹ 1,487.88 lakhs and inventory to ₹ 1,526.87.

In financial year 2008, our net cash generated from operating activities was ₹ 634.41 lakhs. Our net profit before taxation was ₹ 1576.68 lakhs in financial year 2008. Certain adjustments have been made to the net profit before taxation. These include working capital adjustments such as an increase in inventory of ₹ 1,335.90 lakhs, an increase in loan and advances of ₹ 479.04 lakhs and an increase in the trade payable of ₹ 534.73 lakhs.

Investing Activities

Our Company had a positive cash flow from investing activities amounting to ₹ 43.16 lakhs for the eight months period ended November 30, 2010. This reflected interest receive of ₹ 83.42 lakhs, expenditure incurred towards purchase of fixed assets of ₹ 48.17 lakhs, share of profit from joint ventures of ₹ 19.15 lakhs, Investments written off worth ₹ 20.00 lakhs. Our Company has received Interest income of ₹ 83.42 lakhs.

Our net cash used in investing activities was ₹ 109.63 lakhs in financial year 2010. This reflected expenditure incurred towards purchase of fixed assets of ₹ 188.19 lakhs, made investments worth ₹ 33.28 lakhs, sale proceeds from the sale of fixed assets of ₹ 4.30 lakhs, lease rent on property of ₹ 7.42 lakhs, share of profit from joint ventures of ₹ 31.09 lakhs. Our Company has received Interest income of ₹ 288.29 lakhs.

Our Company had negative cash flow from investing activities amounting to ₹ 2,360.68 lakhs in financial year 2009. This reflected high expenditure incurred towards purchase of fixed assets of ₹ 2,562.37 lakhs and made fresh investments worth ₹ 26.07 lakhs. We had received ₹ 24.99 lakhs as share of profit from Joint venture and ₹ 202.77 lakhs as interest income.

Our Company had negative cash flow from investing activities amounting to ₹ 520.35 lakhs in financial year 2008. This reflected expenditure incurred towards purchase of fixed assets of ₹ 653.33 lakhs and made fresh investments worth ₹ 12.76 lakhs. We had received ₹ 12.22 lakhs as share of profit from Joint venture and ₹ 133.52 lakhs as interest income.

Financing Activities

Our Company had generated negative cash flow from financing activities amounting to ₹ 980.70 lakhs for the eight months period ended November 30, 2010 which can mainly be attributed to payment of interest.

In fiscal 2010, our Company had generated negative cash flow from financing activities amounting to ₹ 1,977.04 lakhs. Our Company had net borrowings (including mobilisation advances received from clients) of ₹ 682.46 lakhs and paid interest of ₹ 1,294.58 lakhs.

In fiscal 2009, our net cash from financing activities was ₹ 4605.24 lakhs. Our Company had net borrowings (including mobilisation advances received from clients) of ₹ 5,748.61 lakhs. Our Company paid interest amounting to ₹ 1,143.37 lakhs.

In fiscal 2008, our net cash from financing activities was ₹ 1,461.23 lakhs. Our had net borrowings (including mobilisation advances received from clients) of ₹ 1,911.44 lakhs. Our Company had paid interest of ₹ 450.16 lakhs.

For further details, please refer to our restated financial statements in the section “Financial Statements” beginning on page 148 of this Red Herring Prospectus.

FACTORS THAT MAY AFFECT THE RESULTS OF OUR OPERATIONS:

1. Unusual or infrequent events or transactions.

There have been no unusual or infrequent events or transactions that have taken place.

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

Government's focus on the infrastructure sector will have a major bearing on the companies involved in this industry. Accordingly, any major changes in the policies of the Government may have an impact on our operations

Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

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

Other than described in the Chapter titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 13 and 171, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

4. Future changes in relationship between costs and incomes

Other than described in the Chapter titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 13 and 171, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operations and finances.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

The increase in net sales or revenue is mainly on account of increase in volume and general increase in sales price in the normal course of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Please refer to Chapter titled “Industry Overview” beginning on page 76 of this Draft Red Herring Prospectus. However, there are no published data available with our Company for total turnover of the industry in which our Company operates.

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment except in the ordinary course of our business.

8. The extent to which business is seasonal.

Our Company’s operations may be adversely affected by different working conditions during summer and monsoon seasons. These seasons restrict our ability to carry on construction activities and fully utilize our resources. During periods of curtailed activities due to adverse weather conditions, our company’s revenues from construction may be delayed or reduced.

9. Any significant dependence on a single or few suppliers or customers.

Customer and supplier concentration for our business has been disclosed in “Risk Factors” and “Our Business” beginning on pages 13 & 94 respectively, of this Draft Red Herring Prospectus.

10. Competitive conditions.

Please refer to Chapter titled “Industry Overview” and “Our Business” beginning on pages 76 & 94 respectively of this Draft Red Herring Prospectus for details on competitive conditions.

FINANCIAL INDEBTEDNESS

The financial indebtedness of our Company as on February 28, 2011 is as under:

(₹ Lakhs)

Bank Name	Facility	Limit	Outstanding as on 28.02.2011	Rate of Int./Commission (p.a)
Karnataka Bank Ltd	Overdraft	2750.00	846.90	13.50%
	Bank Guarantee	12750.00	10158.00	1.25%
ICICI Bank Ltd	Cash Credit	750.00	756.22	12.00%
	Bank Guarantee	4250.00	2565.00	Commission for EMD guarantee is 0.70%; plus Handling charges of 0.30%
State Bank of India	Cash Credit	3000.00	3496.46	13.15%
	Bank Guarantee	6000.00	556.00	1.655%
Punjab National Bank	Cash Credit	1000.00	75.00	13.50%
	Bank Guarantee	3300.00	NIL	1.20% plus ST for performance guarantee and 1.80% plus ST for financial guarantees

I.	Primary Security to Karnataka Bank Ltd	
1	Banks - OD/CC facility	Hypothecation of Stock/WIP/contract receivables on pari passu basis with ICICI Bank Limited and SBI
	Collateral security for OD / CC limits To Karnataka Bank Ltd	
1	G-3,G-4 of Pavani Plaza, Panjagutta, Hyd - in the name of Mr. Adala Prabhakara Reddy	
2	G-5,G-6 of Pavani Plaza, Panjagutta, Hyd - in the name of Mrs. Adala Vindhyavali	
3	G-7,G-8 of Pavani Plaza, Panjagutta, Hyd - in the name of Mrs. P. Himabindu	
4	EM of land property - Plot No. 42,43 at Ramamurthy nagar, Nellore, 876 Sq. yards with 2 storied building belonging to Mrs. Adala Vindhyavali	
5	EM of landed property Plot No. 1 - at Benniganahalli Village, KR Puram, Hubli, Bangalore - 4487.25 sft , commercial building with 8 floors - 34,400 sq ft. belonging to Mr. Adala Prabhakara Reddy	
6	EM plots bearing no. 1058 at JH coop Housing Society, Hyd - 1250 sq. yards belonging to Mrs. A. Himabindu	
7	Vacant commercial site No. 2, D-1, Gangadhara chetty Road, Bangalore -21,000 sq. ft. belonging to Company	
8	Co-obligation / guarantee	a) Mrs. Adala Vindhyavali
		b) Mr. Pulagam Harikrishna
		c) Dr. Pellakuru Chandra Kiran Reddy
		d) Mr. Gunapati Murali Krishna Reddy
		e) Mr. Adala Prabhakara Reddy and
		f) Mrs. P Himabindu
II.	State Bank of India:	
	Primary Security:	Hypothecation of stocks, receivables and other chargeable current assets of the company, ranking pari-passu, with Karnataka Bank Ltd and ICICI Bank Ltd
	Collateral Security	Equitable Mortgage of five properties belonging to company and associate concern (as detailed below)
a	Residential plots Nos 1,2,3 in survey no 311/E, 315/E, & 316/E, located in Nallagandla village, Serilingampally mandal, RR Dist belonging to M/s. Sreenivasa Associates (Project Works) Ltd, admeasuring 1983.85 S.Y. (Document No.1794/08)	

b	Residential plots Nos 4 & 5 in survey no 311/E, 315/E, & 316/E, located in Nallagandla village, Serilingampally mandal, RR Dist belonging to M/s. Sreenivasa Associates (Project Works) Ltd, admeasuring 2504.89 S.Y.	
c	Two Commercial plots bearing Nos 118 and 119, admeasuring 861.12 SY, located at HUDA Tellapur residential complex, Ramachandrapuram Mandal, Rangareddy District, belonging to company.	
d	Vacant site admeasuring 1429 SY located at road no.3, Banjara Hills, Hyderabad belonging to the company.	
e	Vacant site with a shed, admeasuring 400 SY at D. No. 8-2-283/1 A & B, located at Road No.3, Banjara Hills, Hyderabad, Belonging to the company.	
	Personal guarantee of :	1. Shri. Adala Prabhakara Reddy
		2. Shri. P. Harikrishna
		3. Shri. Gunapati Murali Krishna Reddy
		4. Dr. Pellakuru Chandra Kiran Reddy
		5. Smt. Adala Vindhyavali
		and
	Corporate Guarantee of : Sreenivasa Associates (Project Works) Ltd	
III	To ICICI Bank Ltd	
1	Primary Security	Pari passu first charge by way of hypothecation on the entire current assets of the Company (present and future)
		Exclusive mortgage on residential property located at Plot No.14, Road No.5, Jubilee Hills, Hyderabad belonging to Mr. Adala Prabhakara Reddy.
2	Personal Guarantees	Personal Guarantees of:
		a) Mr. Adala Prabhakara Reddy
		b) Mr. Pulagam Harikrishna
		c) Dr. Pellakuru Chandra Kiran Reddy
		d) Mrs. Adala Vindhyavali
		e) Mr. Gunapati Murali Krishna Reddy
IV	To Punjab National Bank	
1	Primary Security	Pari passu first charge by way of hypothecation on the entire current assets of the Company (present and future)
	Collateral Security	Equitable mortgage of 4 acres, 18 guntas of land in survey no. 37 & 40B at Bachupally village, Kutbullapur mandal, RR district of Mr. P Harikrishna
2	Personal Guarantees	Personal Guarantees of:
		a) Mr. Pulagam Harikrishna
		b) Dr. Pellakuru Chandra Kiran Reddy
		c) Mrs. Adala Vindhyavali
		d) Mr. Gunapati Murali Krishna Reddy

Important Covenants in Bank Loan Agreements

Standard Covenants

- Bank will have right to examine at all times the company's books of accounts and to have the company's factories inspected, from time to time, by officer(s) of the Bank/ qualified auditors/ technical experts/ management consultants and the cost of such inspection shall be borne by the company.

- The company should maintain adequate books of accounts and should not radically change its accounting system without notice to the Bank.
- The Bank will have a first charge on the profits of the company, after provision for taxation and dividend where applicable, for repayment obligation due from company to Bank.
- The Bank shall have the right to securitise the secured assets.
- In case of default in repayment of loan/ advances or in payment of interest thereon the Bank/ RBI will have an unqualified right to disclose or publish the company's name and its directors.
- The Bank will have the right to share credit information as deemed appropriate with CIBIL or any institution as approved by RBI.
- The company should not induct into its Board a person whose name appears in the willful defaulters list of RBI/ CIBIL.
- The company shall keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business.
- The company shall keep the Bank advised of any circumstance adversely affecting the financial position of their subsidiaries/ group companies including any action taken by any creditor against the said companies legally or otherwise.
- The Bank will have the option of appointing its nominee on the Board of directors of the company to look after its interest.
- The Bank will have the right to convert the debt into equity at a time felt appropriate by the Bank, at a mutually acceptable formula.
- Bank Guarantee audit will be conducted once a year and the cost is to be borne by the company.
- The company shall submit monthly cash budget for the ensuing month 10 days prior to the commencement of the Month.
- The company has to submit progress statements on sub-contracts given to other concerns.
- The Bank in consultation of the company will arrange for stock and receivables audit once in a year by an outside agency. The expenditure shall be borne by the company.
- Stocks and book debts and other movable assets hypothecated or otherwise charged to the Bank as security shall be kept in good condition and fully insured.
- Credit facilities shall be utilized exclusively for the purposes set forth in the proposal and for no other purpose without the written sanction of the Bank.

Negative Covenants

- Effect any change in the company's capital structure without the prior approval of the Bank.
- Formulate any scheme of amalgamation or reconstruction.
- Under any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to and approved by the Bank.
- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies).
- Enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, company or accept deposits apart from arrangement indicated in the fund flow statements approved by the Bank.
- Undertake any guarantee obligation on behalf of any other company (including group companies).
- Declare dividends without Bank's approval and without ensuring that no repayment obligations to Bank to remain unmet.
- Create any charge, lien or encumbrance over its undertaking in favour of any financial institution, bank, company, firm or persons.
- Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
- Enter into any contractual obligation of long term nature or effecting the company financially to a significant extent.
- Permit any transfer of the controlling interest or make any drastic change in the management set-up.
- Repay monies brought in by the promoters/ directors/ principal shareholders.

In addition to the above, our Company has availed vehicle and hire purchase loans from various banks and corporate.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this Draft Red Herring Prospectus, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoters or companies promoted by our Promoters or Companies promoted by our Company and there are no defaults to banks /financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors. Further, except as stated in this Draft Red Herring Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by our Promoters by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which our Promoters were associated in the past but are no longer associated, in respect of which the name(s) of our Promoters continues to be associated with those litigation(s).

This section has been divided into seven parts:

Part 1 Contingent Liabilities of our Company

Part 2 Litigation relating to our Company

Part 3 Litigation against our Directors

Part 4 Litigation relating to our Promoters and Group Companies

Part 5 Other disclosures

Part 6 Amounts owed to Small Scale Undertakings and other Creditors

Part 7 Material Developments

PART 1: CONTINGENT LIABILITIES OF OUR COMPANY

As on November 30, 2010, the Contingent Liabilities not provided for, are as follows

(₹ lakhs)		
Sr. No.	Particulars	As at 30-11-2010
1	The outstanding contingent liabilities on account of guarantees given by the banks	15077.86
2	Claims against the Company not acknowledged as debts	
	- Service Tax Liability that may arise in respect of matters in appeal (which in turn recoverable from the contractee as per the terms of contract)	628.87
	- Others	9.50
3	Corporate Guarantee given by the Company on behalf of Associate Concerns	1300.00

PART 2: LITIGATION RELATING TO OUR COMPANY

A) Filed against our Company

1. Litigation Involving Civil Laws:

Sr. No	Proceedings	Court	Parties	Facts of the Case	Amount and status of the Proceedings
1.	OS. No.925/2009	Court of District Munsif Madurai, Tamilnadu State	Mr. R. Pravin Krishna (Plaintiff) Vs. Mr. M Krishna Moorthy and 13 others(Company is twelfth defendant) (Defendants)	The suit is filed by the Plaintiff against the defendants before the Court of District Munsif Madurai, Tamilnadu State. The matter relates to the disputes amongst the partners of KS & Company and the defendants 5 to 14 are shown only as a formal parties apprehending that they may enter into agreements with KS and Co and its partners.	Amt.: There is no financial implication. Status: Next date of hearing is April 26, 2011.

2. Litigation Involving Criminal Laws: NIL

3. Litigation Involving Securities and Economic Laws: NIL

4. Litigation Involving Statutory Laws:

Income Tax proceedings

There are no Income tax proceedings against our Company.

Sales Tax proceedings / Proceedings under the Entry Tax Act/VAT/ Service Tax Proceedings

Sr. No	Proceedings	Court	Parties	Facts of the Case	Amount and status of the Proceedings
1.	SP – 36/09 (ST-15/09)	Customs, Excise & Service Tax Appellate Tribunal, Kolkata	APR Constructions Ltd (Appellant) & Commissioner of Central Excise and Service Tax, Patna (Respondent)	Appellant filed Appeal No.15/2009 before the Customs, Excise & Service Tax Appellate Tribunal at Kolkata u/s.86 of the Finance Act. In the appeal, the Appellant challenged the order dated October 30, 2008 in ST 20/2008 of the Respondent by which a service tax of ₹6,28,87,427.42 is imposed on the Appellant alongwith penalty of ₹12,57,74,854.84 under section 78 and interest & other penalties under section 75, 76 and 77 of Finance Act, 1994. The plea of the Appellant is that it is only a Sub Contractor under the National Building Construction Corporation Limited (NBCC) and that the execution of the work at Barh Super Thermal Project in Patna, Bihar is entered and executed at the instance of NBCC and that the service tax if any, is liable to be	Amt.: ₹18,86,62,282.26 (Rupees Eighteen crores Eighty Six lakhs Sixty TwoThousand Two Hundred Eighty Two and and Paise Twenty Six only) plus other penalties and interest under section 75, 76 and 77 of the Finance Act, 1994 Status:

				paid by the NBCC and that the Sub contractor is not liable to pay the service tax, interest thereon and penalty etc.,	Case is in progress. The last hearing was held on March 21, 2011 wherein the case was posted for next hearing on May 04, 2011.
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There are no Sales tax proceedings / proceedings under the Entry Tax / VAT against our Company.

5. Litigation Involving Labour Laws:

Sr. No	Proceedings	Court	Party	Facts of the Case	Amount and status of the Proceedings
1.	W.C. No.147/2009	Workmen Compensation and Labour Commissioner, Raichur, Karnataka State	1. Smt. Buchamma W/o. Late. Narasimhulu & 2. Kumari Varshamma D/o. Late. Narasimhulu (Petitioners) Vs. 1. APR Constructions Limited, 2. United India Insurance Company Limited and two others (Respondents)	The Petitioners claimed compensation on account of death of her husband due to electrocution stating that the incident occurred on December 02, 2008 during the course of his employment with Respondent I. The Petitioner I has executed letter of undertaking dated December 03, 2008 relinquishing of any further claim against the Respondent I by agreeing to receive ₹2,50,000/- as compensation in total. Respondent 1 has already paid ₹50,000/- as compensation on 3.12.2008. After agreeing and having received ₹50,000/- the Petitioner I preferred the complaint with the Workmen Compensation and Labour Commissioner claiming a compensation of ₹5,00,000/- with cost and interest of 12% p.a. from the date of the accident till the date of realisation. The case was heard last on January 06, 2011 and is posted for orders.	Amt.: ₹4,50,000/- (Rupees Four lakhs fifty thousand only) plus 12% interest p.a. from the day of the death till the date of realisation Status: Case is posted for orders
2.	W.C. No.449/2005	Workmen Compensation and Labour Commissioner, Raichur, Karnataka State	1. Mr. Papayya 2. Mrs. Balakrishna and 3. Mr. Shivu (Petitioners) Vs. 1. Chief Engineer, KBJNL, 2. APR Constructions Limited (Respondents)	Petitioner I claimed a compensation of ₹5,00,000/- on account of the death of his daughter Kumari Renuka on May 06, 2005 on the ground that she slipped into river Krishna while washing her face during the course of employment with Respondent II. The Respondent II has filed its counter contesting the case primarily on the ground that she did not die in course of the employment and that it is not liable to pay any compensation. The order was passed against the company on September 14, 2010 wherein the company was directed to pay a sum of ₹2,92,786/- within a period of 30 days from the day of passing of the order. In	Amt.: ₹2,92,786/- (Rupees Two lakhs ninety two thousand seven hundred and eighty six only) plus interest Status: The Company is proposing to file an appeal in the

				case the payment is not made within a period of 30 days then there will be an interest of 12% p.a. on the said amount.	High Court.
3.	WC No.211/2005	Workmen Compensation and Labour Commissioner, Raichur, Karnataka State	1. Sri Bala Swamy 2. Smt. Manamma 3. Mr. Aravinda 4. Mr. Veeraswamy (Petitioners) Vs. 1. APR Constructions Limited 2. Chief Engineer, KBJNL (Respondents)	Petitioner I claimed a compensation of ₹5,00,000/- on the ground that his daughter Mahadevi died on May 31, 2004 due to a snake bite during the course of her employment with Respondent I. Respondent I filed its counter and disputed the allegation contending that the snake bite cannot be considered as having occurred during the course of employment. However, the Workmen Compensation and Labour Commissioner by an order dated February 02, 2009 awarded a compensation of ₹2,94,294/- The Respondent I preferred a WP against the said order before the Hon'ble High Court of Karnataka, Gulbarga Circuit Bench after depositing the said amount with the Commissioner.	<u>Amt.:</u> ₹2,94,294/- (Rupees Two lakh ninety four thousand two hundred and ninety four only). As the amount is already deposited, no further liability is expected. <u>Status:</u> The appeal is yet to be listed for hearing in the Hon'ble High Court of Karnataka, Gulbarga Bench.

B) Filed by our Company

1. Litigation Involving Civil Laws:

Sr. No	Proceedings	Court	Parties	Facts of the Case	Status of the Proceedings
1.	Civil Appeal No. 375/2006	Supreme Court of India	APR Constructions Ltd (erstwhile A. Prabhakara Reddy & Co.) (Petitioner) Vs. State of Madhya Pradesh & Others. (Respondents)	The Petitioner filed a Civil Appeal No.375/2006 before the Hon'ble Supreme Court of India, against the Respondents questioning the order dated June 21, 2004 in W.P.No.1099/2004 of the High Court of Madhya Pradesh, Jabalpur Bench. The Public Works Department Madhya Pradesh levied the labour cess of ₹27,03,434/- under section 3 of Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and collected from the bills of the Petitioner and such a deduction was challenged.	<u>Amt.:</u> ₹27,03,434/- (Rupees Twenty seven lakhs three thousand four hundred thirty four only). <u>Status:</u> The case is pending before the Hon'ble Supreme Court of India. The case is not yet listed
2.	WP.NO.	High Court	APR	The Petitioner has entered into an	<u>Amt.:</u>

	8376/2008	of Delhi, New Delhi	<p>Constructions Ltd (Petitioner) Vs.</p> <p>1. National Building Construction Corporation Limited, New Delhi &</p> <p>2. National Thermal Power Corporation Ltd, New Delhi ("Respondents")</p>	<p>agreement with the Respondent 1 to execute the work of excavation of earth, site levelling etc. After execution of substantial portion of the work, the Petitioner has received a letter from Respondent 1 for the recovery of ₹4,80,90,649/- on the ground that lead distance for transportation of earth is reduced from the borrow area due to change in borrow area. The Petitioner has filed a W.P.No.8376/2008 before the Hon'ble High Court of Delhi against the respondents challenging the order dt. November 18, 2008 of the Respondent 1.</p>	<p>₹4,80,90,649/- (Rupees Four crore eighty lakh ninety thousand six hundred and forty nine only).</p> <p>Status: The Writ Petition is pending and Interim Stay granted by the Hon'ble High Court of Delhi staying the impugned order dated November 18, 2008 till the next date of hearing on July 26, 2011</p>
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2. Litigation Involving Criminal Laws: NIL
3. Litigation Involving Securities and Economic Laws: NIL
4. Litigation Involving Statutory Laws: NIL
5. Litigation Involving Labour Laws: NIL

C) Arbitration Proceedings involving our Company

Sr. No	Parties	Facts of the Case	Status of the Proceedings
1.	APR Constructions Ltd (Petitioner) & Narmada Valley Development Authority, Bhopal (Respondent) (Arbitration 63/2008)	<p>The Petitioner has raised an arbitration claim before the Madhya Pradesh Arbitration Tribunal at Bhopal against the Respondent claiming an amount of ₹5,10,92,077/- alongwith interest @ 18% p.a. from March 25, 2007 till realisation on account of various claims and disputes that arose in the execution of the work of excavation, earthwork, cement concrete lining and construction of structures under Rani Avanati Bai Sagar Project left bank canal for Belkhedi Distributory from RD 00.00 km to km 34.00 and Majheetha, Mehagawan, Natwara, Dhobi, Bhita and Ishwerkheda Minors of Belkhedi Distributory</p> <p>The petitioner has almost completed the work and just negligible amount of work is balance due to non handling over of site and other problems attributable to the respondent. The dispute and arbitration claim</p>	<p>Amt.: ₹5,10,92,077 (Rupees Five crore ten lakh ninety two thousand and seventy seven only).</p> <p>Status: The matter is pending before the Arbitration Tribunal and the arbitration proceedings have not yet begun.</p>

		<p>was raised against Respondent on account of reasons stated hereunder:</p> <ul style="list-style-type: none"> • Non handling over of entire site • Change of quarry for CNS and non payment of extra lead • Delay in issue of construction drawings • Non payment of excess quantities 	
2.	APR Constructions Ltd (Petitioner) & Narmada Valley Development Authority, Bhopal (Respondent) (Arbitration 58/2008)	<p>The Petitioner filed Arbitration Case against the Respondent before the Madhya Pradesh Arbitration Tribunal at Bhopal claiming an amount of ₹1,07,11,475/- alongwith interest @ 18% p.a. from March 25, 2007 till realisation towards the claims and disputes that arose in the execution of the work of excavation, earth work, cement concrete lining and construction of structures under Rani Avanti Bai Sagar Project Left Bank Canal from 119.500 Kms to 126.190 Kms.</p> <p>The Petitioner has completed the work in all respect and final bill is under preparation.</p> <p>The major dispute arose in the matter on the objection of office of Accountant General (AG) of Madhya Pradesh on alleged excess payment of escalation. The AG office took view that in place of opening of tender document, date of opening of price bid should have been taken as a base date for calculation of escalation. NVDA's executive engineer blindly accepted the objection, recalculated bill and intimated excess payment from subsequent running bills. The Petitioner has not accepted this recovery and filed the said arbitration petition.</p>	<p><u>Amt.:</u> ₹1,07,11,475/- (Rupees One crore seven lakhs eleven thousand four hundred and seventy five only).</p> <p><u>Status:</u> The matter is pending before the Arbitration Tribunal and the arbitration proceedings have not yet begun.</p>

PART 3: LITIGATION AGAINST OR BY OUR DIRECTORS

- **Litigation against the Directors of our Company**

There is no outstanding litigation against the Directors of our Company.

There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against our directors.

There are no past cases in which penalties were imposed by the concerned authorities on our Company's directors.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases), any disciplinary action taken by the SEBI / stock exchanges against our Company's directors.

- **Litigations by our Company's Directors: NIL**

PART 4: LITIGATION RELATING TO OUR PROMOTER AND GROUP COMPANIES

• OUR PROMOTERS

There are no pending litigations in which the promoters are involved. No defaults have been made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/ firms promoted by the promoters.

Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the Promoters were associated in the past but are no longer associated.

Further, there are no litigations against the Promoters involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the Issuer Company as per section 370 (1B) of the Companies Act, 1956).

• OUR GROUP COMPANIES

A. Litigation against group company: NIL

B. Cases Filed by group companies: NIL

C. None of the Group Companies have faced/are facing any litigations/defaults/over dues or labour problems/closure etc,

Part 5: Other disclosures

Our promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not declared as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Except as mentioned in chapter “Outstanding Litigation and Material Developments”, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities present or past by / against our Company, Directors, promoters, Group Companies and against the directors in their individual capacity that would have a material adverse effect on our Company and there are no defaults, non-payment or over dues of statutory dues, institutional/ bank dues that would have a material adverse effect on our Company.

Our Company, promoters, directors or any of our Company’s Associates or Group companies or other ventures of the promoters and companies with which the directors of our Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

There are no changes in the business of our Company, including discontinuance of lines of business, during the last five years, which may have had a material effect on the profits of our Company.

PART 6: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS

Based on the information available with our Company, there are no suppliers to our Company who are registered under the Micro, Small Scale and Medium Enterprises Development Act, 2006 as at 30th November, 2010. List of Creditors as on November 30, 2010 having balance of more than ₹ 1,00,000/- and pending for more than 30 days is as under:

KCL-JCCG JV, GNSS Work; KCL JCCG JV Nellore Work; APR - VNR JV; J.B.Reddy & Co.,; K.V.Ramana Reddy; Sail; Madana Distributory; Avantika Constructions; Haranatha Reddy.R; Vijaya Construction Company; VNR Infrastructures Ltd; Aditya 999 Enterprises; Akash Steels; Bharati Enterprises (India); Bothra Enterprises; Gurunanak Tyres; India Cements Ltd.,; Ketan Automobiles; New Satish Electricals; Protect Construction Chemicals Pvt Ltd.,; Rama Excavator; Shaukat Hussain & Brothers; Shree Ganesh Tyre Retrads; The India Thermit Corporation Limited (Flash Butt); Uma Krishna Enterprises; Vinayak Rail Track; Lake Park Estates Private Limited; Altech Engineering; Narasa Reddy -JCB; Ravi Kiran Reddy-Self Loaders; 4981 Tipper; Srinivasulu Reddy- JCB; Chandra Sekhar Reddy; MVL Earthmovers-Self loaders; Sri Veeranjaneeya Filling Station; Kannard & Company; LS Reddy Filing Station; PVS Infrastructure; G. Suresh Reddy; J. Prasad Reddy; G. Ramesh Reddy; N. Venkateswara Rao; M. Madhu (Tanks Work); Dega Engineers; M. Madhu(Railway Earthwork); Murali - Jonnawada Sand Quarry; Nagarjuna Cements; SVR Stone Crusher; Giri Engineering Company; Rayalaseema Spun Pipes; Sree Superfine Agencies; Sri Durga Jute Traders; Sri Sai Enterprises; Superfine Retreading Company; Raju Provisions; International Tyre Service A/c; PVR Construction; KRR Constructions; SLV Constructions; M.R.Constructions; Gogula Construction Pvt Ltd; E.Satish Kumar Reddy; Rayala Auto Servicing Center-(New); Satyanarayana General Stores (Mess Provisions); Anand Venkatarama E, Ex-70; Narendra Reddy -Ex-70; Purushotam Ex - 70; Jagadeswari.D - Hire Tractor; Jagadishwari D, Hire Tractor; Munwar, Hire Tippers; Venkat Reddy, Hire Tippers; Sreenivas Reddy.G, Hire Tippers; Kanakaiah.G, Hire JCB & Dozer; Chowdary Infra Project; Leeds Engineering Works; P.Madhusudhan Reddy; S.B.B.E.M; Banaram Saran; C.Krishna Reddy; D.P Singh; G.Suresh Reddy; AL-TECH Engineering; Praveera Earth Movers; M.Parandhamaiah; J.Prasada Reddy; J.Srinivasula Reddy; Jagmohan Singh; M.Shankar ; Bharat Auto Mobiles; Vijay Filling Station; Prakash Service Station; Janatha Cement Agencies; Niranjana Traders; Anil Trading Corporation; Satya Steels (Cement); Shri Krishna Iron & Steels; Sathya Steels; Ram Kumar Suresh Kumar; Gurunanak Irons;Basantlal Yadav; Heeralal Sahajwani; Mukesh; Omkar Sahu; Srikanth Bajaj; Basanthlal Yadav; Govind Barman; Heeralal Sahajwani; Astha Industries; A.K Steel Industries, New Viswas Kirana Stores; Cosmos (India) Enterprises; Kapil Enterprises; Aasta Diesel Injection & Auto Electricals; Oberai Enterprises; Suvidha Sales Corporation; Santhosh Auto Spares; Shri Krishna Traders; Tirpal Ghar; Maa Sharadha Oil House; Tractor & Auto Spares.

PART 7: MATERIAL DEVELOPMENTS

Material Developments since the Last Balance Sheet Date i.e., November 30, 2010:

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in this DRHP any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay the material liabilities within the next twelve months.

GOVERNMENT AND OTHER APPROVALS

Our Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other Government agencies/certification bodies and we can undertake this Issue and its current and proposed business activities. No further major approvals from any Governmental or regulatory authority or any other entity are required to undertake the Issue or continue its business activities except as mentioned herein.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

A. APPROVALS FOR THE ISSUE

1. In-principle approval from the NSE dated [●];
2. In-principle approval from the BSE dated [●];

B. APPROVALS/LICENSES/PERMISSIONS RECEIVED TO CONDUCT OUR BUSINESS

i. Constitutional Registration

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Date of Issue
1.	Certificate of Incorporation	U45200AP2004PLC044776	Registrar of Companies, Andhra Pradesh	December 03, 2004
2.	Certificate of Commencement of Business	N.A	Registrar of Companies, Andhra Pradesh	December 24, 2004
3.	Certificate of Importer – Exporter Code (IEC)	0907016162	Joint Director General of Foreign Trade	January 01, 2008

ii. Taxation Registration

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Date of Issue
1.	Permanent Account Number (PAN)	AAFCA0502K	Director of Income Tax, Govt of India	-
2.	Tax Deduction Account Number (TAN)	HYDA04282F	NSDL	-
3.	Central Sales Tax Registration (TIN)	PJT/06/1/4031/2004-2005	CTO, Sanath Nagar Circle, Commercial Tax Department, Hyderabad.	March 11, 2005
4.	Service Tax	AAFCA0502KST001	Superintendent of Service tax, Range I Central Excise and Customs, Andhra Pradesh	January 11, 2007
5.	Professional Tax (Directors)	PJT/ 06/1/PT/ENT/2067/ 2005-2006	Professional Tax Officer, Andhra Pradesh	August 04, 2005
6.	Professional Tax Registration (Employer)	PJT/06/1/PT/REG/761/2005-06	Professional Tax Officer, Andhra Pradesh	August 04, 2005
7.	Value Added Tax (VAT)	28920259574	CTO, Sanath Nagar Circle, Commercial Tax Department, Hyderabad.	April 13, 2005
8.	-do-	29130458217	Assistant Commissioner of Commercial Tax Department, Gulbarga.	November 11, 2005

9.	-do-	27980306802V	Sales Tax officer, Satara, Maharashtra	April 01, 2006
10.	-do-	28945016712 issued to M/s.APRCL – PVRPL (JV)	CTO, Sanath Nagar Circle, Commercial Tax Department, Hyderabad	May 07, 2010
11.	-do-	28151295398 issued to M/s.APR – MVR (JV)	CTO, Sanath Nagar Circle, Commercial Tax Department, Hyderabad	April 10, 2008
12.	-do-	28795971294 issued to M/s.APRCL – CRSSG (JV)	CTO, Sanath Nagar Circle, Commercial Tax Department, Hyderabad	April 10, 2008
13.	-do-	28852284904 issued to M/s.APR – VNR (JV)	CTO, Sanath Nagar Circle, Commercial Tax Department, Hyderabad.	August 14, 2007
14.	-do-	16021795043 issued to M/s.APR – VNR (JV)	Superintendent of Taxes, Government of Tripura.	May 31, 2010
15.	-do-	19747276006 issued to M/s.APR – VNR (JV)	Office of the Joint Commissioner, Asansol District Burdwan, West Bengal.	December 12, 2009
16.	-do-	10471719020 issued to M/s.APR – VNR (JV)	Assistant Commissioner of Commercial Taxes.	January 21, 2010
17.	-do-	23765807859 issued to APR Constructions Limited	Assistant Commissioner of Commercial Taxes, Jabalpur Circle No.1	April 17, 2003

iii. Labour Registration

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Date of Issue
1.	Employees Provident Fund Registration	AP/42718	Regional Provident Fund Commissioner, Hyderabad	September 02, 2005

iv. Contractor Registration:

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Date of Issue
1.	Category-I Contractor Registration	MD/196(Vol-V)/TECH 08-029/945	Managing Director, Krishna Bhagya Jala Nigam Limited	January 17, 2011 valid upto December 31, 2012
2.	Category 1(A) Contractor Registration	209/1	Executive Engineer, Public Works Department, Maharashtra	August 03, 2009 valid upto July 31, 2012
3.	Category A(5) Contractor Registration	651/2-66/NVDA/2001	Joint Director Finance, Madhya Pradesh Narmada Valley Development Authority	June 05, 2007 valid upto June 04, 2012
4.	Class I Contractor Registration	KPCL/RGN/I/RO/48/2009	Chief Engineer, Karnataka Power	June 27, 2009

			Corporation Limited, Karnataka	valid upto June 26, 2014
5.	Special Class Contractor Registration	COT/SP/729/2009	Engineer-in-Chief (A.W.), I&CAD Department, Govt of A.P. Hyderabad	March 27, 2010 valid upto March 21, 2015
6.	Class I Contractor Registration	CBN/6363/CIVIL/ELECTRICAL/TRANSPORT-2005	Chief Engineer, Karnataka Public Works Department, Bangalore	June 30, 2005 valid upto March 31, 2015
7.	Category - 1 Contractor Registration	R-130	Principal Secretary & Managing Director, Karnataka Neeravari Nigam Ltd., Bangalore	August 23, 2010 valid upto March 31, 2015
8.	Class AA Contractor Registration	AB/TC/Reg/AA/4325/2010	Executive Engineer, Ahmedabad Irrigation Division, Ahmedabad	October 16, 2010 valid upto December 31, 2012

v. Approvals for Offices / Units

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Issued to	Office/Unit	Date of Issue
1.	Shops and Establishment Registration	ACL 1/HYD/171/2010	Office of the Inspector and Asst. Commissioner of Labour I, Hyderabad	APRCL	Registered Office at Hyderabad	September 27, 2010 valid upto Dec. 31, 2011
2.	Permission for Construction and setting up Crushing unit	ROC No. 01/2008	Gram Panchayat, Kesamanenipalli village, Nellore District	KCL & JCCG(J.V) - Principal Contractor	Nellore	October 07, 2008 valid upto Completion of Contract
3.	Permission for Construction and setting up Crushing unit	-	Gram Panchayat, Bilahari Village, Katni	APRCL	Bilahari Village, Katni, Madhya Pradesh	October 20, 2008 valid upto Completion of Contract
4.	Permission for Setting up Crushing Unit	-	Gram Panchayat, Nagarur, Kurnool Dist., Andhra Pradesh	APRCL-MVR(J.V)	Nagarur, Near Adoni, Aspari mandal, Dist Kurnool, Andhra Pradesh	March 10, 2008 valid upto Completion of Contract
5.	Registration Certificate under	150-F	Assistant Commissioner	APRCL-MVR(J.V)	ADONI	February 07, 2009

	Contract (Labour and Abolition) Act 1970		of Labour, Adoni			valid upto February 06 2012
6.	Registration Certificate under Contract (Labour and Abolition) Act 1970	280/ KTN/ CL/ 08	License Officer, Govt. Labour Office, Katni	JTEGC-APRCL(J.V)	Jhingari, KATNI, Madhya Pradesh	December 11, 2008 valid upto December 31, 2011
7.	Registration Certificate under Contract (Labour and Abolition) Act 1970	C-526	Licensing Officer, Commissioner of Labour, Nellore	KCL & JCCG(J.V)-Principal Contractor	Pogathota, NELLORE	July 23, 2005 valid upto July 22, 2011
8.	Registration Certificate under Contract (Labour and Abolition) Act 1970	34/ 09	Licensing Officer, Akola, Maharashtra	PVRPL-APRCL(J.V)	PVRPL-APRCL (JV)	July 08, 2009 valid upto December 31, 2011
9.	Registration Certificate under Contract (Labour and Abolition) Act 1970	745/JBP/L/05	Licensing Officer, Commissioner of Labour, Jabalpur	APRCL	Majholi, M.P	October 24, 2005 valid upto December 31, 2011
10.	Registration Certificate under Contract (Labour and Abolition) Act 1970	08/ JBP/ IM/ 2005	Licensing Officer, Jabalpur	APRCL	HIG – 59/12 Project at Jabalpur	January 03, 2005 valid upto December 31, 2011

vi. Quality Certification

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Date of Issue	Expiry Date
1.	Certificate of Registration Under ISO 9001-2008	FM 510721	British Standards Institute (BSI)	September 10, 2009	September 14, 2012

vii. Trade Mark Registration

Sr. No	Nature of Registration/License	Registration /License No	Issuing Authority	Date of Issue	Expiry Date
1.	Certificate of Registration of Trade Mark of “ APR Constructions ”(Logo)	790582	Trade Mark Registry, Government of India	March 23, 2009	April 27, 2017

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has pursuant to a resolution dated February 16, 2011 authorized this Issue subject to approval by the shareholders of our Company. The shareholders of our Company have approved this Issue under section 81(1A) of the Companies Act, 1956 by a special resolution passed at our Extra Ordinary General Meeting held on February 22, 2011.

Our Company has received in-principle approvals for listing and trading of Equity Shares from BSE and NSE vide letters dated [•] and [•], respectively.

Prohibition by SEBI

Our Company, our Promoters, our Directors, the Promoter Group, or person(s) in control of our Company, Group Companies 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 directions passed by SEBI or the RBI or any other regulatory or governmental authority. None of our Directors are associated with the securities market. Our Company has not applied for listing of our securities on any stock exchange in past.

Further, our Promoters, relatives of the promoters, Associates, Promoter Group Companies and its Directors and the companies in which the Directors are associated as directors, have not been declared as willful defaulters by the RBI / any other government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

Eligibility for the Issue

Our Company is eligible for the issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations as explained under, based on the financial statements of our Company under Indian GAAP:

- Our Company has net tangible assets of atleast ₹ 300 lakhs in each of the preceding three full years. The monetary assets held by our Company for the financial year ended 31st March 2010, 2009 and 2008 are not more than 50% of the net tangible assets out of three preceding full years;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years;
- Our Company has a net worth of at least ₹100 lakhs in each of the three preceding full years
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-issue net worth of our Company as per the audited balance sheet of the last financial year;
- Our Company has not changed its name during the last one year.

Further, we undertake that the number of allottees in the Issue shall be least 1,000. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

Based on the Statutory Auditor certificate dated March 01, 2011 our Company's net tangible assets, monetary assets, net profit and net worth derived from our Restated Financial Statements for the last five years are set forth below:

(₹ Lakhs)

Particulars	For the 8 months Period ended	Year ended 31st March				
		30-11-2010	2010	2009	2008	2007
Net tangible assets	18088.17	17211.92	16376.76	9572.37	6635.50	4547.96
Monetary Assets	2100.46	2653.21	3509.40	3816.92	2241.63	2842.63
Monetary assets as a % of Net tangible assets	11.61	15.41	21.43	39.87	33.78	62.50
Distributable profits	882.60	1517.62	1055.78	1025.47	1116.40	580.54
Net worth	7262.45	6379.85	4862.23	3806.45	2781.03	1664.63

Note:

- (i) Net tangible assets are defined as the sum of fixed assets (including capital work in progress and capital advances and excluding intangible assets and revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (including working capital loans).
- (ii) Monetary assets include cash on hand, bank balances and investments in mutual funds.
- (iii) Distributable profits of the Company is as per section 205 of the Companies Act, 1956.
- (iv) Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve, if any) – Miscellaneous Expenditure

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BOB CAPITAL MARKETS LIMITED, KARVY INVESTOR SERVICES LIMITED AND SAFFRON CAPITAL ADVISORS PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS BOB CAPITAL MARKETS LIMITED, KARVY INVESTOR SERVICES LIMITED AND SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED APRIL 06, 2011 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **“WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS (“DRHP”) PERTAINING TO THE SAID ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER;**

WE CONFIRM THAT:

- A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
3. **WE CONFIRM THAT ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI, AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
4. **WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP.**
6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS’ CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP.**

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. 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 – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS 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. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS:

 - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/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 BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRHP.

All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company, the Directors and the Book Running Lead Managers

Our Company, the Directors and the Book Running Lead Managers accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website, www.aprc.com would be doing so at his or her own risk.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs, our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

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

Neither our Company, its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Caution

Investors that Bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI's permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹2500 lakhs and pension funds with minimum corpus of ₹2500 lakhs, National Investment Fund set up by Government of India, Insurance funds set up and managed by army, navy or airforce of the union of India, eligible for bidding in this Issue and Insurance funds set up and managed by the Department of Posts, India, VCFs and permitted Non-Residents including FIIs, their Sub-Accounts, FVCIs, multilateral and bilateral financial institutions and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Transfer Restrictions

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 (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 or 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 jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Filing

A copy of this Draft Red Herring Prospectus will be filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, third Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra. A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC located at the address mentioned below.

Registrar of Companies, Andhra Pradesh

Registrar of Companies,
Kendriya Sadan,
Koti, Hyderabad
Andhra Pradesh

Listing

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. [●] shall 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, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it (i.e. from the date of refusal or within ten working days from the Bid/Issue Closing Date, whichever is earlier) then our Company and every director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the Book Running Lead Managers 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 twelve Working Days of Bid/Issue Closing Date.

Consents

Consents in writing of (a) our Directors, our Company Secretary and Compliance Officer, the Book Running Lead Managers, the Auditors, the lenders to our Company, the legal advisor to the issue, the Bankers to our Company, the Registrar to the Issue have been obtained; and consents in writing of (b) the IPO Grading Agency, the Syndicate Members, the Escrow Collection Banks and the Bankers to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act. Further, such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s J.B. Reddy & Company, Chartered Accountants have agreed to provide their written consent for inclusion of their name, report on financial statements and report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, in this Draft Red Herring Prospectus in the form and context in which they appear in this Draft Red Herring Prospectus. Further, such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

CRISIL Limited, the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated March 21, 2011 for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn up to the time of delivery of the Prospectus for registration with the Registrar of Companies.

Expert Opinion

Except for the report provided by the IPO Grading Agency (a copy of which report will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading of this Issue and the Auditor's Report of the Statutory

Auditor of our Company on the audited financial information and the “Statement of Tax Benefits”, pursuant to the SEBI (ICDR) Regulations, we have not obtained any other expert opinions.

Issue Related Expenses

Except as disclosed in “Objects of the Issue” beginning on page 58, the expenses of this Issue include, *inter alia*, underwriting and management fees, selling commission, SCSBs’ commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated Issue expenses are as under:

Activity*	Amount (₹ lakhs)	% of the Issue Expenses	% of the Total issue Size
Lead Management Fees	[•]	[•]	[•]
Underwriting commission, brokerage and selling commission	[•]	[•]	[•]
Registrar to the Issue's Fees	[•]	[•]	[•]
Advertisement and Marketing expenses	[•]	[•]	[•]
Printing and distribution expenses	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Legal Advisors	[•]	[•]	[•]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.	[•]	[•]	[•]
Total	[•]	[•]	[•]

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

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers

The total fees payable to the Book Running Lead Managers viz., BOB Capital Markets Limited, Karvy Investor Services Limited and Saffron Capital Advisors Private Limited (including underwriting commission and selling commission) will be as stated in the engagement letters dated March 6, 2010, February 28, 2011 and January 21, 2011 respectively, copies of which will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. from Monday to Saturday (except public holidays) from the date of this Draft Red Herring Prospectus until the Bid Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated March 9, 2011 entered into, between our Company and the Registrar to the Issue.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

Previous Issues of Equity Shares otherwise than for Cash

Other than as disclosed in “Capital Structure – Notes to Capital Structure” beginning on page 49, our Company has not issued any shares for consideration other than cash.

Public Issues in the Last Three Years

Neither our Company nor our Group Companies have made any public issues in the last three years.

Performance vis-à-vis Objects – Last One Issue of Group Companies

None of our Group Companies have made public/rights or composite issues during the period of 10 years preceding the date of filing this Draft Red Herring Prospectus with SEBI.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Other Disclosures

Except as disclosed under "Capital Structure – Notes to Capital Structure" beginning on page 49, none of our Directors, Promoters, the respective directors of our Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three year from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or collection centre of SCSB where the physical ASBA Form was submitted by an ASBA Bidder.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Our Company has appointed Mr. Prakash Reddy Pentareddy, as the

Company Secretary and Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

APR Constructions Limited

Flat No. 404, 5th Floor,
Bhanu Enclave,
Sundarnagar, Erragadda,
Hyderabad – 500 038
Tel.: 9140 23813833
Fax: 9140 23708788
Website: www.aprcl.com
E-mail: company.secretary@aprcl.com

Disposal of investor grievances by listed Group Companies

There are no listed Group Companies of our Company. There are no investor complaints pending as on the date of filing of this Draft Red Herring Prospectus.

Change in Auditors

There have been no changes in our Company's auditors in the last three years.

Capitalisation of Reserves or Profits

Except as stated in "Capital Structure" beginning on page 48, our Company has not capitalised its reserves or profits at any time since its incorporation.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

Purchase of property

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the Issue Proceeds or the purchase or acquisition of which would not have been completed on the date of the Draft Red Herring Prospectus, other than property in respect of which:

- a. the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of this Issue nor is this Issue contemplated in consequence of the contracts; or
- b. the amount of the purchase money is not material; or
- c. disclosure has been made in this Draft Red Herring Prospectus in "Our Business" beginning on page 94

SECTION VII – ISSUE RELATED INFORMATION

BASIC TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the ASBA Bid cum Application Form, the ASBA Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other relevant authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

The Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra Ordinary General Meeting of the shareholders of our Company held on February 22, 2011. The Board of Directors has pursuant to a resolution dated February 16, 2011 authorised the Issue.

Our Company has received in-principle approvals for listing and trading of Equity Shares from BSE and NSE vide letters dated [•] and [•], respectively.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

MODE OF PAYMENT OF DIVIDEND

Our Company shall pay dividends to our shareholders as per as per provisions of the Companies Act, the Articles of Association and the Listing Agreement.

FACE VALUE AND ISSUE PRICE

The face value of each Equity Share is ₹ 10. The Floor Price of Equity Shares is ₹ [•] per Equity Share and the Cap Price is ₹ [•] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

COMPLIANCE WITH SEBI (ICDR) REGULATIONS

Our Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- a) Right to receive dividend, if declared;
- b) Right to attend general meetings and exercise voting powers, unless prohibited by law;
- c) Right to vote on a poll either in person or by proxy;
- d) Right to receive annual reports and notices to members;
- e) Right to receive offers for rights shares and be allotted bonus shares, if announced;
- f) Right to receive surplus on liquidation subject to any statutory and preferential claims being satisfied;

- g) Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- h) Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, the terms of the Equity Listing Agreement, and the Memorandum and Articles of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled “*Main Provisions of the Articles of Association*” beginning on page 248 of the Draft Red Herring Prospectus.

MARKET LOT AND TRADING LOT

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, State of Andhra Pradesh, India.

JOINT HOLDERS

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

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ 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 our Company’s Registered or to our Registrar and Transfer Agents.

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:

1. to register himself or herself as the holder of the Equity Shares; or
2. 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 us. 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.

Bid/Issue Period

BID/ISSUE OPENS ON [●]**	BID/ISSUE CLOSES FOR QIB BIDDERS ON [●]*
	BID/ISSUE CLOSES FOR NON- QIB BIDDERS ON [●]

* Our Company, in consultation with the BRLMs may consider closing QIB Book a day before the Bid/Issue closing date subject to the Bid/ Issue Period being for a minimum of three Working Days.

**Our Company may, in consultation with the BRLMs, allocate upto 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid Opening Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or, in case of bids submitted through ASBA, the designated branches of the SCSBs **except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).** On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹2,00,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only from Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE. Bidders are advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible.

In case of discrepancy in the data between the Stock Exchanges and Designated Branches of SCSBs, the decision of Registrar to the Issue, in consultation with the BRLMs, our Company and the Designated Stock Exchange based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, not later than the timings mentioned above. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, Our Company, the BRLMs and the relevant Syndicate Member will not be responsible. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic ASBA Bid Cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

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 a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Managers and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Our Company, in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two Working Days before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional Working Days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate and to the SCSBs. In the event of any revision in the Price Band the minimum application size shall remain [●] Equity Shares, subject to the Bid Amount payable on such minimum application being in the range of ₹5,000 to ₹7,000.

MINIMUM SUBSCRIPTION

In the event our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, our Company and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act, 1956.

Further, in accordance with Rule 19(2)(b)(i) of the SCRR read with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000, failing which the entire application money will be refunded forthwith.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Our Company's Equity Shares will be traded in dematerialized form only. Marketable lot is one Equity Share. Hence there is no possibility of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

Except for the lock-in of the post-Issue Equity Shares forming the Promoters' contribution in the Issue and the balance pre-Issue share capital of our Company as detailed in "Capital Structure" beginning on page 48 of this Draft Red Herring Prospectus, there are no restrictions on the transfer and transmission of shares and on their consolidation/splitting except as provided for in our Articles. Please see the section titled "Main Provisions of the Articles of Association" beginning on page 248 of this Draft Red Herring Prospectus.

OPTION TO RECEIVE SECURITIES IN DEMATERIALIZED FORM

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

APPLICATION BY ELIGIBLE NRIS, FIIS AND FOREIGN VENTURE CAPITAL FUNDS REGISTERED WITH SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/ or SEBI (ICDR) Regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

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 or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). The Equity Shares shall be sold only outside the United States in compliance with Regulation S of Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the 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.

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.

WITHDRAWAL OF THIS ISSUE

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue after the Bid/ Issue Opening Date but before Allotment, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre- issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed. If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

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

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date but before the allotment of Equity Shares, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) Working Days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight (8) Working Days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

ISSUE STRUCTURE

Public Issue of [●] Equity Shares of face value of ₹10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] Equity Share) aggregating ₹10,400 lakhs (hereinafter referred as the “Issue”). The Issue will constitute [●] % of the fully diluted post Issue paid up capital of our Company. The Issue is being made through the Book Building Process:

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto[●] Equity Shares	Not less than [●] Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders shall be made available for allocation.
Percentage of Issue Size available for allocation/Allotment	Upto 50% of the Issue. However, up to 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. The unsubscribed portion, if any, in the Mutual Fund reservation will be available shall be allocated to QIBs. Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allocation/Allotment if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the Net QIB portion shall be allocated on a proportionate basis to Mutual Funds (b) The balance Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 and in multiples of [●]	[●] Equity Shares

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
		Equity Shares.	
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹2,00,000.
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Bid	[●] Equity Shares and in multiples on [●] Equity Shares thereafter	[●] Equity Shares and in multiples on [●] Equity Shares thereafter	[●] Equity Shares and in multiples on [●] Equity Shares thereafter
Allotment Lot	One Bid Lot and in multiples of One Equity Shares thereafter.	One Bid Lot and in multiples of one Equity Shares thereafter.	One Bid Lot and in multiples of One Equity Shares thereafter.
Who can Apply **	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, multilateral and bilateral financial institutions, scheduled commercial banks, Mutual Funds, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹2500 lakhs, pension funds with a minimum corpus of ₹2500 lakhs, National Investment Fund set up by Government of India, Insurance funds set up and managed by army, navy or airforce of the union of India, eligible for bidding in this Issue and Insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, NRIs, HUF (in the name of Karta), companies, bodies' corporate, scientific institutions societies, trusts, any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual and societies.	Individuals, including NRIs and HUF (in the name of Karta), applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed ₹2,00,000 in value.
Terms of Payment***	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through Book Building Process wherein up to 50% of the Issue shall be allotted on a proportionate basis to QIBs. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds. The remainder shall be available for allotment on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate

basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form or the Application Supported by Blocked Amount 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 or the Application Supported by Blocked Amount.

*** In case of ASBA bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA bidder that are specified in the Bid cum ASBA Form.

#Our Company may allocate 30% of the QIB Portion to Anchor Investors on discretionary basis. The QIB Portion includes Anchor Investor Portion, as per the SEBI ICDR Regulations. In addition, one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For further details, please refer to section titled "Issue Procedure" beginning on page 213 of this Draft Red Herring Prospectus.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders, other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount at the time of submission of Bid.

Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.

BOOK BUILDING PROCEDURE

The Issue is being made through the Book Building Process wherein upto 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% out of the Net QIB portion shall be made available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

All Bidders, other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted through BRLM or its affiliates or the Syndicate Members. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLMs. Our Company, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders’ PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ASBA Process

In accordance with the SEBI (ICDR) Regulations, all Bidders (including QIB Bidders) can participate in the Issue through the ASBA process. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB or (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account (“ASBA Account”) specified in the ASBA Bid-cum- Application Form used by ASBA Bidders. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until approval of the basis of Allotment in the Issue by the

Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs and/or the Registrar.

Bid cum Application Form

Bidders (other than the ASBA Bidders) are required to submit their Bids through the members of the Syndicate. Bids by QIBs will only have to be submitted through the BRLMs or its affiliates or the Syndicate Members. Such Bidders shall only use the Bid cum Application Form bearing the stamp of the BRLMs or Syndicate Member for making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by the ASBA Bidders. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate one of BRLMs, as the case may be.

The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission the Bid cum Application Form to the Syndicate (and in the case of an ASBA Bid cum Application form, to the SCSB) the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by SEBI and / or the 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 the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	[●]
ASBA Bidders	
Residential ASBA Bidders	[●]
Non-resident ASBA Bidders	[●]
Anchor Investor*	[●]

** Bid cum Application forms for Anchor Investors shall be made available at the office of the BRLMs and at the Syndicate Members*

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. Such Bidders 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 the Karta XYZ”, where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
- Mutual Funds registered with SEBI;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI (ICDR) Regulations, as applicable);
- Multilateral and bilateral development financial institution;
- Venture capital funds registered with SEBI;

- Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with a minimum corpus of ₹2500 lakhs. and who are authorized under their constitution to hold and invest in equity shares;
- Pension funds with a minimum corpus of ₹2500 lakhs. and who are authorized under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares; and
- Any other person eligible to Bid in the issue, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

As per the existing regulations, OCBs are not eligible to participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of the BRLMs and the Syndicate Members

The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

The BRLMs and any persons related to the BRLMs or the Promoter and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Non Residents

There is no reservation for Non Residents, including Eligible NRIs, FIIs and FVCIs. All Non Residents, including Eligible NRIs, FII and FVCIs will be treated on the same basis with other categories for the purpose of allocation.

Bids by Eligible NRIs

Bid cum Application forms ([●] in colour) have been made available for Eligible NRIs applying on a repatriation basis at the Registered Office of our Company, the BRLMs, Syndicate Members and with select members of the Syndicate.

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) i.e. on non-repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians ([●] in colour) and shall not use the forms meant for Eligible NRIs ([●] in colour). All instruments accompanying bids shall be payable in Mumbai only.

Bids by Eligible NRIs for a Bid Amount of up to ₹2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the total post Issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total post Issue paid-up capital of our Company or 5% of our total post Issue paid-up capital in case such sub-account is a foreign corporate or foreign individual.

In accordance with the foreign investment limits applicable to us, the total foreign investments including FII investment currently cannot exceed 24% of the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100% of the post issue paid up capital of our Company.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI (ICDR) Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the “SEBI FII Regulations”), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Bids under the Anchor Investor Portion

Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in the Issue for upto [●] Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- a. Anchor Investors shall be QIBs as defined in the SEBI(ICDR) Regulations;
- b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 1000 lakhs and in multiples of [●] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 1000 lakhs.
- c. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
- d. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
 - two, where the allocation under Anchor Investor Portion is upto ₹ 25,000 lakhs.; and
 - five, where the allocation under Anchor Investor Portion is more than ₹ 25,000 lakhs.
- e. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one Working Day prior to the Bid / Issue Opening Date). Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.
- f. Our Company shall, in consultation with the BRLMs, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allottees under the Anchor Investor Portion.
- g. Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs, before opening of Bidding on the Bid/ Issue Opening Date.
- i. Anchor Investors shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of thirty days from the date of allotment in the Issue.

- k. Neither the BRLMs, nor any person related to the BRLMs, our Promoters, members of our Promoter Group or Group Entities, shall participate in the Anchor Investor Portion.
- l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m. The instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “[●]”;
 - In case of Non-Resident Anchor Investor: “[●]”

Anchor Investors are advised to note that Anchor Investors cannot Bid using ASBA process.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in one English national daily newspaper, one Hindi national daily newspaper and one Telugu daily newspaper with wide circulation, at least two Working Days prior to the Bid/ Issue Opening Date.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Bids made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹ 2500lakhs and pension funds with minimum corpus of ₹ 2500lakhs, 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.

Bids by ASBA Investor

For ASBA process, please refer “ASBA Process” beginning on page 213 in the Draft Red Herring Prospectus.

Bids under Power of Attorney

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds and pension funds with a minimum corpus of ₹2500 lakhs. (subject to applicable law), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹2500 lakhs. (subject to applicable law) and pension funds with a minimum corpus of ₹2500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms

and conditions that our Company and the BRLMs may deem fit. Our Company in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹2,00,000. In case the Bid Amount is over ₹2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.
- b) **For Other Bidders (Non-Institutional Bidders and QIBs bidding in the QIB Portion):** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. 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 (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date, as applicable and is required to pay the entire Bid Amount upon submission of Bid.** In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹2,00,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹2,00,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-off Price.
- c) **For Bidders in the Anchor Investor Portion:** Only QIBs can participate in the Anchor Investor Portion. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is for ₹1000 lakhs or more and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the entire Bid amount at the time of submission of the Bid. If the Issue Price is higher than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent queries to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Information for the Bidders:

1. Our Company, and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one Telugu daily newspaper with wide circulation. The advertisement should be in prescribed format.

2. Our Company will file the Red Herring Prospectus will be filed by the Company with the RoC at least three (3) days before the Bid Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate or the SCSBs.
5. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by an atleast additional three Working Days, subject to the total Bidding Period not exceeding ten Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one Telugu newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
6. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
7. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the BRLMs or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid-cum-Application Form or the ASBA Form, as the case may be is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.

Method and Process of Bidding

- a. Our Company in consultation with the BRLMs, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one Telugu daily newspaper with wide circulation, at least two Working Days prior to the Bid/ Issue Opening Date. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLMs, including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.
- b. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one Telugu daily newspaper with wide circulation and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Telugu daily newspaper with wide

circulation and also by indicating the change on the website of the BRLMs, and at the terminals of the members of the Syndicate.

- c. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d. 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 or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs 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 titled “Build up of the Book and Revision of Bids”.
- e. The members of the Syndicate/ SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.
- f. The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.
- g. During the Bid/ Issue Period, Bidders (other than QIBs), who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- h. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled “*Payment Instructions*” of the Draft Red Herring Prospectus.
- i. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- j. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- k. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- l. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

The Bidders can Bid at any price within the Price Band, in multiples of ₹1. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the BRLMs, and advertised in three daily newspapers (one in English, one in Hindi, and in one Telugu daily newspaper, with wide circulation) at least two Working Days prior to the Bid/ Issue Opening Date.

1. In accordance with SEBI (ICDR) Regulations, our Company, in consultation with the BRLMs, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
2. Our Company in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
3. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding ₹2,00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
4. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
5. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band, (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹2,00,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
6. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.
7. Our Company, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹5,000 to ₹7,000.
8. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

IN ACCORDANCE WITH THE SEBI (ICDR) REGULATIONS, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALISED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY

SHARES, IF THEY SO DESIRE, AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges. 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 laws, rules, regulations, guidelines and approvals.

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLMs, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/ Issue Closing Date.
- (c) The Stock Exchanges 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, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
- (d) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (e) At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:
 - Name of the Bidder(s): Bidders 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, Bidders 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 such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;

- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;
- Cheque Amount;
- Cheque Number;
- Bid cum Application Form number;
- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
- ASBA Bid cum Application Form Number.
- PAN (of First Bidder if more than one Bidder)
- Investor Category and Sub-Category:

Retail	Non-institutional	QIBs
(No sub category)	-Individual	- Mutual Funds
	- Corporate	- Financial Institutions
	- Other	- Insurance companies
		- Foreign Institutional Investors other than corporate and individual
		- Sub- accounts
		- Others

- DP ID and client identification number
- Quantity
- Price
- Bank Account Number
- Cheque Number
- Cheque Amount

- (f) 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 request and obtain the TRS from the member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the BRLMs or the Syndicate Member or our Company.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In case of QIB Bidders, bidding in the QIB Portion, the BRLMs or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Draft Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSB shall have no right to reject Bids except on technical grounds.
- (i) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLMs are cleared or approved by the

Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

- (j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/ Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLMs and the Registrar to the Issue, shall be final and binding on all concerned.
- (k) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE. In the event such Bid Amount has not been blocked, the Anchor Investor's Bid shall be rejected.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis at the end of the Bid/ Issue Period.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 2,00,000.00 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹2,00,000.00, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
- (h) Our Company in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000. . In the event of revision in the price band, whether upward or downward, the minimum bid size will remain [●] Equity Shares irrespective of whether the Bid amount payable on such minimum bid is in the range of Rs.5,000 to Rs.7000.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- (j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (k) The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.

Price Discovery and Allocation

After the Bid/ Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with the BRLMs, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

- (a) Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.
- (b) Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (c) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories or a combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [●]Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs.
- (d) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the SEBI (ICDR) Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

- (e) Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
- (f) Our Company reserves the right to cancel the Issue any time after the Bid/ Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid/ Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly.
- (g) In terms of SEBI (ICDR) Regulations, QIB Bidders bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date. Further the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/ Issue Period.
- (h) If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.
- (i) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.
- (j) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs. Rejection of Bids by QIBs bidding in the QIB Portion, if any will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds.

Signing of Underwriting Agreement and RoC Filing

- a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- b) After signing the Underwriting Agreement, our Company and the BRLM would update and file the updated Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

Filing with the RoC

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with RoC in terms of Sections 56, Section 60 and Section 60B of the Companies Act.

Public Announcement post filing of the Draft Red Herring Prospectus

Our Company shall, either on the date of filing of this Draft Red Herring Prospectus or the next day, make a public announcement in one English language national daily, one Hindi language national daily and one Telugu newspaper, each with wide circulation, disclosing to the public the fact of filing of this Draft Red Herring Prospectus with the SEBI and inviting the public to give their comments to the SEBI in respect of disclosures made in this Draft Red Herring Prospectus.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after registering the Red Herring Prospectus with ROC, publish a pre-issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations in two widely circulated national newspapers (one each in English and Hindi) and a Telugu newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after filing of the Prospectus with the RoC in an English national daily newspaper, a Hindi national daily newspaper and a Telugu daily newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (“CAN”)

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders(including Anchor Investors) may be done simultaneously with or prior to the approval of the basis of Allotment for the Retail Individuals and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by our Company for the demat credit of the Equity Shares, to all Bidders in the Issue shall be done on the same date.
- b) The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.
- d) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all Allotted to such Bidder.

The Issuance of CAN is subject to “Notice to Anchor Investors - Allotment Reconciliation and Revised CANs” as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and BRLMs, select Anchor Investors may be sent a Anchor Investor Allocation Notice, within two Working Days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Notice to QIBs: Allotment/Transfer Reconciliation and Revised CAN

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI (ICDR) Regulations, certain Bid cum Applications Forms may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within ten Working Days of the Bid/Issue Closing Date.
2. As per SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the Bid cum Application Form;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the BRLMs or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- e) With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- f) Ensure that you have requested for and receive a TRS for all your Bid options;
- g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- k) Ensure that the Bid is within the Price Band;
- l) Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

- m) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
- n) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;
- d) Do not pay the Bid amount in cash, by money order or by postal order;
- e) Do not provide your GIR number instead of your PAN number.
- f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
- g) Do not Bid at Cut-off price (for QIBs and Non-Institutional Bidders);
- h) Do not Bid for a Bid Amount exceeding ₹ 2,00,000.00 (for Bids by Retail Individual Bidders);
- i) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- j) Do not submit Bid accompanied with Stock invest;
- k) Do not submit the Bid without the full Bid Amount.
- l) Submission of more than five ASBA Bid cum Application Forms per bank account

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office. **ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com.**

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid-cum-Application Forms or Revision Forms.
- c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct are legible.
- d) For Retail Individual Bidders the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter, subject to a maximum Bid Amount of ₹2,00,000. In case the Bid Amount is over ₹2,00,000 due to revision of the Bid, or revision of the Price Band, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- e) For Non-Institutional Bidders and QIBs Bidders bidding in the QIB Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. 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. QIBs cannot withdraw their Bid after the Bid Closing Date. Bids cannot be made for more than the Issue size.

- f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹2,00,000 or less due to a revision in Bids or revision of the Price Band, such Bids by Non-Institutional Bidders would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.
- g) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹1000 lakhs. and in multiples of [●] Equity Shares thereafter.
- h) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- i) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- j) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of the Permanent Account Number of the Sole/ First Bidder, 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 demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS/ NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, or the Registrar to the Issue or Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

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 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorize the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/ Allocation Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication 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 (other than ASBA Bidders) 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 Bidder's sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first Bidder, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable ([•] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of upto ₹2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Syndicate Members and the BRLMs shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLMs, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Syndicate Members, the Registrar to the Issue and the BRLMs to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/ failure of the Issue or until rejection of the Bid, as the case may be.

Payment into Escrow Account(s) for Bidders other than ASBA Bidders:

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the entire Bid amount as per the following terms:

1. The Bidders, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the members of the Syndicate. Bid cum Application Forms accompanied with cash, stockinvest, money order or postal order shall not be accepted.
2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident QIB Bidders: “[•]”
 - In case of Non-Resident QIB Bidders: “[•]”
 - In case of Resident Retail and Non – Institutional Bidders: “[•]”
 - In case of Non Resident Retail and Non – Institutional Bidders: “[•]”
 - In case of Resident Anchor Investors: “[•]”
 - In case of Non-Resident Anchor Investors: “[•]”
4. In case of bids by NRIs applying on a 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), 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 the NRE Account or the Foreign Currency Non- Resident Account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in 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 or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account 'SPNR' 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 Non Resident Rupee Account 'SPNR'.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
9. 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 with the Banker to the Issue.
10. No later than ten Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.
11. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted or through RTGS payment. 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.
12. Bidders are advised to mention the number of Bid cum Application Form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
13. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 05, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Payment by cash / money order

Payment through cash/ money order shall 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 members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in 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/ refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
-
- The Bids will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds registered with SEBI and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicates the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and in Net QIB Portion will not be considered as multiple Bids.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

Permanent Account Number ("PAN")

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders. 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.**

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts

Right to Reject Bids

In case of QIB Bidders, bidding under the QIB Portion, our Company, in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/ NEFT/ ECS/ NECS/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the

SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids may be liable to be rejected among others on the following technical grounds:

- 1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than the Floor Price;
- 7) Bids at a price more than the Cap Price;
- 8) Submission of more than five ASBA Bid cum Application forms per bank account;
- 9) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 10) Bids for number of Equity Shares which are not in multiples of [●];
- 11) Category not ticked;
- 12) Multiple bids as defined in the Draft Red Herring Prospectus;
- 13) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 14) Bids accompanied by Stock invest/ money order/ postal order/ cash;
- 15) Signature of sole and/ or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- 16) Bid cum Application Form does not have the stamp of the BRLMs or Syndicate Member;
- 17) ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear an unique application number;
- 18) Bids by QIBs not submitted through the BRLMs / Syndicate Members or in case of ASBA Bids for QIBs, not intimated to the BRLMs/ Syndicate Members;
- 19) Bid cum Application Form does not have Bidder's depository account details;

- 20) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
- 21) 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;
- 22) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- 23) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 24) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- 25) Bids by persons in the United States (as defined in regulation S) other than entities in the United States (as defined in Regulation S) that are "qualified institutional buyers" as defined in Rule 144A of the US Securities Act;
- 26) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- 27) Bids not uploaded on the terminals of the Stock Exchanges;
- 28) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 29) Bids by OCBs;
- 30) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
- 31) ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
- 32) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ₹ 2,00,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date; and
- 33) Bids by NRIs not disclosing their residential status;
- 34) Submission of Bids by Anchor Investors through ASBA process;

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID-CUM-APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION IS LIABLE TO BE REJECTED.

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 dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a. Agreement dated February 14, 2011 among NSDL, our Company and Registrar to the Issue;
- b. Agreement dated February 16, 2011 among CDSL, our Company and Registrar to the Issue.

All Bidders will be allotment Equity shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a. A Bidder applying for Equity Shares must have at least one beneficiary account with 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 Permanent Account Number, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- c. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details" in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
- i. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the 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, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price and at Cut-off 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 and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs Bidders and Retail Bidders 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 valid Bids 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 valid Bids in this category are greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of Allotment refer below.

C. For Qualified Institutional Bidders in the QIB Portion

1. Bids received from the QIB Bidders bidding in the QIB portion, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. Allotment to all successful QIB Bidders will be made at the Issue Price.
2. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. Allotment shall be undertaken in the following manner:
 - a. In the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the Net QIB Portion

- ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the Net 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 for Allotment to all QIB Bidders as set out in (b) below;
- b. In the second instance Allotment to all QIBs Bidders in the QIB portion shall be determined as follows:
- i. Under-subscription below 5% in the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - ii. In the event of an oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion.
 - iii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

D. For Anchor Investor Portion

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLMs, subject to compliance with the following requirements:

- i. not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
 - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto ₹25,000 lakhs and minimum number of five Anchor Investors for allocation more than ₹25,000 lakhs.
1. The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/ Issue Opening Date by intimating the Stock Exchanges.

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event the Issue is over-subscribed, the basis of Allotment shall be finalized by our Company 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 BRLMs and the Registrar to the Issue shall be responsible for ensuring that 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 categorised according to the number of Equity Shares applied for;
- b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- c. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- i. Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
 - ii. The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e. If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
 - f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
 - g. Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLMs.

Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the QIB Portion

A. Issue Details

S. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB upto (50%)	100 million Equity Shares
3	Anchor Investor Portion	30 million Equity Shares
4	Portion available to QIBs other than Anchor Investors ((2) minus (3))	70 million Equity Shares
	Of which:	
	a. Reservation to MF (5%)	3.5 million Equity Shares
	b. Balance for all QIBs including MFs	66.5 million Equity Shares
5	No. of QIB applicants	10
6	No. of shares applied for	500 million Equity Shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of Equity Shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of Equity Shares in million)

Type of QIB bidders	Shares bid for	Allocation of 3.5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 66.5 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	6.70	0
A2	20	0	2.68	0
A3	130	0	17.41	0
A4	50	0	6.70	0
A5	50	0	6.70	0
MF1	40	0.70	5.26	5.96
MF2	40	0.70	5.26	5.96
MF3	80	1.40	10.53	11.93
MF4	20	0.35	2.63	2.98
MF5	20	0.35	2.63	2.98
	500	3.50	66.50	29.82

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in section titled “Issue Structure” beginning on page 210.
2. Out of 70 mn equity shares allocated to QIBs, 3.5 mn (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied in QIB category.
3. The balance 66.50 million equity shares (i.e. 70.00 – 3.50 (available for mutual funds)) will be allocated on proportionate basis among 10 QIB applicants who applied.
4. The figures in the fourth column titled “Allocation of balance 66.50 million equity shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than mutual funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 66.50 / 496.5
 - For mutual funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 95/496.5

The numerator and denominator for arriving at allocation of 70 million shares to the 10 QIBs are reduced by 3.5 million Equity Shares, which have already been allotted to mutual funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant’s name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders’ bank account details, including the nine digit Magnetic Ink Character Recognition (“**MICR**”) code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders’ sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs 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.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company.
2. ECS/ NECS – Payment of refund would be done through ECS / NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
3. RTGS – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 1 lakhs, has 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 / NECS. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. 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.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within nine days of the Bid/ Issue Closing Date.

Disposal of Applications and application moneys and interest in case of delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within ten Working Days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS/ NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within ten Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within ten Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within ten Working Days of the Bid/ Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within ten Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within eight Working Days from the Bid/ Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the ten Working Days from the Bid/ Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within eight days from the day our Company becomes liable to repay (i.e. ten Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than ten Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within ten Working Days from the Bid/ Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within eight Working Days of the Bid/Issue Closing Date, as the case may be.

Our 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 our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay-orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders or Instruction to the SCSBs

Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS / NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, by registered post or speed post at the sole or First Bidder's sole risk within ten Working Days of the Bid/ Issue Closing Date. Bidders 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 ten days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful

ASBA Bids within eight Working Days of the Bid/ Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days from the Bid/Issue Closing Date.

Undertakings by our Company

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within twelve Working days of the Bid/ Issue Closing Date;
3. that the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within ten Working days of the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. that the instruction for electronic credit of Equity Shares/ refund orders/ intimation about the refund to non-resident Indians shall be completed within the specified time;
6. that no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue after the Bid/ Issue Opening Date but before Allotment, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre- issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed. If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

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

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date but before the allotment of Equity Shares, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) Working Days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company and every Director of our Company who is an

officer in default shall, on and from such expiry of eight (8) Working Days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- (d) Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Net Proceeds.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 (the “**Industrial Policy**”) of the GoI 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 upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or 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 SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

100% foreign investment is permissible under the automatic route in the industry in which our Company operates, provided that our Company complies with the requirements as specified under FEMA and the relevant Rules and Regulations framed there-under.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the 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.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:

PRELIMINARY

1. No regulation contained in Table A in the First schedule to the Companies Act, 1956, or in the schedule to any previous Companies Act, shall apply to the Company, but the regulations for the management of the company and for the observance of the members thereof and their representatives, shall subject to any exercise of the statutory powers of the company with reference to the repeal or alteration of, or addition to its regulations by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

3. SHARE CAPITAL

“The Authorized Share Capital of the company shall be as mentioned in the Clause V (a) of the Memorandum of Association of the company”

The company in general meeting may, from time to time, by an ordinary resolution increase the authorized share capital by such sum and to be divided into Shares of such amount as may be prescribed by the resolution. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof; shall direct, and if so direction be given, as the Directors shall determine and in particulars, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

4. REDEEMABLE PREFERENCE SHARES

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares, which are, or at the opinion of the Company are, liable to be redeemed and the resolution authorizing such issued shall prescribe the manner, terms and conditions of redemption. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.

5. PROVISION TO APPLY ON ISSUE OF REDEEMABLE PREFERENCE SHARES

On the issue of Redeemable Preference Shares following provisions shall take effect:

- (a) No such shares shall be redeemed except out of the profits of the company, which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
- (b) No such shares shall be redeemed unless they are fully paid;
- (c) The premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's premium account before the shares are redeemed;
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, shall out of profits which would otherwise have been available for dividends be transferred to a reserve fund to be called the “Capital Redemption Reserve Account”, a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
- (e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be affected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

6. MODIFICATION OF RIGHTS

Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

7. REDUCTION OF CAPITAL

The Company may (subject to the provisions of Section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce its capital or any Capital Redemption Reserve Account or Security Premium Account in any manner for the time being authorized by law and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to be derogated from any power the company would have, if it were omitted.

8. SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, consolidate all or any of its shares, or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any shares is sub-divided, may determine that, as between the holders of the Shares resulting from sub-division one or more of such shares shall have some preference of special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject to as aforesaid the company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

9. APPLICATION OF PREMIUM RECEIVED ON SHARES

- 1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.
- 2) The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company:
 - (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
 - (b) In writing off the preliminary expenses of the Company;
 - (c) In writing off the expenses of or the commission paid or discount allowed on any issue of Shares or debentures of the Company; or
 - (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

10. SHARES AT A DISCOUNT

The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:

- (a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;
- (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and

- (c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

13. FURTHER ISSUE OF CAPITAL

- (1) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right..
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that the declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think most beneficial to the company.
- (2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

If a special resolution to that effect is passed by the company in General Meeting, or

Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or, where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.

- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
To extend the time within which the offer should be accepted; or

To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation

- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company:
- (I) To convert such debentures or loans into shares in the company; or
 - (II) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and condition as to redemption, surrender, drawing, allotment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

14. NEW CAPITAL SAME AS EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

16. SHARES UNDER CONTROL OF DIRECTORS

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

22. SHARE CERTIFICATES

- (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in the name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons the company shall not be borne to issue more than one certificate, and delivery of a certificate for share to one of the two joint holders shall be sufficient delivery to all such holders
- (b) Any two or more joint allottees of a share for the purpose of this Article, be treated as a single member, and the certificate of any share which may be the subject of joint owners, may be delivered to the first named person on behalf of all of them; for any further certificate the Board shall be entitled, but shall be not bound to prescribe charge not exceeding Rupee 1 the Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in the metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

23. RENEWAL OF SHARE CERTIFICATE

- (a) If any certificate be worn out, defaced, mutilated, or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

- (b) All blank forms to be issued for issue of share certificates shall be in printing and shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms, and the blocks engravings facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering account of those forms to the Board.
- (c) The Managing Director of the Company for the time being or if the company has no Managing Director, Directors of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificate referred to in clause (b) of this Article.
- (d) All books referred to in clause (c) of this Article shall be preserved in good order permanently.

26. CALLS

- (a) The Board may, from time to time subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a Resolution passed at a Meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the Members in respect of all monies unpaid on the shares held by them respectively and each members shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable in installments. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.
- (b) No person shall be given an option or right to call of shares except with the prior sanction of the Company in General Meeting.

27. NOTICE OF CALLS

Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such calls shall be paid.

28. CALLS TO DATE FROM RESOLUTION

A call shall be deemed to have been made at the time when the resolution authorizing such calls was passed at a meeting of the Board. A call may be revoked or postponed at the discretion of the Board.

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof

29. DIRECTORS MAY EXTEND TIME

The Board may, from time to time, at its discretion extend the time fixed for payment of any call, and may extend such times as to all or any of the members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension as a right except as a matter of grace and favour.

30. CALLS TO CARRY INTEREST

- (a) If any member fails to pay any call due from him on or before the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but noting in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
- (b) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The Provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

31. SUMS DEEMED TO BE CALLS

Any sum, which may be 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 the purpose of these Articles be deemed to be a call duly made and payable on the date which by the terms of issue of same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

32. INSTALLMENTS OF SHARES TO BE DULY PAID

If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.

33. ACCEPTANCE OF SHARES

Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.

34. DEPOSIT, CALL ETC., TO BE DEBT PAYABLE

The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall

immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

35. LIABILITY OF MEMBERS

Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.

36. LIEN

The Company shall have a first and paramount lien upon all the shares/ debentures (Other than fully paid-up shares/debentures) registered in the name of each member (Whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

37. FORFEITURE OF SHARES

If any member fails to pay any calls or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as a call or installment remains unpaid give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. The notice shall also state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

When any share shall have been so forfeited notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

Any share so forfeited shall be deemed to be property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

38. LIABILITY ON FORFEITURE

Any member whose share has been forfeited shall cease to be a member in respect of the share, but shall not withstanding such forfeiture, remain liable to pay, and shall forthwith pay to the company at calls or installments, interest and expenses, owing upon or in respect of such share, at the time of forfeiture, together with the interest thereon, from the time of the forfeiture until payment, at such rate as the Board may determine, and the Board may enforce payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of the forfeiture, but shall not be under obligations to do so.

39. CANCELLATION OF SHARE CERTIFICATE IN RESPECT OF FORFEITED SHARES

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificate 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

affect and the direction shall be entitled to issue a duplicate certificate in respect of the said shares to the person or persons entitled thereto.

40. INSTRUMENT OF TRANSFER

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Subject to the Stock Exchange Regulations as may be altered from time to time, transfer of shares shall take place in marketable lots.

41. TRANSFER FORM TO BE COMPLETED AND PRESENTED TO THE COMPANY

The instrument of the transfer shall be in a form common to all transfers and shall be accompanied by such evidence as the Board may require to prove the title of the transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of Board. The transferor shall be deemed to be the holder of such share until the name of the transferee shall have been entered in the Register of the Members in respect thereof. Before the registration of transfer the certificate of the shares must be delivered to the company.

42. TRANSFER BOOKS AND REGISTER OF MEMBERS WHEN CLOSED

The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books Register of Members or Register of Debenture-holder at such time or times and for such period or periods not exceeding thirty days at any one time and not exceeding in the aggregate forty-five days in each year.

43. DIRECTORS MAY REFUSE TO REGISTER TRANSFERS

Subject to the provisions of Section 111A of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956 or any other applicable law for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

44. DEATH OF ONE OR MORE JOINT HOLDERS OF SHARE

In the case of death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estates of a deceased joint-holder from any liability on shares shall by him jointly with any person.

45. PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the share.

46. NOMINATION OF SHARES

Every holder of shares in, or holder of debentures of the company, may at any time, subject to the provisions of the Section 109A of the Companies Act, 1956 nominate in the manner by the board of directors, a person in whom shares or debentures of the company shall vest in the event of his death.

Any person who becomes a nominee by virtue of the provision of Section 109A may upon the production of such evidence and on such application may be required by the board and subject to the provision of Section 109B of the Companies Act, 1956 elect, either –

- a) to be registered himself as holder of share or debenture, as the case may be or
- b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- c) Issue of Sweat Equity Shares/Employees Stock Option Schemes.
- d) Subject to the provisions of these Articles and in accordance with the provisions of Section 79A of the shares under Employees Stock Option Schemes to the persons entitled thereto.

47. NO FEE ON TRANSFER OR TRANSMISSION

(a) No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document

(b)(i) If the person so becoming entitled shall elect, to be registered as holder of the Shares himself, he shall deliver or send to the Company a notice in writing signed by him stating that he elects.

(b)(ii) If the person aforesaid shall elect to transfer the Shares he shall testify his election by executing a transfer of the Shares.

(b)(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of Share shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member has not occurred and the notice or transfer signed by that member.

A person becoming entitled to a share by reason of death, insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of it be entitled to exercise any right conferred by memberships 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 ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys, payable in respect of the Share until the requirements of the notice have been complied with.

50. DEMATERIALISATION OF SECURITIES

(a) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act

Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

- (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;
- (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;
- (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be

Notwithstanding anything to the contrary contained in the Articles,

- (1) Section 83 of the Act shall not apply to the Shares held with a Depository;
- (2) Section 108 of the Act shall not apply to transfer of Security affected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

52. BORROWING POWER

Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board of Directors, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

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 of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

- (a) The Board of Directors may at any time by a resolution passed at a Board Meeting delegate to any category of managerial, personnel or any Committee of Directors or any other principal officer of the branch office of the company, the powers specified in sub-clause (a) above provided the resolution delegating powers to such managerial personnel or committee to borrow moneys shall specify the total amount upto which the moneys may be borrowed by him or them.

Provided that the right to conversion of loan or debentures in shares shall not be given without the sanction of the company in General Meeting by a Special Resolution.

- (b) The Directors shall cause a proper register to be kept in accordance with the provisions of the Act or changes specifically affecting the property of the Company and shall duly comply with the requirements of the Act with regard to the registration of mortgages and charges. The register of charges kept in pursuance of the Act shall be open during business hours, subject to reasonable restrictions as the Company in General Meeting may impose so that not less than two hours in each day are allowed for such inspection to any creditor or member of the Company without fee and to any other person on payment of Re 1/- for each inspection at the Registered Office of the Company.
- (c) Subject to the provisions of the Act and Companies (Acceptance of Deposit) Rules, 1975 the Directors may receive deposits on such terms and bearing interest at such rate as the Board of Directors may decide from time to time. The deposits may be received from any person or person including the Directors and the Shareholders of the Company.

70. VOTES OF MEMBERS

- a) Voting rights shall be exercised in accordance with the provisions of section 2, 87, 88, 92, 17, 178, 179, 180, 182, 183, 184 and 185 of the Act or any statutory modifications thereof and Regulations hereunder read with Section 181 of the Act.
- b) Every member entitled to vote at a meeting of the company or on any resolution to be moved there at shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and the ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company. Provided not less than three days notice in writing of the intention so to inspect is given to the Company.

No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has exercised, any right of lien.

71. NUMBER OF VOTES TO WHICH MEMBER ENTITLED

Subject to the provisions of these articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every member, not disqualified by the last preceding article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion of his share of the paid up equity share capital of the company, provided however, that if any preference shareholder be present at any meeting of any of this company, save as provided in clause (b) meeting which directly affects the rights attached to the preference shares.

120. DIVIDENDS

The profits of the company subject to any special right relation thereto created or authorized to be created by these articles and subject to the provisions of these articles shall be divisible among the members in proportion to the amount of capital paid or credited paid-up on the shares held by them respectively. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

The company in general meeting may declare dividends to be paid to members according to their respective rights but no dividends shall exceed the amount recommended by the board, but the company in General Meeting may declare a smaller dividend than that recommended by the Board.

No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of section 205 of the Act or out of the profits of the company for any

previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that:

If the company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of the financial year or years.

If the company has incurred any loss in any financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the company for any previous financial year or years arrived at in both cases after providing for depreciation (2) of section 205 of the act or against both.

121.INTERIM DIVIDEND

The Board may, from time to time, pay to the members such interim dividend as in their judgment the position of the company justifies.

122.DIVIDENDS IN PROPORTION TO AMOUNT PAID UP

All dividends, shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any proportion or portions of the periods in respect of which the dividends 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.

123.NO MEMBER TO RECEIVE DIVIDEND WHILST INDEBTED TO THE COMPANY'S RIGHT TO REIMBURSEMENT THEREOUT.

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the company in respect of such share or shares or otherwise, however, either alone or jointly with any other person or persons, and the Board may member all sums of money so due from him to the company.

124.TRANSFER OF SHARE MUST BE REGISTERED

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

125.DIVIDENDS HOW REMITTED

Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by wire transfer to the bank account of the holder/joint holder or by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint-holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint holding or to such person and such address as the holder or joint-holders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.

Reserves

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of

the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Dividend to be paid within time required by law

The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-

- (a) where the dividend could not be paid by reason of the operation on any law; or
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
- (c) where there is dispute regarding the right to receive the dividend; or
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Dividends in cash

No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.

126.UNCLAIMED DIVIDEND

- (a) Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called“Unpaid Dividend _____(year) Account of APR Constructions Limited” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the company to the Investor Education & Protection Fund. Claim to any money so transferred to the said fund be preferred the shareholders.

- (b) No unclaimed or unpaid dividend shall be forfeited by the Board unless the claim thereto becomes barred by law.

127.DIVIDENDS AND CALL TOGETHER

Any General Meeting declaring a dividend may on the call on the member of such amounts the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the dividend may, if so arranged between the company and the member, be set off again the calls.

140.WINDING UP

- (a) If the company shall be wound up, the liquidator may, with the sanction of Special Resolution of the company and such other sanction as may be required by law, 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.
- (b) For the purpose aforesaid the liquidator may set such value 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.
- (c) The liquidator may, with the like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors, as the liquidator shall think fit, but so that no member shall be compelled to accept any share or other securities whereon there is any liability.

141.INDEMNITY

- (1) If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively.
- (2) On the winding up of the Company, the liquidator may, subject to the provisions of the Act, divide amongst the Members in specie or otherwise the whole or any part of the assets of the Company, whether they shall consist of property of the same kinds or not.
- (3) For the purpose aforesaid, the liquidator may set such value 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.
The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

142.SECRECY CLAUSE

Every manager, auditor, trustee, member of a committee officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any General Meeting or by the laws of the country and except so far as may be necessary in order to comply with any of the provisions in these Articles or the Act. The Board may, from time to time, pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company.”

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at Flat No. 404, 5th Floor, Bhanu Enclave, Sundarnagar, Erragadda, Hyderabad – 500 038, Andhra Pradesh, India, from 10.00 am to 4.00 pm from Monday to Saturday (except Public holidays) from the date of the Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

- 1 Issue Agreement dated March 09, 2011 amongst our Company and the BRLMs
- 2 Agreement dated March 09, 2011 entered into by our Company with Karvy Computershare Private Limited to act as the Registrar to the Issue.
- 3 Escrow Agreement dated [●] amongst Escrow Collecting Bank, BRLMs, Registrar and our Company.
- 4 Syndicate Agreement dated [●] amongst BRLMs, Syndicate Members, the Registrar and our Company.
- 5 Underwriting Agreement dated [●] amongst BRLMs, Syndicate Members and our Company.

Material Documents

1. Certified true copy of Memorandum and Articles of Association, as amended from time to time including Certificate of Incorporation dated December 03, 2004 and Certificate of Commencement of Business dated December 24, 2004 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad;
2. Certified copy of the Board resolution dated February 16, 2011 authorizing the Issue;
3. Certified copy of the Shareholders' resolution dated February 22, 2011 authorizing the Issue;
4. Report of our Statutory Auditor dated March 01, 2011 regarding Restated Financial Statements of the Company for Fiscals 2006, 2007, 2008, 2009, 2010 and for the eight months period ended November 30, 2010;
5. Copy of Statement of Tax Benefits report dated March 01, 2011 issued by our Statutory Auditor;
6. Statutory Auditors Certificate dated April 05, 2011 regarding Sources and Deployment of Funds as on March 31, 2011;
7. Shareholders Resolution dated November 02, 2009 re-appointing Wholetime Director;
8. Shareholders Resolution dated November 02, 2009 re-appointing Managing Director;
9. Consents of Auditor, Bankers to our Company, BRLMs, Registrar to the Issue, Legal Advisor to the Issue, Bankers to the Issue, Directors of our Company, CFO, Company Secretary and Compliance Officer, as referred to, in their respective capacities;
10. Consent of CRISIL Research for inclusion of extracts of information of their Report titled "Indian Infrastructure Report, November 2009";
11. IPO Grading report dated [●] issued by CRISIL Limited, a credit rating agency registered with SEBI;

12. Application dated [●] for in-principle listing approval to the BSE and NSE;
13. In - principle listing approvals dated [●] and [●] from BSE and NSE, respectively;
14. Tri- partite Agreement from NSDL, our Company and the Registrar to the Issue dated February 14, 2011;
15. Tri- partite Agreement from CDSL, our Company and the Registrar to the Issue dated February 16, 2011;
16. Due Diligence certificate dated April 06, 2011 to SEBI from the BRLMs;
17. Consent of CRISIL Limited, the IPO Grading Agency for inclusion of their report dated [●] in the form and context in which they appear in the Red Herring Prospectus and the Prospectus;
18. Certified copy of resolution of Board of Directors dated April 06, 2011 approving this Draft Red Herring Prospectus;

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the SEBI (ICDR) Regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of Our Company

Mr. Hari Vittal Rao Chinthalapati

(Chairman & Independent Director)

Mr. Pulagam Harikrishna

(Managing Director)

Mrs. Adala VindhyaVali

(Non Executive Director)

Mr. Gunapati Murali Krishna Reddy

(Executive Director)

Dr. Pellakuru Chandra Kiran Reddy

(Non Executive Director)

Mr. Rama Murthy Miduthuri Venkata

(Independent Director)

Signed by the Company Secretary & Compliance Officer

Mr. Prakash Reddy Pentareddy

Signed by the Chief Financial Officer

Mr. P Seshagiri Rao

Date: April 06, 2011

Place: Hyderabad