DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated: September 30, 2008
(The Draft Red Herring Prospectus will be updated upon RoC filing)
100% Book Building Issue

AMR CONSTRUCTIONS LIMITED

(Our Company was incorporated as AMR Constructions Limited on April 25, 2001 as a public limited company under the Companies Act, 1956. We received the certificate of commencement of business on June 4, 2001 from the Registrar of Companies, Andhra Pradesh, Hyderabad ("RoC"). For details on the changes in the registered office of the Company see "History and Certain Corporate Matters" beginning on page no. 76 of this Draft Red Herring Prospectus)

Registered Office: Plot No 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad – 500 073, Andhra Pradesh.
Telephone: +91-40- 23548862, 23541561; Facsimile: +91-40-23541621;
Corporate Office: 3rd Floor, Serene Chambers, Road No. 5, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh.
Telephone: +91-40-23602384/85; Facsimile: +91-40-23602386
Contact Person / Compliance Officer: Mr. Suresh Kumar Vaishraj, Telephone: +91 – 40 – 23602384/85;
E-mail: complianceofficer@amrcl.com **Website**: www.amrcl.com

PUBLIC ISSUE OF 5,800,000 EQUITY SHARES OF RS.10/- EACH OF AMR CONSTRUCTIONS LIMITED ("AMRCL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING A PREMIUM OF RS. [•] PER EQUITY SHARE) AGGREGATING TO RS. [•] MILLION (HEREINAFTER REFERRED TO AS THE "ISSUE") THE ISSUE WOULD CONSTITUTE 26.13% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

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

THE FLOOR PRICE IS [•] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [•] TIMES OF THE FACE VALUE.

In case of revision of the Price Band, the Bidding / Issue Period shall be extended for additional three working days after such revision, subject to the Bidding / Issue Period not exceeding ten working days. Any revision in the Price Band, and the revised Issue / 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 by indicating the change on the website of the Book Running Lead Manager ("BRLM") and the terminals of the other members of the Syndicate.

The Issue is being made through a 100% Book Building Process as defined below wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIBs") on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Out of the proportion available to QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 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.

RISK IN RELATION TO FIRST ISSUE

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

GENERAL RISKS

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

IPO GRADING

This Issue has been graded by **[•]** as **[•]**, indicating **[•]**.The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and " IPO Grade 1" indicating poor fundamentals. For further details on IPO Grading, see "General Information" on page 7**.** of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. We have received the in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated **[•]** and **[•]** 2008 respectively. **[•]** shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
Prabhudas Lilladher POWERING YOUR FINANCIAL GROWTH **PL CAPITAL MARKETS PRIVATE LIMITED** 3rd floor, Sadhana House, 570 P. B. Marg, Worli, Mumbai – 400 018 Tel: +91 – 22 - 6632 2222/20 Fax: +91 – 22 – 6632 2229 Email: ipo_amr@plindia.com Website: www.plindia.com SEBI Reg. No. : INM000011237 Contact Person: Ms. Ritcha Bhandari	KARVY Karvy Computershare Private Limited **KARVY COMPUTERSHARE PVT LTD** Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad- 500 081 Tel: +91- 800- 3454001 Fax: +91- 040 2342 0814 Website: www.karvy.com Email: amripo@karvy.com SEBI Regn. No. : INR000000221 Contact Person: Mr. M. Muralikrishna

ISSUE SCHEDULE

BID / ISSUE OPENS ON :[●], 2008	BID / ISSUE CLOSES ON : [●], 2008

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

I. COMPANY RELATED TERMS:

TERM	DESCRIPTION
"We", "us", "our", "the Issuer", "the Company", "our Company" or "AMRCL"	Unless the context otherwise indicates or implies, refers to AMR Constructions Limited, a public limited company incorporated under the Companies Act, 1956.
AMR Malind	AMR Malind Infra Private Limited, a company incorporated under the laws of India and having its registered office at Plot No 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad – 500 073, Andhra Pradesh.
Articles / Articles of Association / AoA	The articles of association of the Company as amended
Auditors	The statutory auditors of the Company: M/s. akasam & associates, Chartered Accountants
Board of Directors/Board	The Board of Directors of AMR Constructions Limited or a committee thereof
Compliance Officer	Compliance Officer of the Company in this case being, Mr. Suresh Kumar Vaishraj
Corporate Office	Corporate Office of the Company situated at 3rd Floor, Serene Chambers, Road No. 5, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh.
Director(s)	Director(s) of the Company unless otherwise specified
GIL	Grants Investment Limited having its registered office at Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.
Memorandum / Memorandum of Association / MoA	The memorandum of association of the Company as amended from time to time
Order Book	Value of (i) projects awarded to us for which we have entered into signed agreements or received letters of award or letters of intent or work orders but have not commenced work and (ii) the uncompleted part of the projects for which we have commenced work.
Promoter(s)	Mr. A. Mahesh Reddy, Mr. A. Girish Reddy, and Mr. A. Audinarayana Reddy
Promoter Group	Unless the context otherwise specifies, refers to those entities mentioned in the section "Our Promoter and Promoter Group Companies" on page 98 of this Draft Red Herring Prospectus
Registered Office of the Company	Registered Office of the Company situated at Plot No 88, Sari Konda Mansion, Ground Floor, Phase III, Kamala Puri Colony, Hyderabad – 500073, Andhra Pradesh.
Subsidiary	The subsidiary of the Company being AMR Malind Infra Pvt Ltd

II. OFFERING-RELATED TERMS:

TERM	DESCRIPTION
Allotment/Allot/Allotted	Unless the context otherwise requires, issue of equity shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are being / or have been issued or transferred
ASBA	Application Supported by Blocked Amount - an application for subscribing to an issue containing an authorisation to block the application money in a bank account.)
ASBA Investor	an Investor who intends to apply through ASBA process and a. is a "Resident Retail Individual Investor"; b. is bidding at cut-off, with single option as to the number of shares bid for;

	c. is applying through blocking of funds in a bank account with the SCSB; d. has agreed not to revise his/her bid; e. is not bidding under any of the reserved categories.
Banker(s) to the Issue/Escrow Collection Banks	The banks that are clearing members and registered with the SEBI as Bankers to the Issue with whom the Escrow Account for the Public Issue will be opened, in this case being [●]
Basis of Allotment	Basis on which equity shares will be allotted to bidders under the Issue and which is described in "Issue Procedure" on page 196 of this Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Closing Date / Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper a Hindi national newspaper and a Telugu newspaper.
Bid Price/ Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
Book Running Lead Manager/ BRLM	PL Capital Markets Private Limited having its office at 3rd floor, Sadhana House, 570 P. B. Marg, Worli, Mumbai 400 018
BPLR	Bank's Prime Lending Rate
Business Day	Any day other than Saturday and Sunday on which commercial banks in [•], [•] are open for business.
CAGR	Compounded Annual Growth Rate
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
CAP Price	The higher end of the price band above which the issue price will not be finalized and above which no bids will be accepted
FCD	Fully Convertible Debenture
CDSL	Central Depository Services (India) Limited
Cut-off price	Cut-off refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
D/E Ratio	Debt-Equity Ratio
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with the 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, 1996
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders

Designated Stock Exchange	[●]
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have inter alia the particulars of the Issue price, size of the Issue. Upon filing with RoC atleast 3 days prior to the Bid opening date, it will become RHP. It will become a Prospectus on filing with the RoC after the pricing and allocation
Eligible NRI	NRI's from jurisdiction outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the equity shares allotted herein.
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheque or draft in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), BRLM and the Syndicate Members for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/ Public Issue/ Fresh Issue	The public issue of 5.80 million equity shares of Rs. 10 each for cash at a price of Rs. [•] each aggregating to Rs. [•] million by the Company in terms of this Draft Red Herring Prospectus.
Issue Price	The final price at which 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 BRLM on the Pricing date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount, as the case may be.
Members of the Syndicate	The BRLM and the Syndicate Members
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Mutual Fund Portion	5% of the QIB Portion or [•] Equity Shares assuming the QIB Portion is 50% of the Issue size available for the allocation to Mutual Funds only out of the QIB Portion
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue that is available for allocation to Non-Institutional Bidders, in this being a minimum of 15% of the Issue or [●] Equity Shares of Rs.10/- each
Non-Residents	All eligible Bidders that are persons resident outside India, as defined under FEMA, including Eligible NRIs, FIIs and FVCIs.
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	The National Securities Depository Limited
OCB	Overseas Corporate Bodies i.e to say a company, partnership, society or other corporate body owned directly or indirectly to the extent of atleast 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations 2000
Pay-in Date	The Bid/Issue Closing Date With Respect To The Bidders Whose Margin Amount Is 100% Of The Bid Amount Or The Last Date Specified In The CAN Sent To The Bidders To Respect To The Bidders Whose Margin

	Amount Is Less Than 100% of The Bid Amount
Pay-in-Period	(i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs.[•] and the maximum price (Cap Price) of Rs. [•] and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The Prospectus, to be filed with the RoC containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account to the extent of the Bids accepted, on the Designated Date.
Qualified Institutional Buyers or QIBs	a) a public financial institution as defined in section 4A of the Companies Act, 1956; b) a scheduled commercial bank; c) a mutual fund registered with the Board; d) a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual; e) a multilateral and bilateral development financial institution; f) a venture capital fund registered with SEBI; g) a foreign venture capital investor registered with SEBI; h) a state industrial development corporation; i) an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); j) a provident fund with minimum corpus of Rs. 250 million; k) a pension fund with minimum corpus of Rs. 250 million); l) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
QIB Margin Amount	An amount representing at least 10% of the bid amount
QIB Portion	The portion of the Issue available for allocation to QIB's in this case being upto 50% of the Issue, equivalent to [●] Equity Shares of Rs.10 each
RoC/ Registrar of Companies	Registrar of Companies, Andhra Pradesh located at Hyderabad.
Refund Account	The account opened with Escrow Collection Bank(s) from which refunds if any of the whole or part of the bid amount shall be made.
Refund Bankers	[●]
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit or RTGS as applicable
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited, having its office as indicated on the cover page of this Draft Red Herring Prospectus
Retail Bidders/ Retail Individual Bidders	Retail Individual Bidders (including HUFs and NRIs) who can Bid for an amount upto Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being minimum of [●] Equity Shares of Rs.10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP/ Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. The Red Herring prospectus will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation

SBAR	State Bank Advance Rate
SCSB	"Self Certified Syndicate Bank " is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board)
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Guidelines	The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended.
Stock Exchanges	BSE and NSE
Syndicate Members/ Members of the Syndicate	The BRLM and the Syndicate Members, Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM, in this case being [●]
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as a proof of registration of the Bid
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or Agreement after the Pricing Date

III. CONVENTIONAL AND GENERAL TERMS:

TERM	DESCRIPTION
Act/Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
BIFR	Board of Industrial and Financial Reconstruction
BSE	The Bombay Stock Exchange Limited
CapEx	Capital Expenditure
CST	Central Sales Tax Act, 1956
DIN	Directors Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
ECS	Electronic Clearing Service
EGM	Extra Ordinary General Meeting
EPS	Earnings Per Share i.e. Profit after tax for a fiscal year divided by the weighted average outstanding number of Equity Shares at the end of that Fiscal Year
ESI	Employee State Insurance
ESIC	Employee State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Residing Outside India) Regulations, 2000 and amendment made thereto from time to time.
Financial Year/FY / Fiscal	Period of twelve months ended March 31st of that particular year
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations,

	2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GOI/Government	Government of India
HNI	High Net-worth Individual
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Ltd	Limited
MICR	Magnetic Ink Character Recognition
Mn/mn	Million
MNC	Multi National Company
N. A.	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenditure not written off) and debit balance of Profit and Loss account, divided by weighted average number of equity shares outstanding during the year
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NSE	The National Stock Exchange Limited
NRE account	Non Resident External Account established in accordance with the FEMA
NRO account	Non Resident Ordinary Account established in accordance with the FEMA
p.a.	Per annum
P/E ratio	Price/Earnings Ratio
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
Pvt.	Private
RBI	The Reserve Bank of India
RoC	Registrar of Companies, Andhra Pradesh, located at Hyderabad
ROE	Return of Equity
RoNW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulations) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as amended from time to time
Stamp Act	The Indian Stamp Act, 1899
State Government	The Government of a State of India as the context may require
TIN	Tax Identification Number
UIN	Unique Identification Number
US/ USA	United States of America

US GAAP	Generally Accepted Accounting Principles in the US
USD / US $	United States Dollars
VAT	Value Added Tax
VCF	Venture Capital Funds as defined as registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996, as amended from time to time
w.e.f.	With effect from

IV. INDUSTRY RELATED TERMS:

CCA	Culturable Command Area
CD	Cross Drainage
CM	Cross Masonry
Cumec	Cubic metre per second
EIL	Engineers (India) Limited
EMD	Earnest Money Deposit
EPC	Engineering Project and Construction
EPCM	Engineering Procurement Construction Management
EPIL	Engineering Projects (India) Limited
FR	Feasibility Report
FRL	Full Reservoir Level
GWDT	Godavari Water Disputes Tribunal
I.P.	Infrastructure Provider
Km	Kilometer
LBCM	Lakh Bank Cubic Metre
LOI	Letter of Indent
LST	Lump Sum Turnkey
M	Metre
MH	Million Hectare
MRPL	Mangalore Refinery & Petrochemicals Ltd
MOWR	Ministry of Water Resources
NWDA	National Water Development Authority
PERT - CPM	Programme Evaluation and Review Technique- Critical Path Method
RFP	Request for Proposal
RFQ	Request for Qualification
TMC	Thousand Million Cubic Metres
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
UIP	Ultimate Irrigation Potential

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

All references in this DRHP to “India” are to the Republic of India

Financial Data

All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “$”, “US$”, “USD”, “U.S. Dollar(s)”, “US Dollar(s)” are to the United States Dollars, the official currency of the United States of America.

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our audited standalone as well as consolidated restated financial statements prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Guidelines included in this Draft Red Herring Prospectus and set out in the section “Financial Statements” on page 111 of this Draft Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, IFRS and US GAAP. We have not attempted to quantify the impact of IFRS and US GAAP on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. 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.

Industry and Market Data

Market data used throughout this Draft Red Herring Prospectus has been obtained from various government and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

Further the extent to which the market data presented 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. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, ‘aspire’, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies.
- Our inability to raise the necessary funding for our capital expenditures;
- The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- Certain inherent construction, financing and operational risks in relation to our projects;
- Factors affecting excavation and raising of minerals, irrigation & construction activity;
- Increasing competition in the excavation and raising of minerals, irrigation & construction activity;
- Increase in labour costs, raw material prices, prices of plant and machineries and insurance premia.
- Change in the monetary and interest policies in India, inflation, deflation, unanticipated turbulence in interest rates.
- Change in the performance of financial markets in India and globally.
- Changes in the political and social conditions in India which have an impact on our business activities.
- Changes in laws and regulations that apply to mining, irrigation & construction industry.
- Changes in domestic tax rates including service tax.

For further discussion of factors that could cause the actual results to differ, please refer to the section titled “Risk Factors” “Our Business” and “Management Discussion and Analysis of Financial Condition and Results of Operations” beginning on the page I, 55 and 160 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.

Future looking statements speak only as of the date of this Draft Red Herring Prospectus. Neither we, our Directors, the BRLM, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The risks and uncertainties described below, together with the other information contained in this Draft Red Herring Prospectus, should be carefully considered before making an investment decision in our Equity Shares. These risks are not the only ones relevant to our Company, the industry and geographic regions in which our Company operates, or the Equity Shares. Additional risks, not presently known to us or that we currently deem immaterial may also impair our Company's business and operations. If any of the risks described below actually occur, our business, prospects, financial condition and results of operations could be seriously harmed, the trading price of our Equity Shares could decline, and prospective investors could lose all or part of their investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

A. Internal Risk Factors

1. We face significant competition in our business. We also face margin pressures as a large number of our contracts are awarded following a competitive bidding process.

We operate in a competitive environment. Our competition varies depending on the size, nature and complexity of the project. We compete against various contracting companies in the areas of excavation and raising, irrigation infrastructure and construction. Majority of our contracts are obtained through a competitive bidding process and satisfaction of prescribed pre-qualification criteria. While many factors affect the decision making process, price is a key deciding factor in most of the tender awards, which in certain cases may lead us to accept lower margins in order to be competitive in our bid. We may be unable to compete with larger contracting companies, many of whom may have greater financial resources, economies of scale and operating efficiencies.

If we are unable to bid for and win the contracts in excavation and raising, irrigation infrastructure and construction projects, large and small, or compete with our competitors, we would fail to increase, or maintain, our volume of order book. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. For more information concerning our competitors in specific business lines, see "Our Business" beginning on page 55 of this Draft Red Herring Prospectus.

2. We rely substantially on the central and state governments as most of our irrigation infrastructure and other infrastructure contracts are awarded by government or government controlled entities. Political or financial pressures could cause these entities to force us to renegotiate our agreements and could also adversely affect their ability to pay us.

A majority of our projects, particularly relating to our irrigation infrastructure contracts and other infrastructure contracts have been awarded by government or government-controlled entities. We have been executing contracts/ sub-contracts/ piece rate contracts for renowned entities such as Engineering Projects (India) Limited, Singareni Colleries Company Limited, Government of Karnataka – Public Works Department, Uranium Corporation of India Limited, MRPL, ISRO etc. Therefore, our business and operations may be impacted as a result of change in the central or state governments, changes in policies impacting the public at large, scaling back of government policies or initiatives, changes in governmental or external budgetary allocation, or insufficiency of funds, which can adversely affect our business, financial condition and results of operations.

3. *We may not be eligible to bid for certain contracts on our own.*

Our ability to bid for certain contracts is dependent on our experience and ability to demonstrate engineering capabilities in executing similar or larger projects, and sufficient financial resources and ability to procure financing. We are not currently independently qualified to procure very large irrigation infrastructure construction contracts from central and state governments, but seek to procure contracts through our relationship with EPIL, a Government of India undertaking. We have not yet completed any irrigation infrastructure construction project. We have received three work orders under World Bank assistance under the Superintendent Engineer Middle Cauvery Basin, Trichy. Our competitors with better track record, financial resources and economies of scale, than us, may be able to pre-qualify in their own right and/or attract a consortium partner more easily than us for certain contracts. Our inability to bid for certain important contracts may adversely affect our profitability. Although all the projects awarded through EPIL are awarded on a competitive bidding process, if EPIL, does not bid for or award these projects to us, it may adversely affect our business, financial condition and results of operations.

4. Given the long-term nature of the construction and infrastructure projects we undertake, we face various kinds of implementation risks.

The construction and infrastructure projects we undertake are by their nature, long term and may expose us to a variety of implementation risks, including regulatory delays, construction delays, material shortages, unanticipated cost increases and penalties. While we believe we have successfully managed the implementation risks we have faced in the past, there can be no assurance that we will be able to continue to effectively manage any future implementation risks, which may or may not be of a nature familiar to us.

Any unanticipated costs or delays in performing part of a contract and unanticipated increases in the price of construction materials and equipment, and materials can have a compounding effect by increasing costs of performing the contract. We do have an escalation clause built into the terms of many contracts, yet the actual escalation might be more than the compensation received. There may also be a risk of further delay created by the fact that construction and infrastructure projects are sometimes divided into multiple parts to be simultaneously performed by various parties. If project execution is delayed beyond the contractual scheduled completion period due to reasons attributable to us, we may be liable to pay counter party penalties including forfeiture of EMD for delay and/or the contract may be terminated.

5. *Our projects under execution and the projects included in our order book may be delayed or cancelled which could harm our cash flow position and income.*

We define order book as anticipated revenues from the uncompleted portion of existing contracts and contracts for which we have signed agreements or have received letters of award or letters of intent ("Order book"). Our Order book amounts do not necessarily indicate future earnings related to the performance of that work and if we do not achieve expected margins or suffer losses on one or more of these contracts, our income may be significantly reduced or cause us to incur a loss. Due to changes in project scope and schedule, we cannot predict with certainty when or if the projects in our Order book will be performed and will generate revenue. In addition, even where a project is implemented as per schedule, it is possible that contracting parties may default and fail to pay amounts owed or dispute the amounts owed to us. There may also be delays associated with collection of receivables from clients. Any delay, cancellation or payment default could affect our cash flow position and income.

6. A large portion of our existing operations are dependent exclusively upon revenues from a small number of customers.

Our top ten customers constituted 41.67%, 53.62% and 91.12% of our income from operations for the fiscal years 2008, 2007 and 2006 respectively.

Our business and results of operations will be adversely affected if we are unable to maintain and/or further develop a continuing relationship with our customers. The loss of a significant customer or a number of significant customers may have an adverse effect on our business and results of operations.

7. Our business operates in a highly regulated environment and compliance with laws and regulations is critical to our operations and profitability.

The contracting business in India is highly regulated. Our operations are subject to numerous laws and regulations, which are complex and stringent. Significant fines and penalties may be imposed for non-compliance with these laws and regulations. Approvals for irrigation projects also depend on the environmental consequences of the same.

Currently, our counter parties for whom we perform excavation and raising, irrigation infrastructure and other infrastructure construction projects, are responsible for obtaining all statutory and regulatory approvals, licenses, registrations and permissions, and applications at the appropriate stages. However, if these parties do not obtain or maintain such approvals, licenses, registrations or permissions, we may not be able to commence or continue with work. Such delay may affect our work and may result in cost increases which may not be passed on to clients and may also adversely affect our ability to mobilise equipment and labour due to overlapping commitments.

In addition, future regulatory restrictions or reforms may limit our flexibility in operating our business, which could have an adverse effect on our business, prospects, financial condition and results of operations.

8. Our business is subject to operational hazards in providing excavation and raising works, irrigation infrastructure and other infrastructure development services.

Our business is subject to operational hazards inherent in providing excavation and raising, irrigation and other infrastructure development services, such as risk of equipment failure, work accidents, land slides, 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. Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, cost and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. As a result, if any such hazards occur, our business and operations may be adversely affected.

9. Our inability to manage growth could disrupt our business and reduce our profitability.

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our existing businesses. This growth strategy will place significant demands on our management, administrative, financial and operational resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Our inability to manage such growth may disrupt our business prospects, impact our financial condition and adversely affect out results of operations.

10. We require a number of approvals or licenses in the ordinary course of business, and the failure to obtain, retain or renew them in a timely manner or at all may adversely affect our operations.

We operate in state governed regulatory environment which requires a number of approvals, licenses, registrations and permissions for operating our business. For more information, see the section titled "Government and Other Approvals" beginning on page 177 of this Draft Red Herring Prospectus.

If we fail to obtain, retain or renew any of our approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

11. Sustained high fuel and equipment costs may adversely affect our business and results of operation.

Due to the significant expansion of mining investments worldwide and the surge in steel prices, excavation and raising equipment prices have increased significantly. We are required to procure various equipments including process equipment, construction equipment and mechanical equipment. In addition, we incur significant costs on fuel and spare parts. Our ability to pass on any increase in costs may be with limited price variation conditions. Therefore, any unanticipated increase in the equipment price and fuel cost not taken into account in our bid, may harm our business and results of operations.

12. Our equipment, warranties and performance guarantee may not be adequate.

Manufacturers/ suppliers of equipment and machinery generally provide warranties and performance guarantees, and may be required to compensate us for certain equipment failures, engineering and design defects, such arrangements are subject to time limits, fixed liability caps and may not fully compensate us for the damage we may suffer as a result of equipment failures, engineering and design defects.

13. Our Company has experienced negative cash flows from operating activities.

For the years ended March 31, 2006 to 2008, we had negative cash flows from operating activities of Rs. 272.56 million, Rs. 386.38 million and Rs. 1129.26 million respectively. For details, refer to the section titled "Management Discussion and Analysis of Financial Condition and Results of Operations".

14. Our Working Capital requirement for 2009-10 has not yet been tied up with Banks.

As per our estimate the Working Capital funding from banks for our Company for the year 2009-10, will be approximately Rs. 1730 million. Our current sanctioned limit, for working capital from Banks, is Rs. 1580 million. Thus our balance Working Capital requirements of Rs. 150 million for 2009-10 have yet not been tied-up.

15. We have a high working capital requirement. In case there is insufficient cash flow to meet our requirement of working capital or to repay our debts, there may be an adverse effect on the results of our operations.

Our business demands significant amount of working capital to finance the purchase of materials, the hiring of equipment for performance of excavation and raising, irrigation infrastructure and other infrastructure development projects before payments are received from clients. Our working capital requirements may increase if, under certain contracts, payment terms do not include mobilization advance or payment schedules that shift payments towards the end of a project or have a clause for retention of a certain percentage of the contract value until the end of defect liability period, or otherwise increase our working capital burdens.

16. We may have to raise capital or debt to fund our growth, which may further dilute the rights/interests of the existing equity shareholders and/or increase our overall interest cost.

Infrastructure contracting and Construction industry are capital intensive in nature. Going forward to meet our capital requirements or pre-qualification criteria for bidding, we may have to access the capital markets and/or raise debt to fund our growth. This in turn, could further dilute the rights or interests of our existing equity shareholders and/or increase our overall interest cost.

17. We have entered into financing agreements which contain restrictive covenants and limit our operations.

We have entered into various financing arrangements to meet our fund requirements which contain certain restrictive covenants. These covenants, among other things, require us to obtain the approval of these lenders for matters which are material to our business. Under certain of these agreements, the lenders have the right to appoint nominee directors on our Board of Directors. For more details, on our covenants and outstanding debts refer to the section "Our Indebtedness". While we have obtained the approval of lenders in relation to the proposed Issue, there can be no assurance that we will be able to comply with these financial or other covenants in the future. Any failure to service our indebtedness, comply with a requirement to obtain a consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have an adverse effect on our financial condition and results of operations.

18. Our inability to retain and attract key managerial personnel could adversely affect our business.

We are highly dependent on our directors, our senior management and other key personnel. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our results of operations and financial condition. We do not maintain key man insurance for our managerial personnel and the loss of any of the members of our directors, our senior management or other key personnel may adversely impact our business and results of operations.

We believe the infrastructure and construction industry in India is currently experiencing a shortage of skilled manpower. As a consequence, we face competitive pressures in recruiting and retaining engineers as well as other skilled manpower and professionally qualified staff as and when we need them. Although we currently pay salaries at market rate, in order to secure an adequate number of skilled personnel, we may in the future need to pay remuneration that is above market rates which could result in lower profit margins for us. Further, there can be no assurance that increased salaries will result in a lower rate of attrition. The loss of the services of our skilled personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

19. Our insurance coverage may not adequately protect us against all material hazards.

Our principal types of insurance coverage include project specific workmen's compensation, contractors' all risk policy, machinery equipment insurance and, motor vehicle (including light motor vehicles and motor bike) insurance. Our insurance policies may not be sufficient to cover our economic losses. We do not maintain key-man insurance for our senior management or business interruption insurance for our sites.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all losses. We have not availed of business interruption insurance for any of our projects and to the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

20. The Objects of our Issue will be financed from the proceeds of this Issue. Any delay in launching the Issue may impact the implementation of the Objects of our Issue or increase the cost of implementation of the objects of the Issue.

The total requirement of funds for the Objects of our Issue is Rs. [•] million. We propose to use the proceeds of this issue for investment in capital equipments, for augmenting working capital requirements, for general corporate purpose and meeting issue expenses. In case there is any delay in launching the Issue, the implementation of the objects of this Issue would be delayed, which may increase the cost in relation thereto, and/or require us to make alternative arrangements for the implementation. We cannot assure that such alternative arrangements can be made, or made on terms and conditions acceptable to us.

21. We have not entered into any definitive agreements to utilize the proceeds of the Issue. Further, our management will have significant flexibility in applying the proceeds of the Issue

We intend to use the proceeds of the Issue for capital expenditure as described in the section "Objects of the Issue" beginning on page 25 of this Draft Red Herring Prospectus. We have not placed any of the orders for the capital expenditure aggregating to Rs. 802.77 million which amounts to 100% of the cost for plant and machinery as described in the section 'Objects of the Issue' to be financed from the proceeds of this Issue. Further this requirement is based on our management estimates and our past experience.

22. The objects of the issue have not been appraised by any bank or lender and deployment of funds is entirely at the discretion of our Management and our Board of Directors.

The objects of the Issue have not been appraised by any bank or lender. The deployment of funds is entirely at the discretion of our Management and our Board of Directors and is not subject to monitoring by any independent agency. We intend to rely on our internal systems and controls to monitor the use of such proceeds.

23. From time to time, we rely on third parties to provide us with facilities and services that are integral to our business.

From time to time, we rely on third party contractors to provide certain facilities and services required for our operations. The loss or expiration of these contracts or any inability to renew them or negotiate contracts with other providers at comparable rates, or at all, could affect our business. Our reliance on others to provide essential services to us also gives us less control over costs and the efficiency, timelines and quality of contract services. Further, in case we are unable to meet the performance criteria or other standards as prescribed by the clients due to defaults by such third party contractors, and if liquidated damages are levied, our results of operations and financial condition could be adversely affected.

24. We have contingent liabilities that may adversely affect our financial condition.

It is customary in our business to provide bank guarantees or performance bonds in favour of clients to secure obligations under contracts. In addition, EPIL and other clients, typically require us to submit bank guarantees from a scheduled bank in their or contracting party's favour towards mobilisation advance, performance guarantee, retention money and security deposit. If we are unable to provide sufficient collateral to secure the bank guarantees or performance bonds, our ability to enter into new contracts or obtain adequate supplies could be limited.

Our clients usually demand performance guarantees as a safety net against potential defaults, bank guarantee for release of utilization advance, retention money. Hence, infrastructure companies often carry substantial contingent liabilities for the projects they undertake. As of March 31, 2008, contingent liabilities appearing in our financial statements aggregated to Rs 465.30 million and consist principally of performance guarantees. If we are unable to complete a project on schedule, the client may invoke such performance guarantees. If we are unable to pay or otherwise default on our obligations, our lenders may be required pursuant to the relevant guarantees to cover the full or balance portion of our obligations. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

25. We have substantial indebtedness and will continue to have debt service obligations following the issue.

As of March 31, 2008, the Company had total indebtedness on a standalone basis of Rs. 2973.57 million, which represents a debt to equity ratio of 3.95:1 and on a consolidated basis of Rs. 2975.70,which represents a debt to equity ratio of 3.90:1. The company's high degree of leverage could have significant consequences to our shareholders and its future financial results and business prospects, including:

- Increasing our vulnerability to a downturn in business in India and inflation;
- Limiting the company's ability to pursue its growth plans;
- Requiring us to dedicate a portion of cash flow from operations to debt service, thereby reducing the availability of cash flow to fund capital expenditure, meet working capital requirements and dues for other general corporate purposes;
- Limiting our flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- Placing us at a competitive disadvantage to any of its competitors that have less debt;
- Requiring us to meet additional financial covenants; and
- Limiting our ability to raise additional funds or refinance existing indebtedness.

We cannot assure you that our business will generate cash in an amount sufficient to enable us to service our debt or fund other liquidity needs. In addition, we may need to refinance all or a portion of its debt on or before maturity. Recently, interest rates for borrowings have increased in India, which may increase the cost of our borrowing. We cannot assure you that the company will be able to refinance any of its debt on commercially reasonable terms, or at all. Some of the company's promoters have given personal guarantees as collateral security for amounts borrowed under certain long term and short term loan agreements. We cannot assure you that these promoters will pay or be able to pay the entire amount called under such collateral security in the event that they are required to do so.

For more information regarding our indebtedness, see the section "Management Discussion and Analysis of Financial Condition and Results of Operations" and "Our Indebtedness" beginning on Page 160 and Page 150 of this DRHP respectively.

26. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

Although we attempt to maintain the advanced technology standards, the technology requirements for businesses in the excavation and raising, irrigation and infrastructure sector are subject to continuing change and development. Some of our existing technologies and processes may become obsolete, performing less efficiently compared to newer and better technologies and processes in the future. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding our capacity could be significant and could adversely affect our results of operations.

27. We had not obtained any independent valuation for acquiring the assets and liabilities of partnership business of M/s AMR Constructions.

Our Company had acquired the assets and liabilities of partnership business of M/s AMR Constructions ("the firm") at their book values for a total consideration of Rs.37.01 million w.e.f. July 1, 2001. The valuation for acquiring the said assets and liabilities was done by our Company for which we have not obtained any valuation report from an independent valuer. For more details, please refer to the section titled 'History and Certain Corporate Matters' on page no. 76 of the Draft Red Herring Prospectus.

28. Our principal shareholders and Promoters will have the ability to determine the outcome of any shareholder resolution.

After the completion of the Issue, our Promoters and Promoter Group will hold approximately 34.48% of our outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over the business, major policy decisions and all matters that require shareholders approval. GIL has been issued 8,118,832 shares constituting 36.50% of post issue capital on conversion of FCDs. The interests of our Promoters and Grants Investment Limited as our shareholders could conflict with our interests or the interests of our other shareholders. As a result, our Promoters and Grants Investment Limited may take actions with respect to our business that we or our other shareholders may not agree with or find detrimental to our business and operations.

29. We have entered into transactions with related parties.

We have entered into various transactions with related parties, including our Promoter group companies. As of March 31, 2008, we had related party transactions amounting to Rs. [●] million. For detailed information on our related party transactions, refer section "Related Party Transactions" beginning on page 109 of this Draft Red Herring Prospectus.

30. ***We have filed applications for registration of trade marks, which are yet to be registered*.**

We have filed trademark applications for registration of our corporate logo, "AMR" and "From Excavation to Creation" in Class -37, which is pending registration with The Registrar of Trade Marks, Chennai. Failure to obtain registrations of these trade marks, and their pending registration, we may have a lesser recourse to legal proceedings to protect our trade marks, which could have an adverse effect on our business.

31. Seasonality and weather conditions may have an adverse impact on our business.

Our business is subject to seasonality. Our business operations may be adversely affected by extreme weather conditions, which may require suspension or curtailment of operations, result in damage to construction, excavation and raising and infrastructure sites or delays in the delivery of materials. Collectively, the effect may be to cause delays to our contract schedules and generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and high temperatures during summer months and during the monsoon season which restricts our ability to carry on construction activities and fully utilise our resources. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

32. Our revenues and profits are difficult to predict and can vary significantly from period to period, which could cause the price of our Equity Shares to fluctuate.

Our revenues are dependent on various factors such as the award of contracts, the terms of contracts, the size of the contracts and general market conditions. The combination of these factors may result in significant fluctuations in our revenues and profits. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. If in the future our results of operations are below market expectations, the price of our Equity Shares could be affected.

33. We do not own the properties where our registered office and our corporate office are located.

Our registered office located at Plot No 88, Ground Floor, Phase III, Sari Konda Mansion, Kamalapuri Colony, Hyderabad – 500073, has been leased to us for a period of 11 months, which is valid until January 18, 2009. Also, our corporate office situated at 3rd floor, Serene Chambers, Road No. 5, Banjara Hills, Hyderabad- 500034, has been leased to us for a period of 11 months, which is valid until June 30, 2009. Such lease can be terminated by us as well as our lessor on the provision of three month's notice or rent in lieu of notice period. In the event the lessor terminates the lease, does not renew the lease agreement on terms acceptable to us, or at all, or if we are unable to enter into an agreement with other lessors, we may lose possession of our registered office premises which may limit our growth prospects and adversely affect our business.

34. There are certain legal proceedings involving the company.

We are party to four civil legal proceedings that are pending at different levels of adjudications aggregating to Rs. 14.17 million. Any adverse judgments or orders that may be passed in any such ongoing or potential litigation could impact our operations and profitability. For further details on litigations filed against us, see "Outstanding Litigation and Material Developments" beginning on page 175 of this Draft Red Herring Prospectus.

35. There may be a conflict of interest between our Company and entity promoted by our Promoters.

One of the ventures promoted by our promoters namely AMR Property Developers Private Limited has objects similar to those of our Company, and therefore there may be a conflict of interest between us and this entity. For details, please refer paragraph titled "Common Pursuits" in the section titled "Our Promoters and Promoter Group Companies" on page 98 of the Draft Red Herring Prospectus.

36. There is no history of dividend declaration. There can be no assurance that Our Company will pay dividends to its shareholders in the near future.

We have never declared / paid dividends in the past. There can be no assurance that dividend will be paid in the future. The declaration and payment of dividends, if any in the future will be recommended by our Board of Directors, at their discretion and will depend on a number of factors, including legal requirements, its earnings, cash generated from operations, capital requirements and overall financial condition.

37. We do not have prior experience of managing corporate affairs in the regulated environment applicable to listed companies in India.

Till recently we were running our business as a closely held company. Accordingly, we have no prior experience in managing corporate disclosures and compliance requirements applicable to listed companies in India which expertise will have to be developed and built in-house to comply with the regulatory environment.

38. Our Promoter Group Companies have incurred losses as these companies are in nascent stage and in most of the companies commercial operations have not taken off.

Name of Promoter Group Company	Fiscal 2008	Fiscal 2007	Fiscal 2006
	Profits/(Losses) in Rs.		
AMR Agro Farms Limited	(7,696,607)	(75,811)	Not Applicable
AMR Property Developers Limited	(32,870)	(73,831)	Not Applicable
AMR Hospitality Services Limited	(149,056)	Not Applicable	Not Applicable
Pavana Ganga Power Private Limited	(218,360)	Since the company had not commenced commercial operations all the expenses have been transferred to pre operative expenses	
AMR Envergys Limited	(77,094)	Not Applicable	Not Applicable
AMR Global Industries Limited	(202,086)	Not Applicable	Not Applicable
AMR Sangam Sugar Ventures Limited	(3,635,815.00)	Not Applicable	Not Applicable

One of our group companies had a negative net asset value in one of the past years. The details are as given below:

Name of Promoter Group Company	Fiscal 2008	Fiscal 2007	Fiscal 2006
	Net Asset Value in Rs.		
AMRL International Tech City Limited	10.24	3.36	(402.54)

B. Risk Related to this Issue

39. The price of equity shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price or at all.

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and infrastructure industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that the price at which our Equity Shares are initially issued to general public will correspond to the prices at which they will trade in the market subsequent to this Issue or that an active trading market for our Equity Shares will develop or be sustained after this Issue. If an active market does not develop, you may experience difficulty in trading your the Equity Shares.

40. You may not be able to sell or transfer any of our Equity Shares till such time until the listing of our Equity Shares.

Under SEBI Guidelines, we are permitted to allot equity shares within 15 days of the closure of the public issue. The Equity Shares you purchase in the Issue may not be credited to your book or demat account until approximately 15 days after the issuance of the Equity Shares. You can start trading in the Equity Shares which have been credited to your demat account only after the listing and trading approvals are received from the Stock Exchanges. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the specified time periods.

41. Any further issuance of Equity Shares by us or sale of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares.

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. Any future issuance of our Equity Shares could dilute your shareholding. Such dilution may adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

42. We have issued Equity shares to certain investors in the last six months prior to the date of this Draft Red Herring Prospectus at a price which may be lower than the Issue Price to be determined through the book building process.

Prior to the filing of this Draft Red Herring Prospectus, the Company has allotted 1,100,000 equity shares to our Promoters and 8,118,832 Equity Shares pursuant to conversion of FCD's allotted earlier to Grants Investment Limited. For more details please refer to section titled "Capital Structure" on page 15 of this Draft Red Herring Prospectus.

C. External Risk Factors

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

Our performance and the quality of growth of our business are necessarily dependant on the overall growth in the Indian economy. India's economy could be adversely affected by general rise in interest rates, adverse conditions affecting the agriculture, manufacturing, infrastructure costs/ prices or various other factors. A slowdown in the Indian economy could adversely affect our business including our ability to implement our strategy and achieve our long term goals. The Indian economy has shown sustained growth over the last few years with real GDP growing at 9.4% in the fiscal year 2007, 6.9% in the fiscal year 2006 and 8.5% in fiscal 2005.

44. Our business is dependent on the implementation of the central and state allocations for infrastructure sector.

While the recent governments have been keen on encouraging private participation in the infrastructure sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the continued movement of private capital into infrastructure development. Further, since infrastructure services in India have historically been provided by central and/or state governments without charge or at a nominal charge, the growth of the private infrastructure industry will be impacted by consumer income levels and the extent to which they would be willing to pay or can be induced to pay for infrastructure services. Any downturn in the macroeconomic environment in India or in specific sectors could adversely affect the price of our shares and our business and financial performance.

45. Any downgrading of India's debt rating by an international rating agency could have a negative affect on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

46. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war involving India and other countries may negatively affect the Indian markets on which our Equity Shares will trade. These acts may result in a loss of business confidence. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative affect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

47. Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.

The industry in which we operate is subject to various types of taxes imposed by the central or state governments or their agencies in India including customs duties, excise duties, VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

48. Our business faces inclement weather and natural disasters that may cause significant interruption of operations.

Procurement and infrastructure works carried out in respect of our projects involve a number of hazards including earthquakes, flooding, tsunamis and landslides. Natural disasters may cause significant interruption to our operations, disruption to our properties and damage to the environment that could have an adverse impact on us.

Notes to Risk Factors

1. Issue of 5,800,000 Equity Shares of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●]. The Issue would constitute 26.13 % of the fully diluted post Issue paid – up capital of our company.

2. The net worth of our Company on a standalone basis as on March 31, 2007 and March 31, 2008 was Rs. 381.21 million and Rs. 751.97 million respectively as per our audited restated financial statements under Indian GAAP.

3. The NAV per Equity Share of Rs. 10 each was Rs. 57.33 as on March 31, 2007 and Rs. 99.81 as on March 31, 2008, as per our audited restated financial statements under Indian GAAP.

4. The average cost of acquisition of Equity Shares of our Company by our promoters, Mr. A Mahesh Reddy is Rs. 9.22, Mr. A Girish Reddy is Rs. 9.25 and Mr. A Audinarayana Reddy is Rs. 9.09 per Equity Share of Rs. 10/- each.

5. Trading in Equity Shares of our Company shall be in dematerialized form only.

6. Any clarification or information relating to the issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

7. Investors may contact the BRLM and the Syndicate Members for any complaints, information or clarification pertaining to the Issue. For contact details of the BRLM, please refer to the cover page of this Draft Red Herring Prospectus.

8. For details on Related Party Transactions refer to “Statement of Transactions with Related Parties” under section titled “Financial Statements” beginning on page 111 of this Draft Red Herring Prospectus.

9. For interest of our Promoters and Directors, please refer to sections titled “Our Promoters and Promoter Group”, “Our Management” and “Financial statements” beginning on Pages 98, 81 and 111 respectively of this DRHP.

10. Except as disclosed in the sections titled “Our Promoters and Promoters Group”, “Our Management”, none of our Promoters, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding;

11. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 30 of this Draft Red Herring Prospectus before making an investment in this offer and “Basis of Allotment” on page 225 of this Draft Red Herring Prospectus for details of the allotment procedure.

12. The Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue to the Public will be available for allocation to Qualified Institutional Buyers (“QIBs”) on a proportionate basis, subject to valid bids being received at or above the issue price. Out of the proportion available to QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 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.

13. In the event of the offer being oversubscribed, the allotment shall be on a proportionate basis to Qualified Institutional Bidders, Retails Individual Bidders and Non-Institutional Bidders (Refer to the section titled “Basis of Allotment” on page 225 of this Draft Red Herring Prospectus).

14. Other than as stated in the section “Capital Structure” on page 15 of this DRHP, the Company has not issued any equity shares for consideration other than cash.

SECTION III: INTRODUCTION

SUMMARY

We are a contracting company in the infrastructure, irrigation, excavation and raising of minerals, industrial construction and housing sector. We have been executing contracts for:

(a) excavation and raising of minerals such as coal, limestone, lignite and iron ore;

(b) construction of irrigation infrastructure; and

(c) construction of roads, buildings and other civil structures

Our total income for the fiscal year 2007 and fiscal year 2008 was Rs. 3,095.47 million and Rs. 5874.43 million, respectively, and profit after tax for the fiscal year 2007 and fiscal year 2008 was Rs. 247.25 million and Rs. 354.43 million, respectively thus reflects a growth of 89.77% in our total income and 43.35% in our profit after tax, on a year to year basis.

The small projects executed in the past have now qualified us to bid for large excavation and raising of minerals, irrigation and construction contracts. This has helped Our Company to enjoy an exponential topline CAGR of 184.90% and adjusted profit CAGR of 297.01% over the last three financial years.

We undertake long term contracts for excavation and raising of minerals such as coal, limestone, lignite and iron ore. We have been awarded a contract by Singareni Collieries Company Limited, a government enterprise for the value of Rs. 2025.38 mn.to be executed over a period of five years for removal of over-burden from the coal mines at Koyagudem, Andhra Pradesh. Recently, we have also received a Letter of Intent on September 16, 2008 for 86.003 LBCM of coal/ shale extraction from Singareni Collieries Company Limited. The duration of this project is 6 years. We have been involved in limestone excavation since 1996 in mines leased by cement companies. We have also been involved in iron ore excavation since 2003-2004.

The government at centre and state level has announced various river linking projects. In order to target the opportunities arising in irrigation sector in India, we commenced undertaking contracts for construction of irrigation infrastructure in 2005. Our key ongoing irrigation infrastructure contracts are package no 49, 50 and 51 of Polavaram Indira Sagar Lift Irrigation Project, Handri Neeva Sujala Shravanti (HNSS) Project, Package 1, NSP Tail Pond Link canal at Dummugudem, Middle Cauver and Basin Circle Trichy under World Bank assistance. We have also entered into pre-bid joint ventures with other companies and submitted bid for large irrigation project.

We also undertake contracts for construction of roads, buildings and industrial structures. Our clients include the Central and State Government and/or its undertakings, quasi-governmental bodies and Body Corporates. Presently, some of the key contracts being executed by us are the refinery project of MRPL of Rs. 761.72 mn, Uranium Corporation of India Limited of Rs. 225.25 mn, Construction of Roads for Tadipatri Municipality area for Rs.335.34 million, etc.

Some of the clients for whom we have executed contracts in the past include Government of India – Department of Atomic Energy, Bridgestone ACC India Ltd., Chennai Petroleum Corporation Ltd, Indian School of Business, Mishra Dhatu Nigam Ltd., Reliance Engineering Associates Pvt. Ltd., Power Grid Corporation of India Ltd., Larsen & Toubro Ltd., Essar Projects Ltd etc.

Our outstanding work order book as of March 31, 2008 stood at Rs. 9,133 million, further during the four month ended July 31, 2008, we have received work orders and LOI worth Rs. 3,335 million.

Our Managing Director, Mr. A. Mahesh Reddy has been involved in the contracting business for over two decades years and in the year 2007 received the Rashtriya Nirman Ratan award for 2007, from the Indian Economic Development and Research Association, New Delhi.

Our Joint Managing Director, Mr. A Girish Reddy received the International Excellence Award for Construction, Quality and Design presented by the World Economic Progress Society, in New Delhi on the February 11, 2008

Our Strengths

We believe that our principal competitive strengths are as follows:

Diversified Business Model

We currently undertake contracts for, construction of irrigation infrastructure, excavation and raising of coal, limestone, lignite and iron ore from leaseholders and construction of roads, buildings and industrial structures for the central and state government and/or its undertakings, quasi-governmental bodies and body corporate. These projects are geographically dispersed across various states in India. Our operations in diverse sectors enable us to diversify our business risk and reduce our dependence on any particular industry. In addition, our operations spread across several states enable us to decrease our dependence on the economy of, or project activity in, any particular region and particular sector(s).

Technical expertise and execution capabilities

Over the years, we have developed technical capabilities for timely completion of contracts. We believe that our expertise in bidding and contract execution capabilities provides us with a competitive advantage and to deal with construction and implementation risks. Over the years we have been receiving repeat orders from our clientele. We have generated revenue of over Rs 9,000 mn during last 3 years

Large number of varied sophisticated equipments

We own a large number of varied sophisticated equipments like excavators, dumpers, stationery concrete pavers, transit mixers, front end loaders, puzzolana crusher, dozzers and tippers and a number of shuttering and centering plates and surface miners. We believe that our strategic investment in a diverse range of modern equipment is a major advantage as it enables rapid mobilization of resources and timely and efficient performance of contracts. For further details of these equipments, refer to the section “Equipment” on page no. 67

Professionally managed Company with an experienced management and a qualified employee base

We are a professionally managed company with a qualified and trained workforce of approximately 1,325 employees as of September 22, 2008 including 77 qualified engineers and 852 skilled workers. Our management team is well qualified and experienced in the industry and has contributed to the growth in our business. We believe that a motivated and empowered employee base is the key for maintaining competitive advantage.

Our Strategy

Obtain mining leases directly from Government

We currently undertake contracts for excavation and raising of coal, lignite, limestone and iron ore from mines leased by third parties and do not directly own or lease any mines. As part of our business strategy, to take advantage of our experience in excavation and raising of minerals, we plan to obtain, in India and abroad, leases of mines containing coal, iron ore, bauxite or other minerals. We believe that as a result of our low cost of operations, we are well positioned to undertake mining activities as direct lessee of mines, which will be able to improve our revenues and profit margins.

To obtain river linking projects across India

We forayed into irrigation sector in 2005 and since then we have taken up many projects related to river linking, dams, reservoirs, canals, etc. We intend to capitalize on our expertise in the field of irrigation and river linking project by bidding for such projects across various states in India. Besides, we believe that with growing impetus being given to alternative ways and means of transportation over current roadways and railways, inland river linking is the key to towards future decongestion. We strongly believe that linking of major river in the country is going to be the biggest chunk in the irrigation sector in the next decade.

To obtain long- term contracts in coal blocks

We have executed project(s) involving raising of minerals from mines. Our contracts for excavation and raising of minerals including existing projects on hand and those in pipeline are long term by nature and our order book for coming years has got a touch of stability. Our endeavor is to target long term excavation and raising of coal contracts from thermal power companies for their coal blocks. There is a shortage of experienced mining contractors due to the fact that this sector was not privatized until recently and the governments was undertaking such activities on their own and only piece rate contracts were subcontracted.

To foray into mass housing contracts

We have executed housing development projects for our varied clientele. We intend to further our experience and expertise in executing housing projects, by bidding projects involving development of mass housing across varied cross-sections. Currently, various state governments are looking at providing affordable housing to masses, we intend to capitalize on the opportunity.

Diversify geographically into new locations and grow inorganically

We intend to expand our operations within India and internationally. In pursuing our strategy, we seek to identify markets, in states in India where we do not currently operate, and internationally, where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from competitors.

In order to expand our operations, we may also seek to identify acquisition targets and joint venture partners. We may consider opportunities for inorganic growth through mergers, acquisitions and may enter into joint ventures, if, among other things, they enable us to improve us to improve in various areas like (i) strengthen our pre-qualification criteria in specific areas, (ii) enhance our execution capabilities in niche areas, and (iii) increase our pool of qualified engineers and other technically qualified staff etc.

Continue to enhance our core strengths and execution capability

We believe that our ability to effectively manage projects is crucial to our continued success as a contracting company. We have an experienced and well-qualified execution team, with skills in various fields, including civil, structural, electrical and mechanical engineering. We have successfully executed quality projects within the stipulated time. We intend to continuously strengthen our execution capabilities by adding to our existing pool of engineers, attracting new graduates from leading colleges in India, and facilitating continuous learning with in-house and external training opportunities.

AMR CONSTRUCTIONS LIMITED

SUMMARY FINANCIAL INFORMATION

The following tables set forth our restated summary financial statements for the fiscal years ended March 31, 2008, 2007, 2006, 2005 and 2004. The restated summary financial information presented below should be read in conjunction with the financial statements included in this Draft Red Herring Prospectus, the notes and significant accounting principles thereto and the section titled "Management Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 160 of this Draft Red Herring Prospectus. Indian GAAP differs in certain significant respects from U.S. GAAP and IFRS.

Restated Audited Summary Statement of Profits and Losses

ANNEXURE I : SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Particulars	**As at March 31,**				
	2008	**2007**	**2006**	**2005**	**2004**
Fixed Assets – A					
Gross Block	937.47	413.99	168.40	85.30	68.57
Less : Accumulated Depreciation	108.61	57.23	31.24	21.98	13.39
Net Block	**828.86**	**356.76**	**137.16**	**63.32**	**55.17**
Capital Work-In-Progress	1.45	-	-	-	-
Total – A	**830.31**	**356.76**	**137.16**	**63.32**	**55.17**
Investments – B	**11.00**	-	-	-	-
Current Assets, Loans and Advances - C					
Inventories	1,151.64	521.53	230.48	8.56	8.81
Sundry Debtors	1,435.81	274.20	155.85	71.26	78.49
Cash and Bank Balances	59.13	41.04	4.54	0.40	1.38
Loans and Advances	688.74	532.75	77.62	43.33	23.70
Other Assets	58.48	82.31	17.87	5.82	13.47
Total – C	**3,393.80**	**1,451.83**	**486.35**	**129.37**	**125.84**
Total Assets (A+B+C) = D	**4,235.12**	**1,808.58**	**623.51**	**192.68**	**181.01**
Liabilities and Provisions - E					
Share Application Money	-	-	-	16.97	5.90
Secured Loans	1,450.97	596.94	405.45	31.31	39.44
Unsecured Loans	1,522.60	522.60	-	-	-
Current Liabilities	302.18	140.25	42.77	73.22	73.99
Provisions	186.45	155.42	32.58	3.20	1.15
Total – E	**3,462.19**	**1,415.21**	**480.81**	**124.70**	**120.49**
Deferred Tax Liability (Net) - F	20.95	12.16	8.77	7.89	6.12
Net Worth (D-E-F)	**751.97**	**381.21**	**133.93**	**60.10**	**54.40**
Represented by					
Share Capital	82.80	66.50	60.45	43.48	43.48
Reserves and Surplus	669.31	314.88	73.68	16.85	11.19
Total	**752.11**	**381.38**	**134.13**	**60.33**	**54.67**
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	0.13	0.17	0.20	0.23	0.27
Net Worth	**751.97**	**381.21**	**133.93**	**60.10**	**54.40**

AMR CONSTRUCTIONS LIMITED

ANNEXURE II : SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

Particulars	As at March 31,					
	2008	**2007**	**2006**	**2005**	**2004**	**2003**
Income						
Contract Revenue	5,421.00	2,880.44	714.19	252.64	167.86	14.66
Other Income	1.93	4.33	(0.43)	1.64	0.77	2.26
Increase/(Decrease) in Work-In-Progress	451.50	210.70	39.64	(0.25)	(12.66)	6.46
Total	**5,874.43**	**3,095.47**	**753.40**	**254.03**	**155.97**	**123.39**
Expenditure						
Construction Expenses	4,897.87	2,513.85	581.85	203.26	124.04	90.20
Payments and Benefits to Employees	68.78	29.75	19.58	16.53	9.26	7.46
Directors Remuneration	14.40	6.00	6.22	1.08	1.08	1.02
Administrative & Selling Expenses	111.68	56.72	17.13	7.27	3.50	5.50
Financial Charges	172.18	62.50	29.52	3.37	3.13	5.10
Depreciation	60.58	30.62	11.59	8.34	6.84	6.42
Miscellaneous Expenses Written Off	0.03	0.03	0.03	0.03	0.03	0.03
Total	**5,325.52**	**2,699.47**	**65.92**	**239.88**	**147.88**	**115.74**
Net Profit before tax	**548.90**	**396.01**	**87.48**	**14.15**	**8.09**	**7.65**
Provision for Current Tax	(184.17)	(130.14)	(29.07)	-	-	(0.50)
Provision for Fringe Benefit Tax	(2.48)	(0.73)	(0.31)	-	-	-
Provision for Deferred Tax	(8.79)	(3.39)	(0.89)	(1.76)	(1.71)	(2.28)
Profit available for appropriations	**353.46**	**261.75**	**57.21**	**12.39**	**6.38**	**4.87**
Less : Prior Period Items	(18.45)	-	(6.30)	0.08	-	(0.53)
Net Profit	**335.00**	**261.75**	**50.91**	**12.47**	**6.38**	**4.34**
Adjustments on account of :						
Prior Period Items	0.34	(0.34)	-	(0.08)	-	
Income tax						
Adjustments for earlier years	-	-	0.61	0.44	-	0.43
Income Tax 02-03	-	-	0.56	0.08	-	(0.63)
Income Tax 03-04	-	0.99	1.32	-	(2.31)	-
Income Tax 04-05	3.20	0.06	3.73	(6.99)	-	-
Income Tax 06-07	14.91	(14.91)	-	-	-	-
Depreciation	0.97	(0.29)	(0.29)	(0.25)	(0.14)	-
Total	**19.42**	**(14.50)**	**5.92**	**(6.81)**	**(2.44)**	**(0.20)**
Adjusted profit after tax	**354.43**	**247.25**	**56.83**	**5.66**	**3.94**	**4.14**

AMR CONSTRUCTIONS LIMITED

THE ISSUE

Equity Shares to be issued	Up to 5,800,000 Equity Shares
Of which	
A. QIB portion	At least 2,900,000 Equity Shares (allotment on proportionate basis).
Of which	
Reservation for Mutual Funds	At least 145,000 Equity Shares (allotment on proportionate basis)
Balance for all QIBs including Mutual Funds	At least 2,755,000 Equity Shares (allotment on proportionate basis)
B. Non-Institutional Portion(1)	Not less than 870,000 Equity Shares (allotment on proportionate basis)
C. Retail Portion(1)	Not less than 2,030,000 Equity Shares (allotment on proportionate basis)
Equity Shares outstanding prior the Issue	[•] Equity Shares
Equity Shares outstanding after the Issue	[•] Equity Shares
Objects of the Issue	For details of the Objects of the Issue, Please see section entitled "Objects of the Issue" beginning on page 25 of this Draft Red Herring Prospectus for additional information.

(1) Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any of the category would be met with spill over from other categories at the sole discretion of the Company in consultation with the BRLM.

GENERAL INFORMATION

The Company was incorporated as AMR Constructions Limited on April 25, 2001 as a public limited company under the Companies Act, 1956. We received the certificate of commencement of business on June 4, 2001 from the RoC.

Registered Office:
AMR CONSTRUCTIONS LIMITED

Plot No 88, Sari Konda Mansion,
Ground Floor, Phase III, Kamalapuri Colony,
Hyderabad - 500073, Andhra Pradesh
Tel: 91-40- 23548862; Fax: 91-40-23541621;
E-mail: info@amrcl.com
Website: www.amrcl.com

Corporate Office:

3rd Floor, Serene Chambers,
Road No. 5, Banjara Hills,
Hyderabad – 500 034.
Andhra Pradesh.
Telephone: +91-40-+91-40-23602384/85,
Facsimile: +91-40-23602386

Company Registration No: 01 – 36617 of 2001-02

Company's corporate identity number: U45201AP2001PLC036617

Address of the Registrar of Companies:

Registrar of Companies, Andhra Pradesh
2nd Floor, CPWD Building.
Kendriya Sadan, Sultan Bazar, Koti,
Hyderabad – 500195
India

For details of changes in our registered office, see "History and Certain Corporate Matters" beginning on page 76 of this DHRP

BOARD OF DIRECTORS:

The Company is currently managed by a Board of Directors comprising of six directors. Our Board of Directors consists of the following persons:

Name, Designation, Occupation	Age	Address
A. Mahesh Reddy Chairman and Managing Director s/o A. Audinarayana Reddy Occupation : Business DIN No: 00758625	42 years	Flat no. 106, Hanging Gardens, Road No. 10, Banjara Hills, Hyderabad, Andhra Pradesh, India
A. Girish Reddy Whole Time Director s/o A. Audinarayana Reddy Occupation : Business DIN No: 01454094	44 Years	Plot No. 87, Road no.72, Prashasa Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh, India
A. Audinarayana Reddy Whole Time Director s/o A. Venkatarami Reddy Occupation : Business DIN No: 01115788	64 Years	Plot No. 87, Road no.72, Prashasa Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh, India
Basavaraj Raddi Independent Director s/o Raddi Appayyappa Occupation: Retired Chief Engineer DIN No: 01345384	76 years	2507, Matrukripa, Malmaruti Extension, Belgaum
Babugowda S. Patil Independent Director s/o Sangangowda Patil Occupation: Retired IAS Officer DIN No: 00061959	64 Years	No. 149, 5th Cross, R.M.V. Extension, Bangalore – 560 080
K. S. Ramchandran Independent Director s/o K. S. Sankara Iyer Occupation : Retired IAS Officer DIN No: 01381957	81 years	N 2/27, Phase II, DLF City, Gurgaon – 122 002

For further details of the Directors, see "Our Management" beginning on page no 81 of this Draft Red Herring Prospectus

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Suresh Kumar Vaishraj
AMR Constructions Limited
Plot No. 88, Sari Konda Mansion,
Kamalapuri colony, Phase III,
Hyderabad – 500 073
Andhra Pradesh
India
Tel: +91-40-23602384/85,
Facsimile: +91-40-23602386
E-mail: complianceofficer@amrcl.com

Investors can contact the Compliance Officer in case of any pre- Issue or post- Issue related problems such as non-receipt of letters of Allotment / share certificates / credit of Allotted Shares in the respective beneficiary accounts / refund orders etc.

BOOK RUNNING LEAD MANAGER

PL Capital Markets Private Limited
3rd floor, Sadhana House,
570 P. B. Marg, Worli,
Mumbai 400 018
Telephone: +91 – 22 – 6632 2222/20
Facsimile: +91 – 22 – 6632 2229
Email: ipo_amr@plindia.com
Website: www.plindia.com
Contact Person: Ms. Ritcha Bhandari
SEBI Reg No: INM000011237

SYNDICATE MEMBERS TO THE ISSUE
[•]

LEGAL COUNSEL TO THE ISSUE

Sterling's Law Partners
310, Rewa Chambers,
New Marine Lines,
Mumbai – 400 020
Tel: +91 – 22 – 6451 6112

REGISTRAR TO THE ISSUE

M/s. Karvy Computershare Pvt Ltd
Plot No. 17-24, Vittalrao Nagar,
Madhapur,
Hyderabad- 500 081
Tel: +91- 800- 3454001
Fax: +91- 040 2342 0814
Website: www.karvy.com
Email: amripo@karvy.com
SEBI Regn No.: INR000000221
Contact Person: Mr. M. Muralikrishna

ADVISORS TO THE COMPANY

Atherstone Capital Markets Limited
121, 12th Floor, Maker Chambers IV,
Nariman Point, Mumbai 400 021.
Tel. +91 – 22-66191919
Fax +91- 22-6615 2989
Email : amripo@atherstone.in
Contact Person : Mr. Rinav Manseta

BANKERS TO THE ISSUE/ ESCROW COLLECTION BANKS

[•]

REFUND BANKER

[•]

AUDITORS

akasam and associates
102 & 103 Rohiwal Windsor Apartments,
5-10-197/1&2, Hill Fort Road,
Hyderabad - 4
Tel: +91 – 40 – 23212223
Fax: +91 – 40 – 23214581

BANKERS TO THE COMPANY

State Bank Of India Commercial Branch, Koti, Hyderabad - 95, Andhra Pradesh, India Tel: +91-40-2475 5932 Contact Person: Sri.KP Raja Rao	**State Bank of Bikaner and Jaipur** 5-2-174/2, Rashtrapathi Road, Secunderabad, - 3 Andhra Pradesh, India Tel: +91-40-2754 0399 Contact Person: Mr. Srikanth
Bank of Maharshtra Chandralok Complex, M.G. Road, Secunderabad - 3, Andhra Pradesh, India Tel: +91-40-2784 3238 Contact Person: Mr. Ashlesh Kumar	**Syndicate Bank** 1st floor, Lumbini Park, Opposite to NIMS, Panjagutta, Hyderabad – 82 Andhra Pradesh, India Tel: +91-40-2331 1374 Contact Person: Mr. Raja Reddy
Yes Bank Ltd Mayank Towers, 6-3-1090/B/1 & 2, Raj Bhavan Road, Somajiguda, Hyderabad - 82, Andhra Pradesh, India Tel: +91-40-6673 9000 Contact Person: Mr. Lokesh	**Barclays Bank** 601/603, Ceejay House, Shivsagar Estate, Dr. A. Besant Road, Worli, Mumbai – 18, Maharashtra, India Tel: +91-22-6719 6944 Contact Person: Mr. Devadutta Mishra
IDBI Bank Ltd IDBI Tower, WTC Complex, Cuffe Parade, Mumbai – 5 Maharashtra, India Tel: +91-22-6655 3355 Contact Person: Mr. Munish Mohan	**State Bank of Mysore** Plot No. 8-A, Road No. 5, Jubilee Hills, Hyderabad – 33, Andhra Pradesh, India Tel: +91-40-2354 8346 Contact Person: Mr. M.K.Ramaprasad

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

IPO GRADING

The Issue has been graded by [●] and has been assigned [●] indicating [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by [●], furnishing the rational for its grading is available for inspection at our Registered Office from 10.00 am to 4.00 pm on working days from the date of RHP until the Bid/ Issue Closing Date.

MONITORING AGENCY

There is no requirement to appoint a Monitoring Agency for this Issue in terms of clause 8.17 of the SEBI DIP Guidelines.

APPRAISING ENTITY

Our Project has not been appraised by any entity or agency

TRUSTEES

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

BOOK BUILDING PROCESS

Book building process, with reference to the Issue, refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. The Company;

2. BRLM;

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

4. The Registrar to the Issue.

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process wherein upto 50% of the Issue to the Public will be available for allocation to Qualified Institutional Buyers ("QIBs") on a proportionate basis, subject to valid bids being received at or above the issue price. Out of the proportion available to QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 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. We will comply with these guidelines for this Issue. In this regard, we have appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

In accordance with to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after 3 p.m. on the Bid/ Issue Closing Date. In addition, QIBs are required to pay the QIB Margin Amount representing at

least 10% of the Bid Amount, upon submission of their Bids and allocation to QIBs will be on a proportionate basis. For details, see "Issue Structure" beginning on page 192 of this DHRP.
The Company will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLM to manage the Issue and procure subscriptions to the Issue.

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

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.20 to Rs.24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the web site of BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of equity share Bid for	Bid Price (Rs.)	Cumulative Equity Shares bid for	Subscription
500	24	500	16.67%
1000	23	1,500	50.00%
1500	22	3,000	100.00%
2000	21	5,000	166.67%
2500	20	7,500	250.00%

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., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs.22/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see "Issue Procedure" on page 196 of this Draft Red Herring Prospectus);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form. Ensure that you have mentioned your PAN in the Bid cum Application Form , irrespective of the amount for which application/bid is made. (see section titled "Issue Procedure" on page 196 of this Draft Red Herring Prospectus)

4. Bids by QIBs will only have to be submitted to the BRLM.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid/ Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after allotment.

Bid/Issue Programme

Bidding Period / Issue Period

BID / ISSUE OPENS ON [•], 2008
BID / ISSUE CLOSES ON [•], 2008

Bids and any revision in Bids shall be accepted during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form and uploaded till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. 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, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. 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, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail 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 BRLM to the Stock Exchange within half an hour of such closure.

The Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap price should not be more than 120% of the Floor Price of the Price Band. The Floor Price of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

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

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the 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 BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. The Company has entered into an Underwriting Agreement with the Underwriters dated **[•]**

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Million)
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above chart is indicative and this would be finalised after determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated **[•]**.

In the opinion of the Board of Directors (based on certificates dated **[•]** given to them by BRLM and the Syndicate Members), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). Our Board of Directors at its meeting held on [•] have approved the Underwriting Agreement dated [●].

CAPITAL STRUCTURE

Our share capital as at the date of filing this DRHP with SEBI (before and after the issue) is set forth below:

	NOMINAL VALUE (Rs. Million)	AGGREGATE VALUE AT ISSUE PRICE (Rs. Million)
Authorized Share Capital [a]		
24,000,000 Equity Shares of Rs. 10 each	240	--
Issued, Subscribed and Paid-Up Equity Share Capital prior to the issue		
16,398,638 Equity Shares of Rs. 10 each fully paid	163.98	[•][b]
C. Present Issue in terms of this Draft Red Herring Prospectus [c]		
5,800,000 Equity Shares of Rs. 10 each of which; **(i) QIB Portion** [d] Upto 2,900,000 equity shares being 50% of the present issue of which; Mutual Fund portion is 145,000 equity shares being 5% of the QIB portion Balance for all QIB's including Mutual Funds 2,755,000 equity shares **(ii) Non Institutional Portion** [e] Not less than 870,000 equity shares being 15% of the present issue available for allocation **(iii) Retail** Not less than 2,030,000 equity shares being 35% of the present issue available for allocation	58.00	[•]
D. Issued, subscribed and Paid-Up Equity Share Capital after the Issue		
22,198,639 Equity Shares of Rs. 10 each	221.98	[•]
E. Share Premium Account [f]		
Prior to the Issue	[•][b]	[•][b]
After the Issue		[•][b]

[a] Details of Increase in Authorised Capital:

Sr. No.	Date of Shareholders meeting	Increased From (Rs.)	Increased to (Rs.)	Remarks
1.	April 25, 2001	--	1,000,000	On Incorporation
2.	June 20, 2001	1,000,000	10,000,000	Increased from Rs. 1million divided into 100,000 equity shares of Rs. 10 each to Rs. 10 million divided into 1,000,000 equity shares
3.	March 8, 2002	10,000,000	50,000,000	Increased from Rs. 10 million divided into 1,000,000 equity shares of Rs. 10 each to Rs. 50 million divided into 5,000,000 Equity shares of

				Rs 10 each
4.	March 31, 2006	50,000,000	70,000,000	Increased from Rs. 50 million divided into 5,000,000 equity shares of Rs. 10 each to Rs.70 million divided into 7,000,000 Equity Shares of Rs 10 each
5.	October 5, 2006	70,000,000	190,000,000	Increased from Rs. 70 million divided into 7,000,000 equity shares of Rs. 10 each to Rs. 190 million divided into 19,000,000 Equity shares of Rs 10 each
6	September 24, 2008	190,000,000	240,000,000	Increased from Rs. 190 million divided into 19,000,000 equity shares of Rs. 10 each to Rs.240 million divided into 24,000,000 Equity shares of Rs 10 each

(b) Allotment of shares against Unsecured Fully Convertible Debentures

The Company had issued 15.226 mn Fully Convertible Debentures ("FCD") of Rs. 100/- each amounting to Rs. 1,522.60 mn to Grants Investment Ltd., Mauritius in three tranches as follows in terms of the Debentures Subscription Agreement No. 1 dated October 16, 2006 and Debentures Subscription Agreement No. 2 dated July 16, 2007 between the Company, Grants Investment and our Promoters -

Debenture Series	**Date of Allotment**	**Number of FCDs (Mn)**	**Value of FCDs (Rs. Mn)**
A	October 16,2006	5.226	522.60
B	July 25, 2007	5.000	500.00
C	November 03, 2007	5.000	500.00
Total		15.226	1522.60

The Debentures Subscription Agreement No. 1 and No. 2 were amended vide an agreement between Company, Grant Investment and our Promoters dated September 29, 2008 ("Amendment Agreement").

In terms of the Amendment Agreement executed between the Company, Grants Investment and our Promoters the terms of the Debenture Series A, B and C were amended as follows-

A. The face value of each of the Debenture Series A, B and C have been reduced to Rs. 70/- each ("Residual Face Value") and balance face value of Rs. 30/- has been appropriated towards conversion into Equity Shares on September 29, 2008 at the price indicated in the following table :

Debenture Series	Number of FCDs (Mn) A	Value of FCDs (Rs. Mn) B	Value of FCD appropriated towards Equity Share (Rs. mn) (being Rs. 30 per FCD) C	Amount appropriated towards each Equity Share (Rs.) D=(C/E)	Nos. of Equity Shares E	Residual Value of FCDs (Rs. mn) F=(B-C)
A	5.226	522.60	156.78	41.21	3,804,449	365.82
B	5.000	500.00	150.00	68.56	2,187,961	350.00
C	5.000	500.00	150.00	70.54	2,126,422	350.00
Total	**15.226**	**1522.60**	**456.78**		**8,118,832**	**1065.82**

B. On the Pricing Date the entire Residual Value of all the A, B and C series of the FCDs shall be appropriated towards additional share premium against the shares allotted on the conversion of the FCDs without demur or consent on the part of Grants Investment Ltd. as follows:

Debenture Series A	Residual Value of FCDs (Rs. mn) **B**	Nos. of Equity Shares **C**	Amount appropriated towards each Equity Share on conversion (Rs.) **D**	Amount appropriated towards each Equity Share on Pricing Date (Rs.) **E=(B/C)**	Total consideration per Equity Share as of the pricing date (Rs.) **F=(D+E)**	Aggregate Face Value of Shares (Rs. Mn.) **G=(CX10)**	Total Share Premium on the Pricing Date (Rs. Mn.) **H=[C*(F-10)]**
A	365.82	3,804,449	41.21	96.16	137.37	38.044	484.57
B	350.00	2,187,961	68.56	159.96	228.52	21.880	478.11
C	350.00	2,126,422	70.54	164.60	235.14	21.264	478.74
Total	**1065.82**	**8,118,832**				**81.188**	**1,441.42**

C Grants Investment Ltd. shall have the right to convert the aggregate of the Residual Values of each of the remaining outstanding Series A Debentures (Rs. 365.82 mn), Series B Debentures (Rs. 350.00 mn) and Series C Debentures (Rs 350.00 mn) into Equity Shares of the Company at the rate of Rs. 95.09 per Equity Share if:

a) the proposed Issue pursuant to the DRHP filed with SEBI on or before September 30, 2008 is withdrawn by the Company, or
b) the total subscription received by the Company in relation to such proposed Issue does not reach the minimum subscription level required under SEBI DIP Guidelines regulations or
c) the proposed Issue is not completed on or before September 30, 2009.

[c] (1) The Issue has been authorised by a resolution of our Board dated September 17, 2008 and by a special resolution passed pursuant to Section 81 (1A) of the Companies Act, at the EGM of the shareholders of our Company held on September 24, 2008.
(2) The Company proposes to issue up to 5.8 million Equity Shares, to the public which amounts to approximately 26.13% of the post Issue paid up capital of the Company. The resolution of our Board dated September 17, 2008 and the special resolution approved by the shareholders on September 24, 2008 has authorised Our Company to issue up to 6.0 million Equity Shares.

[d] Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further attention of all QIBs is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date; and (b) each QIB, including a Mutual Fund, is required to deposit a Margin Amount of at least 10% with its Bid-cum-Application Form.

[e] Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and the Retail Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of the Company, in consultation with the BRLMs.

Notes to the Capital Structure:

The following is the history of the issued and paid up Equity Share Capital of our Company

1. Share Capital History of the Company:

Date of Allotment	Number of Equity Shares	Face Value Rs.	Issue Price Rs.	Nature of Consideration	Reason for Allotment (Bonus, Swap Etc.)	Cumulative Paid up Capital (in Rs.)	Cumulative Share Premium Rs.
25.04.2001	100,000	10	10	Cash	Subscribers to MOA	1,000,000	Nil
22.03.2003	4,248,278	10	10	Cash	Preferential Allotment to Promoters	43,482,780	Nil
31.03.2006	1,697,000	10	10	Cash	Preferential Allotment to Promoters	60,452,780	Nil
08.06.2006	604,528	10	--	--	Bonus (1:10)	66,498,060	Nil
16.07.2007	530,000	10	10	Other than Cash (Refer Note (a) below	Preferential Allotment to Mr A Mahesh Reddy and Mr A. Girish Reddy, promoters.	71,798,060	Nil
15.10.2007	1,100,000	10	10	Cash	Preferential Allotment to Promoters	82,798,060	
29.09.2008	8,118,832	10	[●]*	Cash	Conversion of FCD's	163,986,380	[●]*

*Issue of Equity Shares upon conversion of Unsecured Fully Convertible Debentures.
Please refer footnote (b) to Capital Structure

Note (a): Being allotment of equity shares as part consideration for purchase of land admeasuring 6.03 acres at Survey number 155 & 157 at Nemaragomula Village, Bibinagar Mandal, Nalgonda Dist, Andhra Pradesh, vide sale deed dated July 16, 2007.

2. The Share Capital Build-up of the Promoters equity shareholding in the Company is as given below:

Date of Allotment / Transfer	Consideration	Nature of Issue	No. of Shares	Face Value	Issue Price/ Transfer Price
A. Mahesh Reddy					
25.04.2001	Cash	Allotment	50,000	10	**10**
22.03.2003	Cash	Allotment	2,227,237	10	**10**
31.03.2006	Cash	Allotment	497,000	10	**10**
08.06.2006	Bonus (1 : 10)	Allotment	277,424	10	**Nil**
08.06.2006	Cash	Transfer	(302,290)	10	**10**
16.07.2007	Other than Cash (Refer Note 1(a) above)	Allotment	265,000	10	**10**
15.10.2007	Cash	Allotment	540,000	10	**10**
Sub Total			**3,554,371**		
A Girish Reddy					
25.04.2001	Cash	Allotment	45,000	10	**10**

22.03.2003	Cash	Allotment	1,891,041	10	**10**
31.03.2006	Cash	Allotment	300,000	10	**10**
08.06.2006	Bonus (1 : 10)	Allotment	223,604	10	**Nil**
08.06.2006	Cash	Transfer	(302,290)	10	**10**
16.07.2007	Other than Cash (Refer Note 1(a) above)	Allotment	265,000	10	**10**
15.10.2007	Cash	Allotment	540,000	10	**10**
Sub Total			**2,962,355**		
A. Audinarayana Reddy					
25.04.2001	Cash	Allotment	1,000	10	**10**
10.11.2003	Cash	Transfer	20,000	10	**10**
31.03.2006	Cash	Allotment	300,000	10	**10**
08.06.2006	Bonus (1 : 10)	Allotment	32,100	10	**Nil**
Sub Total			**353,100**		
Total			**6,869,826**		

3. **Details of Promoters Contribution locked in for three years**

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital of our Company held by the Promoters shall be locked-in for a period of three years from the date of Allotment. In compliance with the terms of clause 4.6 of the SEBI Guidelines:

a. No shares allotted to promoters for consideration other than cash;
b. No shares allotted to the promoters during the preceding one year; and
c. No bonus shares allotted out of revaluation reserves or reserves without accrual of cash resources or arising out of ineligible shares,

have been taken into consideration for the computation of the shares eligible for promoters contribution.

The details of such lock-in are given below: [1]

a) Shares locked in for a period of three years from the date of allotment in the Issue

Name of Promoter	Date of Allotment	Date when made fully paid up	Nature of Allotment	Consideration	No. of Equity Shares locked in for 3 years	Face Value (Rs.)	Issue Price/ Acquisition Price	% of post issue paid up capital
A Mahesh Reddy	22.03.2003	22.03.2003	Allotment	Cash	1855221	10	10	8.36
A Mahesh Reddy	31.03.2006	31.03.2006	Allotment	Cash	194710	10	10	0.88
A Mahesh Reddy	08.06.2006	08.06.2006	Allotment	Bonus (1:10)	277424	10	Nil	1.25
			Total (A)		**2327355**			**10.49**
A Girish Reddy	22.03.2003	22.03.2003	Allotment	Cash	1891041	10	10	8.52
A Girish Reddy	08.06.2006	08.06.2006	Allotment	Bonus (1:10)	223604	10	10	1.00
			Total (B)		**2114645**			**9.52**
			Total (A)+(B)		**4442000**			**20.01**

[1] Our Promoters, Mr. A. Mahesh Reddy and Mr. A. Girish Reddy, have granted their consent to include their shareholding towards the minimum promoters' contribution and for being locked in for three years from the date of Allotment in the Issue.

Shares locked in for a period of one year from the date of allotment in the Issue

Name of Promoter	Date of Allotment	Date when made fully paid up	Nature of Allotment	Consideration	No. of Equity Shares locked in for 1 year	Face Value (Rs.)	Issue Price/ Acquisition Price	% of post issue paid up capital
A Mahesh Reddy	25.04.2001	25.04.2001	Allotment	Cash	50,000	10	10	0.23
A Mahesh Reddy	22.03.2003	22.03.2003	Allotment	Cash	372,016	10	10	1.68
A Mahesh Reddy	16.07.2007	16.07.2007	Allotment	Land	265,000	10	10	1.19
A Mahesh Reddy	15.10.2007	15.10.2007	Allotment	Cash	540,000	10	10	2.43
			Total (A)		**1,227,016**			**5.53**
A Girish Reddy	25.04.2001	25.04.2001	Allotment	Cash	42,710	10	10	0.19
A Girish Reddy	16.07.2007	16.07.2007	Allotment	Land	265,000	10	Nil	1.19
A Girish Reddy	15.10.2007	15.10.2007	Allotment	Cash	540,000	10	10	2.43
			Total (B)		**847,710**			**3.81**
A Audinarayana Reddy	25.04.2001	25.04.2001	Allotment	Cash	1,000	10	10	0.00
A Audinarayana Reddy	10.11.2003	10.11.2003	Allotment	Cash	20,000	10	10	0.09
A Audinarayana Reddy	31.03.2006	31.03.2006	Allotment	Cash	300000	10	10	1.35
A Audinarayana Reddy	08.06.2006	08.06.2006	Allotment	Bonus (1:10)	32,100	10	10	0.14
			Total (C)		**353,100**			**1.59**
			Total (A)+(B)+(C)		**2,427,826**			**10.93**

The Promoters contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI Guidelines. All Equity Shares, which are to be locked in are eligible for computation of Promoters contribution as per the SEBI Guidelines. The Equity Shares held by the Promoters and offered for minimum 20% Promoter's contribution are not subject to any pledge. However, Equity shares aggregating 7,654,126 equity shares representing 46.68% of the pre-issue paid up capital of our company held by our promoters and members of the promoter group have been placed in Escrow in terms of the Amended and Restated Escrow Agreement between Company, Grant Investment and our Promoters, dated July 19, 2007. The delivery of the shares in the Escrow Account was to satisfy the requirements of GIL. The aforesaid 7,654,126 equity shares will be released from Escrow upon the BRLM intimating the Escrow Agent of the Pricing Date immediately after determination of the Issue Price. Upon release of the said 7,654,126 equity shares held by the promoter group, 4,442,000 equity shares held by two of the promoters will be subject to a lock in of 3 years from the date of allotment while remaining 2,427,826 shares will be subject to a lock in of 1 year.

b) Equity Shares locked in for one year

In addition to 20% of post – Issue shareholding of our Company locked-in for three years, as minimum Promoters contribution as specified above, our remaining pre-issue equity share capital constituting 11,956,638 Equity Shares will be locked-in for a period of one year from the date of Allotment.

The securities which are subject to lock-in shall carry the inscription 'non-transferable' and 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, before the listing of the securities.

4. In terms of Clause 4.15.1 of the SEBI Guidelines, the locked – in Equity Shares held by the Promoters can be pledged only to banks or financial institutions as collateral / additional security for any loans granted by such banks or financial institutions, provided that the pledge of shares is

one of the conditions under which the loan is sanctioned. Further, securities locked-in as minimum Promoters contribution may be pledged only if, in addition to fulfilling above condition, the loan has been granted by such bank or financial institutions for the purpose of financing one or more of the objects of the Issue as mentioned in the section "Objects of the Issue" beginning on page number 25 of this DRHP

5. In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity shares held by persons other than Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked – in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

6. Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and among the 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

7. Our Promoters and members of Promoters Group will not participate in this issue.

8. Shareholding pattern of the Company before and after the Issue including aggregate shareholding of the promoter group:

Category	**Pre-Issue**		**Post-Issue**	
	Number of Shares	**%**	**Number of Shares**	**%**
A. Promoter's				
(a) Promoters				
A. Mahesh Reddy	3,554,371	*21.67%*	3,554,371	*16.01%*
A. Girish Reddy	2,962,355	*18.06%*	2,962,355	*13.34%*
A. Audinarayana Reddy	353,100	*2.15%*	353,100	*1.59%*
Sub total (a)	6,869,826	*41.90%*	6,869,826	*30.95%*
(b) Promoter Group'				
A. Radhika Reddy	215,600	*1.31%*	215,600	*0.97%*
A. Latha Reddy	325,600	*1.99%*	325,600	*1.47%*
A. Sulochanamma	243,100	*1.48%*	243,100	*1.10%*
Sub total (b)	784,300	*4.78%*	784,300	*3.53%*
(c) Others				
Grants Investment Limited	8,118,832	*49.51%*	8,118,832	*36.57%*
Top Mercantile Ltd	302,290	*1.84%*	302,290	*1.36%*
Vansh Value Realty Pvt Ltd	302,290	*1.84%*	302,290	*1.36%*
Sushila S. Joshi	10,000	*0.06%*	10,000	*0.05%*
Swati Bhandarkar	10,000	*0.06%*	10,000	*0.05%*
D. Subba Reddy	1,100	*0.01%*	1,100	*0.00%*
Sub total (c)	8,744,512	*53.32%*	8,744,512	*39.39%*
Total Capital	16,398,638	*100.00%*	16,398,638	*73.87%*
(a) + (b) + (c)				
Present Issue in terms of this DRHP			5,800,000	*26.13%*
Total Post Issue Share Capital	**16,398,638**	***100.00%***	**22,198,638**	***100.00%***

9 Our Company, our Promoters, our Directors or the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

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

11 An over subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple while finalising the allotment.

12 The Equity Shares offered through this Public Issue will be fully paid-up.

13 In this Issue, in case of over-subscription in all categories, upto 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers. 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 Bidders, subject to valid bids being received at or above the Issue Price. At the sole discretion of the Company and the BRLMs under subscription, if any, in any category would be allowed to be met with spill over from any other category.

14 Equity Shares held by top 10 Shareholders:

a. Particulars of top 10 shareholders as on the date of filing of the Draft Red Herring Prospectus with SEBI i.e. as on September 30, 2008:

Sr. No.	**Name of the Shareholder**	**Total No of Shares**
1	Grants Investment Limited	8,118,832
2	A. Mahesh Reddy	3,554,371
3	A. Girish Reddy	2,962,355
4	A. Audinarayana Reddy	353,100
5	A. Latha Reddy	325,600
6	Top Mercantile Limited	302,290
7	Vansh Value Realty Private Limited	302,290
8	A. Sulochanamma	243,100
9	A. Radhika Reddy	215,600
10	Swati Bhandarkar	10,000

b. Particulars of top ten shareholders 10 days prior to the date of filing of the Draft Red Herring Prospectus with SEBI i.e. as on September 20, 2008:

Sr. No.	**Name of the Shareholder**	**Total No of Shares**
1	Grants Investment Limited	8,118,832
2	A. Mahesh Reddy	3,554,371
3	A. Girish Reddy	2,962,355
4	A. Audinarayana Reddy	353,100
5	Top Mercantile Ltd	302,290
6	Vansh Value Realty Pvt Ltd	302,290
7	A. Latha Reddy	325,600
8	A. Sulochanamma	243,100
9	A. Radhika Reddy	215,600
10	Swati Bhandarkar	10,000

c. Particulars of top ten shareholders 2 years prior to the date of filing of the Draft Red Herring Prospectus with SEBI i.e. as on September 30, 2006:

Sr. No.	Name of the Shareholder	Total No of Shares
1	A. Mahesh Reddy	2,277,237
2	A. Girish Reddy	1,936,041
3	A. Audinarayana Reddy	21,000
4	A. Sulochanmma	21,000
5	A. Radhika Reddy	71,000
6	A. Latha Reddy	21,000
7	D. Subba Reddy	1,000

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

16 Our Promoters, Promoter Group, our Directors or the directors of our Promoter Companies have not purchased or sold any Equity Shares, during a period of last six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

17 Our Company has not granted any options or issued any Equity Shares under any employee stock option or employees stock purchase scheme.

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

19 Except as disclosed below, none of our promoters, Directors or key managerial employees hold any Equity Shares of the Company.

Name Of the Promoters	Number of Equity Shares (pre issue)	Pre-Issue percentage shareholding
A. Mahesh Reddy	3,554,371	21.67
A. Girish Reddy	2,962,355	18.06
A. Audinarayana Reddy	353,100	2.15

20 As per the RBI Guidelines, OCBs are not allowed to participate in the Issue

21 The Company has not revalued any of its assets. It has not issued any Equity Shares out of revaluation reserves.

22 Other than as disclosed in the Draft Red Herring Prospectus there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.

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

24 Our Company presently does not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we are awarded large works contract or if we enter into acquisitions or joint ventures or strategic alliance, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and / or participation in such joint ventures.

25 As on the date of filing of this Draft Red Herring Prospectus the total numbers of members of the Company are 12.

26 There are certain restrictive covenants in the agreement that our Company has entered into with the banks and financial institutions for short term loans and long-term borrowings. For further details of the terms of these agreements, see "Our Indebtedness" beginning on page 150 of this DRHP.

OBJECTS OF THE ISSUE

We intend to utilise the Issue Proceeds, after deducting the underwriting and issue management fees, selling commissions and other expenses associated with the Issue (the **"Net Proceeds"**) for the following objects:

- Acquisition of Capital Equipment;
- Working Capital requirements; and
- General Corporate purposes.

The main objects clause and objects incidental or ancillary to the main objects of the Memorandum of Association of our Company enables us to undertake existing activities as well as the activities for which the funds are being raised through this Issue.

The details of proceeds of the Issue are summarized in the following table:

(Rs. in mn)

Gross proceeds of the Issue	[•]
Issue related expenses	[•]
Net proceeds of the Issue	[•]

REQUIREMENT OF FUNDS AND SCHEDULE OF IMPLEMENTATION

The objects and the estimated cost of the objects as envisaged by our management and the proposed deployment of funds over the two fiscals are as follows:

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(Rs. in mn)

Sr. No.	**Particulars**	**Total Fund Requirement**	**Estimated schedule of deployment of Net Proceeds for the quarter ending on**	
			March 31, 2009	**June 30, 2009**
(i)	Acquisition of Capital Equipment	802.77	500.00	302.77
(iii)	Working Capital requirement	650.00	650.00	-
(iv)	General Corporate purposes	[•]	[•]	-
(iv)	Issue Expenses	[•]	[•]	-
	TOTAL	[•]	[•]	[•]

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change due to external circumstances or change in costs or change in other financial condition, business strategy, as discussed further below.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

In case of any shortfall or cost overruns, we intend to meet our estimated expenditure to the extent possible by internal accruals and/or fresh debt, to the extent of shortfall. In the event of a surplus of the Net Proceeds of the Issue, the Company will use the surplus towards general corporate purposes.

We operate in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of new initiatives that we may pursue including any potential acquisition opportunities. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management/Board. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; and changes in management's views of the desirability of current plans, among others.

APPRAISAL

There is no project execution from the proceeds of the Issue and hence no appraisal is done by any banks or financial institutions or appraising agency.

MEANS OF FINANCE

The entire fund requirement towards the aforesaid objects of the issue is proposed to be funded through the net proceeds from the issue. Since the entire fund requirement will be funded from the proceeds of the Issue, there is no requirement for any other firm arrangements of finance.

As per the last audited restated financial statements, as on March 31, 2008, our free reserves stand at Rs. 669.18 million.

DETAILS OF USE OF PROCEEDS

Acquisition of Capital Equipment

We need to invest in capital equipment on a regular basis. We intend to use Rs. 802.77 million from the net proceeds of the Issue for purchase of capital equipment to meet the requirements of our various projects.

The estimated capital expenditure is Rs. 802.77 million for the purchase of capital equipment is based on our order book as of July 31, 2008 and future requirements as estimated by our management. The details of the equipment that we intend to purchase and their estimated cost, including the estimated costs freight, insurance, associated spares, attachments and other accessories, are specified in the following capital expenditure plan:

S.No	Date of Quotation	Supplier	Machinery Description	Qty	Total Price (Rs. mn)
1	9/10/2008	Atlas Copco (India) Limited	Air Compressor - XAH-210	5	4.81
2	9/10/2008	Atlas Copco (India) Limited	Crawler Drill - CM-341	5	12.34
3	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Hydraulic Excavator-EC 140 BLC	2	9.15
4	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Hydraulic Excavator-EC 210 BLC	2	11.65
5	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Hydraulic Excavator-EC 290 BLC	3	25.58
6	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Hydraulic Excavator-EC 360 BLC	4	43.26
7	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Hydraulic Excavator-EC 460 BLC	4	58.24
8	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Hydraulic Excavator-EC 700 BLC	4	112.32
9	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Motor Grader-G 930	3	28.86
10	9/10/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Soil Compactor - SD 150 D	2	6.90
11	9/11/2008	Vijaya Engineering Equipment India Pvt. Ltd.	Volvo Soil Compactor - SD 110 D	2	5.84
					318.96
12	9/11/2008	Doosan Infracore India Pvt. Ltd.	Doosan Hydraulic Excavator-S 300 LC-7	5	35.88

					35.88
13	9/11/2008	GMMCO Limited	Hindustan 1035 Dumper	5	48.19
14	9/11/2008	GMMCO Limited	Hindustan 2021Z Bar FE Loader	1	3.50
15	9/11/2008	GMMCO Limited	CAT D8R Track Type Tractor	1	15.84
					67.53
16	9/10/2008	Larson & Toubro Limited	L&T Komatsu PC-200-6	2	9.69
17	9/10/2008	Larson & Toubro Limited	L&T Komatsu PC-300-LC-7	2	15.76
18	9/10/2008	Larson & Toubro Limited	L&T Komatsu PC-450-LC-7	2	22.87
19	9/10/2008	Larson & Toubro Limited	Komatsu D 39 Dozer	4	27.17
20	9/10/2008	Larson & Toubro Limited	Komatsu D 65 Dozer	4	35.09
21	9/11/2008	Larson & Toubro Limited	Scania P 380 Tipper	10	69.65
					180.23
22	9/12/2008	Puzzolana Machinery Fabricators	200 TPH Crusher	1	33.91
23	9/12/2008	Puzzolana Machinery Fabricators	250 TPH Crusher	1	41.65
					75.56
24	9/20/2008	Nakoda Machinery Pvt. Ltd.	Alligator Drilling Unit	2	6.12
25	9/20/2008	Nakoda Machinery Pvt. Ltd.	Indus-Rock Breaker	5	7.91
26	9/20/2008	Maxmech Equipments Pvt. Ltd.	Transit Mixer MTM6	10	9.37
27	9/20/2008	Maxmech Equipments Pvt. Ltd.	Batching Plant-MVCP 3040	2	7.07
					30.47
28	9/20/2008	Jasper Industries Pvt. Ltd	TATA Novus (2530) Tipper	10	42.94
29	9/20/2008	Jasper Industries Pvt. Ltd	TATA 2516 Fully Built Transit Mixer	5	12.97
					55.91
		TOTAL			**764.54**
		Add: Freight, insurance and contingencies		5%	38.23
		GRAND TOTAL			**802.77**

Requirement of Working Capital

We intend to utilize a portion of the Net Proceeds to augment resources for our long term working capital requirements. We have been presently sanctioned fund based limits of Rs. 1580 million by our banks towards working capital. For further details of the terms and conditions of these borrowings and facilities, see "Our Indebtedness" beginning on page 150 of this DRHP.

The net working capital for 2007-08, based on the position of the current assets and current liabilities as per the restated standalone audited financial position of our Company for the said financial year, and projected working capital requirement for 2009-10 are given below:

Particulars as on March 31, 2008	(Rs. in million)	
Current Assets:		
Raw Material	441.25	
Work in progress	710.4	**1151.65**
Sundry Debtors	1435.81	
Cash and bank balances	59.18	
Loans and advances	688.74	
Other assets	58.48	**3393.86**

Current Liabilities and Provisions		
Sundry Creditors	302.18	
Other current liabilities	186.45	**488.63**
Total Working Capital Requirements		**2905.23**
Funding Pattern		
Working Capital facilities		
State Bank of India	289.5	
State Bank of Bikanar & Jaipur	215.66	
Syndicate Bank	130.56	
Bank of Maharashtra	74.96	
Own funds	2194.55	
Total		**2905.23**

Particulars as on March 31, 2010	(Rs. in million)	
Current Assets:		
Raw Material	778.00	
Work in progress	1495.00	
Sundry Debtors	1870.00	
Loans and advances	1100.00	
Other assets	292.00	**5535.00**
Current Liabilities and Provisions		
Sundry Creditors	528.00	
Other current liabilities	1005.00	**1533.00**
Total Working Capital Requirements		**4002.00**
Proposed Funding Pattern		
Working Capital funding from banks	1730.00	
Proposed to be funded from Pubilc issue	650.00	
Own funds	1622.00	
Total		**4002.00**

Assumptions for Working Capital Requirements

Particulars	Period (months)
Sundry Debtors	2.14
Inventories	2.25
Work in progress	2.22
Sundry Creditors for trade creditors of Rs. 451.8 estimated as on March 31, 2010	1.28

Our Company enjoys working capital credit limits as stated in the section "Financial Statements" beginning on page no 111 of this Draft Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing working capital requirements.

On the basis of estimated holding period for the financial year ended 2009-10, we have projected the bank borrowing for the financial year 2009-2010 at the level Rs. 1730 million against the net working capital requirement of Rs. 4002 million, which gives the balance long term working capital requirement, part of which amounting to Rs. 1622 million would be met from own funds and Rs. 650 million is proposed to be met through IPO proceeds.

General Corporate purposes

We intend to use a part of the net proceeds, approximately Rs. [●] million, out of the Issue toward general corporate purposes to drive our business growth. The management of the Company, in accordance with the policies of the Board, will have the flexibility in utilizing any surplus amounts from the net proceeds of the Issue towards general corporate purposes.

Issue Related Expenses

The expenses of the Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement and listing fees. The total expenses for this Issue are as estimated to be approximately Rs. [●] million which is [•] % of the issue size. The break up of issue related expenses at this juncture cannot be estimated.

All the issue related expenses other than expenses incurred for grading of the issue shall be made out of the proceeds of the issue and break up of the same is as follows:

Sr. No.	Particulars of Expenses	Amount (Rs. in mn)	Percentage
1	BRLM / Syndicate Member Fees	[•]	[•]
2	Underwriting and Selling Commission	[•]	[•]
3	Advertising and Marketing expenses	[•]	[•]
4	Registrar Fees	[•]	[•]
5	Printing, Stationery and Dispatch	[•]	[•]
6	Others Expenses (including listing fees, SEBI filing fees, Legal Counsel Fees, Depository Charges, etc.)	[•]	[•]
	Total estimated Issue Expenses	[•]	[•]

The expenses to be incurred by us towards seeking of 'Grading' of our issue will be met out of internal accruals and hence is not considered as a part of issue expenses.

INTERIM USE OF PROCEEDS

Pending utilization for the purposes described above, the company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdraft. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

MONITORING OF UTILISATION OF FUNDS

As the issue size is less than Rs. 5000 million, there is no requirement for appointment of monitoring agency as per clause 8.17.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

The audit committee appointed by the Board of Directors will monitor utilization of Issue Proceeds. No part of the Issue Proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or companies promoted by our Promoters except in the course of normal business. We will disclose the utilization of the proceeds of the issue under separate head in our balance sheet, clearly specifying the purpose for which such proceeds have been utilized or otherwise disclose in accordance with the disclosure requirements of listing agreement entered into with the stock exchange(s). We shall also, in our balance sheet, provide details, if any, and disclose in accordance with the disclosure requirements of listing agreement in relation to all such proceeds of the issue that have not been utilized, thereby also indicating investment, if any, of such unutilized proceeds of the Issue.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the Book Running Lead Manager on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors in relation to the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Investors should read the following summary with the "Risk Factors" beginning from page no. I of this Draft Red Herring Prospectus and the details about our Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative factors

a) **Diversified business model**
Our operations in diverse sectors enable us to diversify our business risk and reduce our dependence on any particular industry.

b) **Technical expertise and execution capabilities**
Our experience in bidding and contract execution capabilities provides us with a competitive advantage and to deal with construction and implementation risks.

c) **Large number of varied sophisticated equipments**
We own sophisticated equipments in a diverse range which enables rapid mobilization of resources and timely and efficient performance of contracts.

d) **Professionally managed Company with an experienced management and a qualified employee base**
We are a professionally managed company with a qualified and trained workforce of approximately 1,325 employees including 77 qualified engineers.

e) **Experienced promoters**
Our promoters Mr. A. Mahesh Reddy, Mr. A. Girish Reddy and Mr. A. Audinarayana Reddy cumulatively have over six decades of experience in contracting industry, which has enabled them to build a strong foothold in the industry.

Quantitative factors

a) **Basic Earning Per Share (EPS)**

Year Ended	Basic EPS (Rs.)	Weight
Year ended March 31, 2006	13.06	1
Year ended March 31, 2007	37.18	2
Year ended March 31, 2008	47.04	3
Weighted Average		**38.09**

Notes:

(i) Basic EPS has been computed on the basis of adjusted Net Profits (losses) after Tax for the respective years drawn as per the auditors report.

(ii) The denominator considered for the purpose of calculating Basic EPS is restated weighted average of number of equity shares outstanding.

b) Price Earning (P/E)

(i) Basic EPS for the year ended March 31, 2008 based on restated financial statements is Rs 47.04.

(ii) P/E based on the year ended March 31, 2008 Basic EPS is [●] at the Floor Price and [●] at the Cap Price.

(iii) P/E based on weighted average Basic EPS based on restated financial statements is [●] at the Floor Price and [●] at the Cap Price.

(iv) The Industry P/E* :-

Highest	: 164.5
Lowest	: 1.6
Average	: 16.3

(*Source : Capital Market Vol. XXIII/15 Sep 22 – Oct 05, 2008)

c) Weighted Average Return on Networth

Particulars	**Return on Networth (%)**	**Weight**
Year ended March 31, 2006	42.43	1
Year ended March 31, 2007	64.86	2
Year ended March 31, 2008	47.13	3
Weighted Average		**52.56**

Notes:

Net worth has been computed by aggregating Share Capital, Reserves and Surplus, after adjusting for Miscellaneous Expenditure as per the restated financial statements.

d) Minimum Return on Total Net Worth post-issue to maintain Basic EPS at Rs. 47.04 is [•] %

e) Net Asset Value (NAV) per equity share

The net asset value per equity share represents shareholders' equity less miscellaneous expenses, divided by weighted average of number of equity shares outstanding.

As on March 31, 2008	: Rs. 99.81
After the issue	: Rs. [●]
Issue Price	: Rs. [●]

The issue price per equity share will be determined on conclusion of the Book Building Process.

f) Comparison with Industry Peers

Name of the Company	Basic EPS (Rs.)	P/E Ratio (%)	Return on Networth (%)	Book Value per share (Rs.)
AMR Constructions Ltd.*	47.04	[●]	47.13	99.8
Peer Group				
Ahluwalia Contracts India Ltd	8.1	10.0	50.9	19.8
Madhucon Projects Ltd.	14.2	17.4	9.7	135.6
Gammon India Ltd.	9.8	21.6	9.2	111.9
Sadbhav Engineering Ltd.	38.6	17.8	19.4	226.1
Maytas Infra Ltd.	16.9	-	22.0	110.9
Patel Engineering Ltd.	24.6	14.8	19.1	141.4

**As on March 31, 2008*

Notes:
Our EPS, return on networth and book value has been calculated from our audited restated financial statement. Source for other information is from Capital Market Vol. XXIII/15 Sep 22 – Oct 05, 2008.

The issue price of Rs. [●] has been determined by us, in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios.

The face value of our Equity Shares is Rs.10 each and the Floor Price is [●] times of the face value of our Equity Shares on the lower end of the Price Band and [●] times on the Cap Price on the higher end of the Price Band.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
M/s. AMR Constructions Limited
Plot No.88, Sarikonda Mansion
Ground Floor, Phase-3
Kamalapuri Colony
Hyderabad – 500073

We hereby certify that the enclosed annexure states the possible Income Tax benefits available to **M/s. AMR Constructions Limited** (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 (as per provisions of Finance Act, 2008). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant income tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The contents of this annexure 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.

The benefits discussed in the enclosed statement are not exhaustive. The shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We do not express any opinion or provide any assurance as to whether:

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

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For akasam & associates,
Chartered Accountants

V.Shekar Babu
Partner
Membership No. 201080

Date: September 17, 2008
Place: **Hyderabad**

TAX BENEFITS

As per the existing provisions of the Inocme Tax Act and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia, be available to M/s. AMR Constructions Limited and its shareholders.

(i) TO THE COMPANY

1. Any Income by way of Dividend (whether interim or final) on or after April 1, 2004 is completely exempt from tax in the hands of the Company, under section 10(34) read with section 115O of the IT Act.

2. Under section 10(35) of the Act, the income received by the Company from distribution made by any mutual fund specified under section 10(23D) of the Act in respect of which tax is paid by such mutual fund under section 115R of the Act or from the Administrator of the specified undertaking or from the specified companies is exempt from tax.

3. Long term capital gain arising from the sale of equity shares in any company through a recognised stock exchange or from the sale of units of an equity oriented fund shall be exempt from Income Tax, if such sale takes place after October 1, 2004 and such sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act. However, the aforesaid income shall be taken into account in computing the Book Profit and income tax shall be payable under section 115JB.

4. Short term capital gains arising from the transfer of equity shares in any company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is entered into after October 1, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.

5. Long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) as per the provisions of section 112(1)(b) of the IT Act. However, as per the proviso to Section 112(1), the long term capital gains resulting on transfer of listed securities or units, or zero coupon bonds (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.

6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10 (38), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

7. In accordance with and subject to the provisions of section 32 of the Income Tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified.

8. Under Section 115JAA(1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT becomes allowable.

9. In accordance with and subject to the provisions of section 35D of the Income tax Act, the company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

(ii) TO RESIDENT SHAREHOLDERS

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.

2. Long term capital gain arising from the sale of equity shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after October 1, 2004 and the sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.

3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

   a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
   b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

4. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10(36) and 10(38)), upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase/construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

5. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the IT Act.

6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

7. Short term capital gains arising from the transfer of equity shares in any company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is entered into after the October 1, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.

8. As per the provisions of Section 112(1)(a) of the IT Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.

(iii) TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs, FOREIGN VENTURE CAPITAL INVESTORS)

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after October 1, 2004 and such sale is subject to Securities Transaction Tax.

3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

   a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
   b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

4. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier, would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

5. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the IT Act.

6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

7. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the Non-Resident.

8. As per the provisions of section 111A, Short Term capital gains arising from the transfer of equity shares in any company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is entered into after October 1, 2004 and the transaction is subject to Securities Transaction Tax.

9. In accordance with and subject to the conditions and to the extent specified in Section 112(1)(c) (read with proviso) of the IT Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:

10. In the case of shareholder, being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the IT Act, long term capital gains arising from the transfer of shares of an Indian company (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.

11. In case of a shareholder being a non-resident Indian, and subscribing to shares in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the IT Act, the Non Resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.

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

13. In accordance with the provisions of Section 115H of the IT Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer alongwith his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him

in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

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

(iv) TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2. Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

   a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
   b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

4. The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act
   - Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).
   - Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge and education cess)
   - Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

   It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5. Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of Income Tax.

6. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

(v) TO MUTUAL FUNDS (MFs)

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the SEBI Act or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

(vi) TO VENTURE CAPITAL COMPANIES/ FUNDS

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital Companies/Funds registered with the SEBI, would exempt from Income Tax, subject to the conditions specified.

B. BENEFITS UNDER THE WEALTH TAX ACT, 1957

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

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C. BENEFITS UNDER THE GIFT TAX ACT, 1958

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

Notes:

1. The above Statement of Possible Income Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

2. 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, 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;

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

4. The stated benefits will be available only to the sole/first named holder.

For akasam & associates,
Chartered Accountants

V.Shekar Babu
Partner
Membership No. 201080
Date: September 17, 2008
Place: **Hyderabad**

SECTION IV: ABOUT US

INDUSTRY OVERVIEW

The information in the section below has been derived, in part, from various public and private publications or obtained from communication from government agencies in India. This information has not been prepared or independently verified by us and the Book Running Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India.

The Indian Economy

The economy has experienced rapid growth in recent years and according to the advance estimates released by the Central Statistical Organisation (CSO), real GDP at factor cost grew by 9 per cent in 2007-08 (Source: CSO- Press Note dated 30th May, 2008) GDP at current market prices is projected at Rs. 46,93,602 crore in 2007-08 by the Central Statistical Organisation (CSO) in its advance estimates (AE) of Gross Domestic Product. Thus, in the current fiscal year, the size of the Indian economy at market exchange rate will cross US$ 1 trillion. At the nominal exchange rate (average of April- December 2007) GDP is projected to be US$ 1.16 trillion in 2007-08.

GDP at factor cost at constant 1999-2000 prices is projected by the CSO to grow at 8.7 percent in 2007-08. This represents a deceleration from the high growth of 9.4 per cent and 9.6 per cent, respectively, in the previous two years. With the economy modernizing, globalizing and growing rapidly, some degree of cyclical fluctuation is to be expected. This was taken into account while setting the Eleventh Five Year Plan (2007-08 to 2011-12) growth target of 9 per cent (both in the approach paper and in the NDC approved plan). Given the over 9 per cent growth in the last two years of the Tenth Five Year Plan it was argued that the Eleventh Five Year Plan target could be set at 10 to 11 per cent as 9 per cent had already been achieved. Maintaining growth rate at 9 per cent will be a challenge and raising it to two digits will be an even greater one.

There was an acceleration in domestic investment and saving rates to drive growth and provide the resources for meeting the 9 per cent (average) growth target of the Eleventh Five-Year Plan. (Source: Economic Survey 2007-08)

Irrigation industry in India

Sustainable development and efficient management of water is an increasingly complex challenge in India. Increasing population, growing urbanization, and rapid industrialization combined with the need for raising agricultural production generates competing claims for water. There is a growing perception of a sense of an impending water crisis in the country.

India with 2.4% of the world's total area has 16% of the world's population; but has only 4% of the total available fresh water. This clearly indicates the need for water resource development, conservation, and optimum use. Fortunately, at a macro level India is not short of water. The problems that seem to loom large over the sector are manageable and the challenges facing it are not insurmountable. *(Source:Eleventh Five Year Plan 2007- 2012)*

The requirement of water for various sectors has been assessed by the National Commission on Integrated Water Resources Development (NCIWRD) in the year 2000. This requirement is based on the assumption that the irrigation efficiency will increase to 60% from the present level of 35–40%. The Standing Committee of MoWR also assesses it periodically. These are shown in table below:

Sector	Water Demand in km3 (or bcm)					
	Standing Sub- Committee of MoWR			NCIWRD		
	2010	2025	2050	2010	2025	2050
Irrigation	688	910	1072	557	611	807
Drinking Water	56	73	102	43	62	111
Industry	12	23	63	37	67	81
Energy	5	15	130	19	33	70
Others	52	72	80	54	70	111
Total	**813**	**1093**	**1447**	**710**	**843**	**1180**

(Source:Eleventh Five Year Plan 2007- 2012)

The gross irrigated area in the country is only 87.23 MH. With an average irrigation intensity of 140%, the actual net irrigated area is likely to be around 62.31 MH, which is only 43% of the net sown area of the country (142 MH). Even after achieving the UIP of 139.89 MH. and considering the average irrigation intensity of 140%, the ultimate irrigated area in the country would be only 70% of the net sown area. The 43% of the net sown area highlights the reason of heavy dependence of Indian farmer on monsoon. This is one of the major reasons that has made irrigation one of the highest priority of the government which in turn is going to reflect in the funds that the government plans to allocate to the sector. *(Source:Eleventh Five Year Plan 2007- 2012)*

After roads, urban infrastructure and power sectors, irrigation is expected to be the biggest contributor to total infrastructure investments expected to materialize over the next five years.This investment above is expected to cross INR 2323 bn. in eleventh five year plan

Table: *Overall outlay for the Eleventh Five Year Plan*

	In Rs. Cr
State Plan	182050
State Sector Schemes, i.e. AIBP and others	47015
Central Plan	3246
Total	**232311**

(Source:Eleventh Five Year Plan)

The Government of India has started a program called Bharat Nirman. Details are given below

Bharat Nirman: - Irrigation

Under this program creation of average rate of irrigation potential is to be increased from 1.4 MH to 2.5 MH per annum. With this objective, it is targeted to create 10 MH of irrigation potential through a combination of major and medium projects, minor irrigation, and restoration of water bodies.

Table: *Irrigation Targets under Bharat Nirman*

(Unit in Mn Ha)

	Components	2005-06	2006-07	2007-08	2008-09	Total
I	**Major and Medium Irrigation**					
	Completion of ongoing projects	0.90	1.10	1.10	1.10	4.20
	Extension, renovation, modernization of MMI projects	0.25	0.25	0.25	0.25	1.00
	Major and medium irrigation total	**1.15**	**1.35**	**1.35**	**1.35**	**5.20**

II	**MI**					
	Surface water	0.25	0.25	0.25	0.25	1.00
	Ground water	0.45	0.75	0.80	0.80	2.80
	Repair, renovation, and restoration of water bodies/ERM of MI schemes	0.05	0.05	0.45	0.45	1.00
	MI total	**0.75**	**1.05**	**1.50**	**1.50**	**4.80**
	Grand Total	**1.90**	**2.40**	**2.85**	**2.85**	**10.00**

(Source: Eleventh Five Year Plan 2007- 2012)

Most states in India are currently executing various projects like

Polavaram Project

The Polavaram project as proposed by the State of Andhra Pradesh envisages the construction of an earth-cum-rockfill dam 1600 m long across Godavari river at Polavaram, about 42 km upstream of Godavari barrage at Dowlaiswaram. The dam will have a maximum height of 50 m in the deep course of the river and 38 m above average bed level. A 754 m long spillway on the right flank saddle is designed to regulate a flood discharge of 1.02 lakh cumec. A 560 m long and 58 m high masonry non-overflow dam accommodates the power house and river sluices on the left flank.

A reservoir of 2130 million cubic metre live storage capacity will be created by the dam. The project envisages two canals, one on the left side and the other on the right side. The Left Main Canal will be 208 km long and will provide irrigation to a CCA of 1.75 lakh ha in the upland area of East Godavari and Visakhapatnam districts. The canal will also provide water supply to Visakhapatnam. In addition, the Left Main Canal will also have provision for navigation.

The Right Main Canal will be 174 km long and is envisaged to provide irrigation to a CCA of 1.40 lakh ha besides transfer of 2265 million cubic metre of Godavari waters to Krishna (as per GWDT award).

A power house with an installed capacity of 720 MW is envisaged on the left flank of the dam near the non-overflow section generating 60 MW of firm power. (Source: www.nwda.gov.in)

Sardar Sarovar Narmada Nigam Limited

The Sardar Sarovar Project (SSP) is interstate, multipurpose, project on river Narmada in Gujarat State, India executed by Sardar Sarovar Narmada Nigam Ltd (SSNNL). The project envisages the construction of concrete dam, power house, world's largest main canal having capacity 1133 cumecs and branches and distribution system to serve 18 lac hectare command area. It was initiated in the early eighties to bring water to irrigate the arid regions of Gujarat and Rajasthan. It is one of the largest multipurpose river valley projects in India. It envisaged the construction of concrete gravity dam, hydropower complex and very large network of canal system to irrigate about 18-lakh hectares of culturable command area. The aim of the project was to meet the power requirement in the four states of Madhya Pradesh, Maharashtra, Gujarat and Rajasthan through the hydro power project and accelerate agricultural, industrial and tertiary sector development. The canal is classified into the conveyance system and the delivery network. The canal system involves a 458 km long main canal and 2750 km length of branches /sub branches. The distribution network of 66000 km consists of branch canals, distributaries, minors and sub minors. 42 branch canals take off from the main canal of which Miyagam, Vadodara, Saurashtra and Kachch branch canals are the major ones. The project has benefited 8215 villages and 135 towns in the four states. *(Source: www.sardarsarovardam.org)*

Irrigation projects are classified on the basis of the civil construction and usage as Canal, Dam Projects, Water reservoirs, Small hydropower projects, Lift and gravity technology to create water distribution networks.

River Linking

River Linking has been a vogue in India even prior to the 20th century. This project would reduce regional imbalances in different basins. Surplus floodwaters that run down to sea would be fruitfully tapped and also expected to enhance scope for navigation. Huge blocks of hydropower, the most eco-friendly and economic mode of power generation, could also be generated at storage dams. Inter-basin transfer of water will supplement future requirements of cities and villages. The tendency of migration of rural population due to non-developmental activities in their areas would be arrested, since river linking would generate employment.

The interlinking of rivers will change the shape of India. It should be seen as an opportunity to integrate and synergise the country. The project would create new employment opportunities. It can create jobs in agriculture, in construction sector -- there will be a new demand for steel and cement -- and in the process can address the social, ecological and economic problems.

The inter-linking of rivers and the transfer of surplus water, especially in the monsoon period from the surplus basins to the deficient basins has been championed by many experts over time. The task force on the inter-linking of rivers has drawn up a set of project proposals. The total amount of water that can be usefully transferred is estimated to be about 220bcm. The availability of water in the country has vast variation both in time and space. The bulk of the rainfall is concentrated in the monsoon months of June to September. While 51.12 MH is affected by droughts, mainly in peninsular India, 40 MH is affected by floods mainly in Bihar and Assam. The per capita availability of water is 1820 m3 which is above the water stress condition threshold value of 1700 m3. However the per capita availability varies from 18417 m3 in the Brahmaputra river to 380 m3 in some east-flowing rivers in Tamil Nadu showing that many basins in the country are already critically starved of water. *(Source: Elelventh Five Year Plan 2007 - 2012)*

Table: Progress of inter-linking of Rivers

S. No.	Item of work	Progress made so far
1.	Preparation of feasibility report (FRs) by National Water Development Agency(NWDA)	NWDA has already prepared 16 FRs (14 under Peninsular Component, 2 under Himalayan component). Draft FR of 4 links under Himalayan Component in advance stage of completion and remaining are in progress.
2.	Inter-linking of rivers is to be pursued continuously with a focus on peninsular component	The MoWR is laying special emphasis on undertaking the works of the peninsular components on priority and accordingly NWDA is working on this component.
3.	Priority links Ken–Betwa	(i) After signing of MOU by concerned states of UP and MP for preparation of DPR for Ken–Betwa link on 25 August 2005, work started by NWDA.
	Parbati–Kalisindh–Chambal	(ii) Concerned States of MP and Rajasthan are discussing bilaterally to sort out differences for MOU of Parbati– Kalisindh–Chambal link.
4.	Identification of another priority link	NWDA has identified three more links in Peninsular Component namely Damanganga – Pinjal and Par–Tapi–Narmada and Polavaram–Vijayawada link as priority links.

Inter-linking of rivers assumes importance as a part of the 747 bcm running waste to sea (about 160–220 bcm) is proposed to be transferred through a series of 30 inter-linking proposals from surplus basins to deficit basins. Long distance, trans-basin transfer of water is not a new concept. Many examples of existing projects can be given in this regard—Western Yamuna canal, Periyar project, Kurnool Cuddapah canal, Indira Gandhi canal, and Sardar Sarovar canal. International examples of River linking has happened in California water transfer project from north to central and southern parts of the US, China, the erstwhile USSR, Sri Lanka, and Mexico. Pioneering work was earlier done on a National Water Grid by K.L. Rao and Capt. Dastur. *(Source: Elelventh Five Year Plan 2007 - 2012*

National Water Development Agency (NWDA) of India has identified 30 Interbasin Water Transfer Links under National Perspective Plan for preparation of feasibility reports, out of which 16 links are under Peninsular Component and 14 under Himalayan Component.

Table: *Water Transfer Links*

Peninsular Rivers Development Component	Himalayan Rivers Development Component
Mahanadi (Manibhadra) - Godavari (Dowlaiswaram)	Kosi-Mechi
Godavari (Polavaram) - Krishna (Vijayawada)	Kosi-Ghagra
Godavari (Inchampalli) – Krishna (Pulichintala)	Gandak-Ganga
Godavari (Inchampalli) - Krishna (Nagarjunasagar)	Ghagra-Yamuna
Krishna (Nagarjunasagar) - Pennar (Somasila)	Sarda-Yamuna
Krishna (Srisailam) – Pennar	Yamuna-Rajasthan
Krishna (Almatti) – Pennar	Rajasthan-Sabarmati
Pennar (Somasila) – Cauvery (Grand Anicut)	Chunar-Sone Barrage
Cauvery (Kattalai) – Vaigai-Gundar	Sone Dam - Southern Tributaries of Ganga
Parbati –Kalisindh— Chambal	Manas-Sankosh-Tista-Ganga (M-S-T-G)
Damanganga – Pinjal	Jogighopa-Tista-Farakka (Alternative to M-S-T-G)
Par-Tapi-Narmada	Farakka-Sunderban
Ken-Betwa	Ganga (Farakka)-Damodar-Subernarekha
Pamba – Achankovil – Vaippar	Subernarekha-Mahanadi
Netravati – Hemavati	
Bedti – Varda	

(Source: Annual Report 2006-07 National Water Development Agency)

The governments of Maharashtra, Madhya Pradesh, Rajasthan and Gujarat are poised to sign three new agreements to link their rivers in an attempt to harvest surplus water for irrigation and drinking purposes, and address shortages in some of the states. All of which makes the three agreements that will be signed significant. The first of these could be signed between Rajasthan and Madhya Pradesh and will link the rivers Parbati and Kalisindh to Chambal. The project will divert surplus water of two rivers, Parbati and Kalisindh, to two dams across the Chambal river, the Gandhisagar (in Madhya Pradesh) and Rana Pratap Sagar (in Rajasthan). *(Source:www.washasia.wordpress.com, dated March 5, 2008)*

In Tamil Nadu, the State Government will take up two projects to link river flowing within the territory during the year 2008-09. The projects, aimed at transferring surplus water to water deficit areas, are the Cauvery-Agniar-Koraiyar-Pambar-Vaigai-Gundar and the Tamiraparani-Karumeniyar-Nambiar interlinking schemes. *(Source:www.hindu.com, dated March 21, 2008)*

Inter-linking of rivers is a challenging project and is essential for meeting the looming water crisis in future. The syndrome of drought and floods is hampering the required growth in agriculture and inter-linking of rivers offers an effective solution to the problem. In the Eleventh Plan the inter-basin transfer of water needs to be pursued more vigorously. Where a consensus emerges regarding the prima facie feasibility of specific projects their DPR preparation, environmental appraisal and decision on investment as well as execution modalities need to be completed in a timebound manner. The execution of some projects should commence in the Eleventh Plan period. *(Source: Eleventh Five year Plan 2007 - 2012)*

Mining industry in India

Minerals constitute the back-bone of economic growth of any nation. The mining sector contributes substantially in the socio-economic prosperity of our country by supplying essentially raw materials to the industries and power sector. Gifted wide range of minerals, India is one of the leading producers and exporters of several minerals in the world.

India is endowed with significant mineral resources. India produces 89 minerals out of which 4 are fuel minerals, 11 metallic, 52 non-metallic and 22 minor minerals. The total value of mineral production covering metallic ferrous and industrial minerals but excluding fuel, minor and atomic minerals, in July 2008 is estimated at INR 2483 crore as against INR 1593 crore for July 2007. The metallic production is accounted for by iron-ore, copper-ore, chromite and/or zinc concentrates, gold, manganese ore, bauxite, lead concentrates. (Source: www.mines.nic.in).

<u>Indian mining industry has immense untapped potential</u>

Accelerated growth rate of the Indian economy needs rapid development of the mining sector, on which most of the basic industries depend. The efforts for locating minerals over the last 55 years have enhanced reserves for various minerals such as mica, barites, chromite (metallurgical), coal (thermal), lignite, bauxite (metallurgical), manganese ore, and iron ore, and have placed the country among top 10 producers of these minerals. However, in respect of fertilizer minerals, diamond, gold, nickel, copper, lead, zinc, platinum group of metals, and rare metals, there has hardly been any discovery despite an extremely favourable geological environment.With the surge in the demand for metals in response to strong economic growth, it has become necessary to mount a well-planned, comprehensive, and time-bound programme for regional and detailed exploration for locating and delineating the country's hidden mineral deposits, which are likely to be considerable.

The demand growth for metals and minerals, domestic as well as global is continuously pushing up both domestic and international prices. The margins available in the mining sector are widely expected to stabilize at healthy growth levels in the foreseeable future. The country's accelerated growth rate warrants a rapid development of the mining sector on which most of the basic industries in the manufacturing sector depend. With increasing competition on account of globalization and the level of technology employed, initiatives for growth in the mining sector have assumed critical significance

<u>Mineral Resources</u>

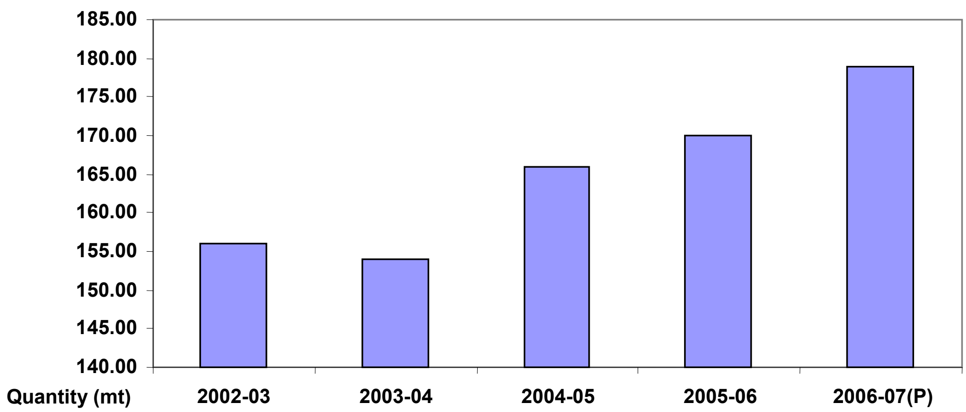
India is also one of the world's top producers of iron ore, bauxite, manganese ore and aluminum. With a view to attract private investment in mines and exploration of mineral deposits, the Mines and Minerals Act and the mineral Concession rules along with the FDI policy on mining have been reviewed by the Government on several occasions. The main minerals for excavation are

a) Lime stone
b) Iron ore
c) Coal
d) Lignite

a) Limestone

Limestone is a sedimentary rock that is used for manufacturing Cement, lime (CaO) in agricultural activities, metallurgical activities like steel making, construction, for roadbeds, building and landscape construction and chemical uses. India which is the worlds second largest cement producer/ consumer. 92% of the limestone is used by the Cement Industry 3.8% by steel, 2.1% by chemical industry.

Chart: Limestone Production in India



Source: Cygnus

Limestone has been the leader in the Industrial mineral sector, producing around 70% of the total value of industrial minerals. Based on the geological exploration and prospecting, the total recoverable reserves of limestone in the country are estimated to be 75679 Mm tones with a life index of 254 years (Source : Department of Mining 2001).

The development activity in Hyderabad alone will give rise to an additional demand of 2-3 million tonnes a year with major projects like outer ring road, satellite townships, and international airport creating a huge demand for cement.

Limestone is the major raw material used in the manufacture of cement. Each tonne of cement requires 1.3 tonne of limestone. Thus the cement industry is heavily dependant on the mining of Lime stone. The growth in the cement demand has a direct favorable impact on limestone demand.

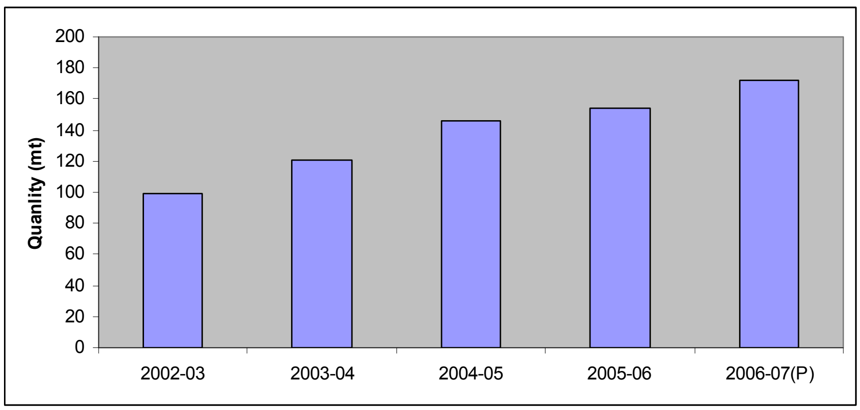
b) Iron Ore

Iron ore is one of the major constituent in the making of steel. India is one of the leading players in terms of reserve and production of iron ore in terms of quantity. During 2006-07, India's iron ore production was 180.917 Mt out of which 93.79 MT was exported and about 77.00 MT was domestically consumed. Government of India has imposed a duty of Rs 300 per ton on ore export due to the recent firming up of iron prices. *(Source: Ministry of steel – Annual Report 2007 – 08)*

According to Indian Bureau of Mines the total availability of iron ore is 25.25 Bn tones. Of this magnetite resource is 10.6 billion tonnes (about 40% of the total) and 14.6 billion tonnes is Haematite. The Iron ore industry has shown overall scale up over the past five years. *(Source: Ministry of steel – Annual Report 2007 – 08)*

Orissa is endowed with abundance reserves of iron ore and it is located strategically near to the port of Paradep. Bailadila hills in Chattisgarh is known for the largest and finest quality iron ore stocks in the world and account for 18% of India's estimated 24 Bn tones of iron ore deposits. The iron ore mines in India are mostly located in Jharkhand, Orissa, West Bengal and Chattisgarh.

Chart: Iron ore production in India - MT

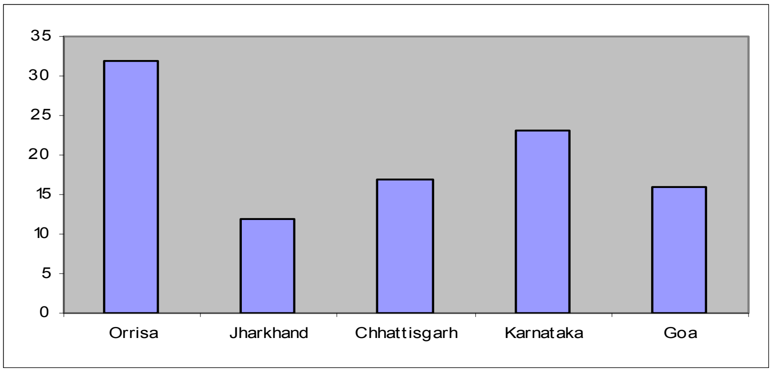


Source : Cygnus

The Indian steel industry's only advantage vis-à-vis its international competitors is the high quality of Indian iron ore. While only a little above 60 mn tonnes of iron ore was used for steel production in India last year, 90 mn tonnes was exported during the same period. Out of this, nearly 80 per cent of exports went to China which has 46 bn tonnes of iron ore reserves and happens to be the most potential rival of India in the world steel market. Around 98% of the ore is used in the making of steel. The major producers of iron ore across the world are Australia, Brazil, China, Russia and India.

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 million tonnes by 2019-2020. These estimates will be largely exceeded and it is envisaged that in the next five years, demand will grow at a considerably higher annual average rate of over 10% as compared to around 7% growth achieved between 1991-92 and 2005-06. It has been assessed that, on a 'most likely scenario' basis, the steel production capacity in the country by the year 2011-2012 will be nearly 124 million tonnes. steel making in country is likely to further increase from 52.2% during 2005-06 to an estimated 69.5% by 2011-12 and to about 72% by 2019-20. *(Source: Ministry of steel – Annual Report 2007 – 08)*

Chart: Region wise Iron ore Excavation



Thus iron ore is quite a sensitive mineral and government has put a lot of restrictions in exploration and export of iron ore mineral. The increasing trend of export of Indian iron ore has made domestic steel manufacturers rally for a curb or a ban on exports. The industry and advisors to the government indicate that a ban on exports is unlikely. The draft National Mineral Policy has supported export of iron ore and has argued that India has sufficient iron ore to meet growing domestic consumption. The draft policy has called for a review of quantitative restrictions on export of iron ore only after 10 years. The policy also talks about removal of the dual mechanism of canalization as well as export licensing for high grade iron ore.

c) Coal

Coal is the dominant energy source in India, accounting for more than half of the country's requirements. It is the most abundant fossil fuel resources in India, its acts as the key distributor to the Indian energy scenario. 70% of India's coal production is used for power generation, with the remainder being used by heavy industry and public use. Domestic supplies satisfy most of India's coal demand. Other than the power sector, coal is used in steel industry also. (Source: Ministry of Coal - Annual Report 2007-08)

The coal reserves of India up to the depth of 1200 mts have been estimated by the Geological Survey of India at 257.38 billion tons as on April 1, 2007. During 2007-08 (April to December 2007) India's total coal production increased by around 4.87 per cent to 309.517 MT from 295.148 MT in previous year. India has a dominant share in the world coal reserves; around 10 per cent of the total proven reserves of the world are accounted in India. (Source: Ministry of Coal - Annual Report 2007-08)

Table: Company-wise details

Company	Target 2007-08	Actual Production (April'07-Dec'08) (Prov)	Projected Production (Jan. – March 2008)	Actual Production (2006-07)
CIL	384.40	257.754	123.27	360.913
SCCL	40.508	29.962	10.546	37.707
OTHERS	36.85	21.801	15.049	32.212
TOTAL	461.758	309.517	148.865	430.832

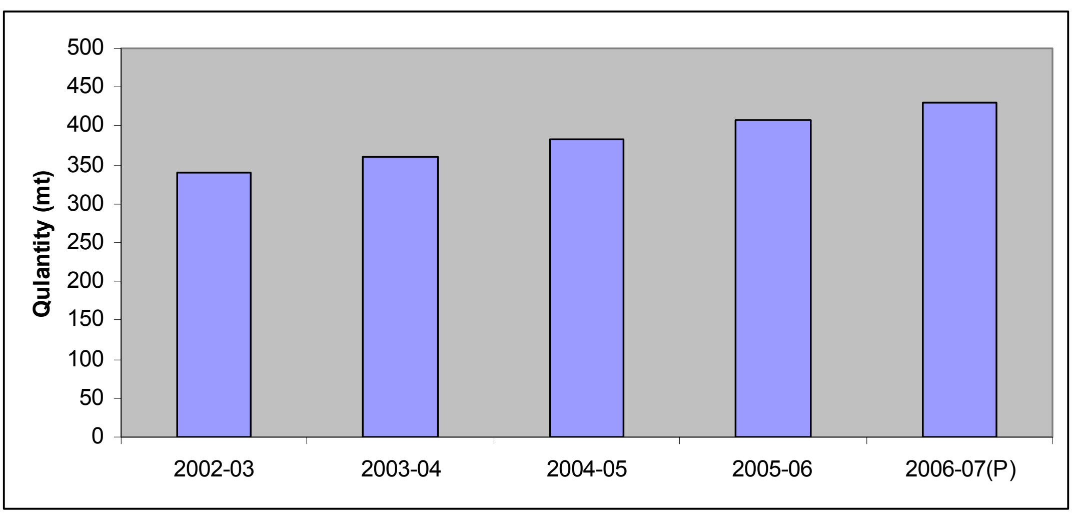
(Source: Ministry of Coal - Annual Report 2007-08)

The Ministry of Coal has the overall responsibility of determining policies and strategies in respect of exploration and development of coal reserves and matters relating to coal production, supply, distribution and pricing of coal. These key functions are exercised through its public sector undertakings, namely, Coal India Limited (CIL) and Neyveli Lignite Corporation (NLC) Limited and Singareni Collieries Company Limited (SCCL), which is a joint sector undertaking of Government of Andhra Pradesh and Government of India with equity capital in the ratio of 51:49.

Till December, 2007, Ministry of Coal has allocated 172 Coal Blocks with geological reserves of coal of 38.05 billion tonnes to eligible companies. Sector-wise allocation of coal blocks is as below:-

Sector / End Use	**No of blocks**	**Geological Reserves (MT)**
A. Public Sector Undertakings		
I Power		
(a) Captive Dispensation	31	7896.07
(b) Govt. dispensation	20	10476.07
Sub-total	51	18372.14
II Commercial Mining	39	5929.83
III Iron and Steel	3	1492.30
Total	93	25794.27
B. Private Companies		
(a) Power	20	2702.21
(b) Iron and Steel	47	6703.27
(c) Small and Isolated	2	9.34
(d) Cement	3	232.34
(e) Ultra Mega Power Project	7	2607.24
Sub-total	79	12254.40
Grand Total	172	38048.67

Chart: Coal production - MT



Source : Cygnus

The Working Group (WG) for Coal & Lignite for formulation of XI Plan have assessed the coal demand of 731 MT in the end year of XI Plan i.e. 2011-12. The annualized growth rate of coal demand is expected to be about 9 per cent over the X Plan terminal year demand of 474.18 MT.

The All India coal demand for the year 2007 – 08 and 2008 – 09 have been assessed as 492.50 MT and 555.00 MT respectively.

Coal reserves are predominantly present in the eastern and central parts of India. Jharkhand, Orrisa and West Bengal together account two-thirds of the total proven reserves in India. Jharkhand alone accounts for 37 per cent of the total proven reserves.

Future Prospects

The Indian economy is estimated to grow by 8.5% during 2007-08, which is the result of the industrial development in India. The future of the Indian mining industry looks very encouraging as INR1,000 billion investments is expected in next ten years.

Furthermore, the Government's initiatives in power and infrastructure development, reduction in import duties and facilitation of FDI, along with overall economic growth, will also provide a boost to the Indian mining industry. FDI is rising fast in the energy sector in India comprising oil/gas and power. Driven by the trend, oil/gas exploration and excavation has been stepped up in the country, leading to growth of the mining sector as a whole. Along with the rise in FDI inflows into the mining sector, the country's exports have increased that crossed the GDP growth of the region. In the coming years, many foreign companies would step up investments in the Indian mining sector as the generation of higher and predictable cash flows has made it highly attractive. Many private equity investors are investing in this sector due to short-term realisation of large amount of cash by this sector.

The key industries related to the mining industry are expected to grow at healthy rate. Growing domestic demand, investment in capacity addition, increasing supply deficit in other countries and favourable government regulations will further boost the Indian mining industry. The per capita steel consumption is expected to double by 2010, fuelling the growth in the metal industry specially iron ore.

Growth in the Indian mining industry has attracted multinationals like BHP Billiton and Rio Tinto to enter India for prospecting. Successful Indian players have been looking at acquiring mining rights abroad for further prospects offshore. The metal sector in India is clearly an attractive sector for investment and offers significant growth potential, both in domestic and exports markets.

Soon the new mining policy is likely to be unveiled by the government. The new mining policy has been framed with the view to bring in massive foreign direct investment (FDI) in the mining sector and increase its contribution towards the GDP. Not only that mining sector's contribution to the country's GDP is also expected to rise to almost 5% in five years from its current share of 2.8% of the GDP. New mining policy is set to attract a foreign direct investment (FDI) of INR5 trillion within five to six years of introduction, according to Minister of State for Mines. The ministry is aiming at not only promoting mining of iron ore and aluminum through the new policy, it also wants to give a boost to gold and diamond mining. India is currently importing INR1,400 billion of gold and diamond every year and new mining policy will attempt to reduce our dependence on gold and diamond imports.

The Asian market in general is growing at high rate due to the region's flourishing economy and increasing appetite for commodities. Consequently, the supply is unable to catch up with the demand, leading to a widening demand-supply gap in the region. With the migration to urban areas in most regions of Asia, demand for commodities is further increasing. The Indian mining sector is also growing at good rate.

Limestone is produced widely in India. As much as 86% of the output in 2005-06 was contributed by seven principal states: Andhra Pradesh (18%), Madhya Pradesh (15%), Rajasthan (16%), Gujarat (11%), Chhattisgarh (9%), Tamil Nadu (9%), and Karnataka (8%). Nearly 35% output of Kaolin in 2005-06 was reported from Gujarat followed by Kerala (30%) and Rajasthan (15%). India has a large number of economically useful minerals and they constitute one-quarter of the world's known mineral resources.

In India, 80% of mining is in coal and the balance 20% is in various metals and other raw materials such as gold, copper, iron, lead, bauxite, zinc and uranium. India with diverse and significant mineral resources is the leading producer of some of the minerals. India is not endowed with all the requisite mineral resources. Of the 89 minerals produced in India, 4 are fuel minerals, 11 metallic, 52 non-metallic and 22 minor minerals.

Construction Industry in India

Construction is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; tele-communications etc. Encompassing a wide spectrum, construction becomes the basic input for socio-economic development. Besides, the construction industry generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages. With the present emphasis on creating physical infrastructure, massive investments are planned during the Tenth Plan. The construction industry would play a crucial role in this regard and has to gear itself to meet the challenges. In order to meet the intended investment targets in time, the current capacity of the domestic construction industry would need considerable strengthening. The construction sector has major linkages with the building material industry since construction material accounts for sizeable share of the construction costs. These include cement, steel, bricks/tiles, sand/aggregates, fixtures/fittings, paints and chemicals, construction equipment, petro-products, timber, mineral products, aluminium, glass and plastics.

The break-up of approximate construction costs for various types of infra structure projects is given below:

Break-up of Construction Costs

	Materials %	Construction Equipment %	Labour %	Finance %	Enabling Expenses%	Admin. Expenses %	Surplus %
Building	58-60	4.5	11-13	7-8	5.5-6.5	3.5-4.5	5-6
Roads	42-45	21-23	10-12	7-8	5.5-6.5	3.5-4.5	5-6
Bridges	46-48	16-18	11-13	7-8	5.5-6.5	3.5-4.5	5-6
Dams, etc	42-46	21-23	10-12	7-8	5.5-6.5	3.5-4.5	5-6
Power	41-43	21-24	10-12	7-8	5.5-6.5	3.5-4.5	5-6
Railway	51-53	6-8	16-18	7-8	5.5-6.5	3.5-4.5	5-6
Mineral Plant	41-44	20-22	12-14	7-8	5.5-6.5	3.5-4.5	5-6
Medium Industry	50-52	7-9	16-18	7-8	5.5-6.5	3.5-4.5	5-6
Transmission	49-51	5-7	19-21	7-8	5.5-6.5	3.5-4.5	5-6

Source : Construction Industry Development Council Survey

The main advantage of the construction sector in employment generation lies in the fact that it:

The main reason for this was reduced Government spending on physical infrastructure I during 1980-1990 due to fiscal constraints. Though there has now been an increasing emphasis on involving the private sector in infrastructure development through public-private partnerships and mechanisms as Build-Own-Operate-Transfer (BOOT), private sector investment has not reached the expected levels. The Government is now providing substantial fiscal stimuli by way of programmes like the National Highways Development Project (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), power projects etc. which would provide necessary impetus to the construction sector. Considering the significance of the construction sector, it is necessary to identify the major issues affecting the efficiency of the sector and take corrective action.

Total Plan Disbursements (Revenue & Capital) of States

(As a percentage of GDP)

Major Sectors	V Plan	VI Plan	VII Plan	VIII Plan	IX Plan
1. Education & Health	0.6 (13.7)	0.8 (16.4)	0.9 (17.3)	0.8 (19.0)	0.8 (22.4)
2. Agriculture & Industry	1.1 (25.4)	1.6 (30.7)	1.5 (29.8)	1.2 (27.8)	0.9 (23.8)
3. Infrastructure	2.0 (46.0)	1.9 (36.8)	1.8 (35.8)	1.5 (34.8)	1.2 (33.2)
4. Other Social & Economic Services	0.5 (13.4)	0.7 (14.6)	0.8 (14.3)	0.6 (16.2)	0.7 (18.0)
5. General Services	0.1 (1.5)	0.1 (1.5)	0.1 (2.8)	0.1 (2.2)	0.1 (2.6)
Total	**4.3** **(100.0)**	**5.1** **(100.0)**	**5.1** **(100.0)**	**4.2** **(100.0)**	**3.7** **(100.0)**

Note : Figures in parenthesis are the share percentage in the total

(Source: Planning Commission TENTH FIVE YEAR PLAN: 2002-07 Report – Chapter 7.7 on "Construction")

Characteristics of the construction industry

Capital Structure: Construction activities are often funded by the client who may make cash advances for stage wise payments against a bank guarantee. They are reflected as interest / non-interest bearing project advances on its balance sheet.

Profitability: Profit margins tend to vary across various segments such as roads, tunnels, dams, bridges, power projects and industrial applications. Large, complex jobs such as power projects; nuclear projects enjoy higher margins in relation to road works, which are relatively low-tech jobs. Profitability in the industry, therefore, tends to vary across different kinds of projects.

Contingent Liabilities: Due to project based type of work, construction companies often carry substantial contingent liabilities in the form of guarantees in order to comply with specific client requirements.

Joint Ventures: Due to the relatively small size of many construction companies, the diversity of expertise required, qualification criteria by lending agencies such as World Bank/ADB and the high project values involved, bids are increasingly placed in consortia. Examples have been the NHAI road works and State Government/State sponsored agencies projects.

Construction Risks: Profitability on each project is subject to problems on mispricing, adverse conditions, geological conditions, management of changes in project specification changes and the outcome of claims after completion of projects. As per AS-7 of the Indian Accounting

Standards, construction companies are required to recognise all losses incurred and foreseeable in the respective accounting period.

Credit Risk: The strength of clients on whom the receivables are being generated is important. In general, with strong counter party credits such as the NHDP programme, power projects floated by NHPC, NPC and other projects on multilateral funding are observed to make regular payments to the contractors. State-funded projects, in general, pose some degree of difficulty for the contractors. Contractors usually secure project advances from clients to keep them committed to the projects. It is also important to understand the political implications of the project being executed

Contracting

Our Company's business can be classified under the category of infrastructure contracting. The responsibility of a contractor is to take a project from design to completion. Qualification criteria include past experience in execution of similar projects, technical expertise & financial strength. Contractors mobilize construction machinery, employ engineers & managers, skilled & unskilled workers and procure supplies for executing the project.

Process of contract disbursement

In most construction projects, construction activity is undertaken by a contractor through the contracting process. The number of contracts in a project vary, depending on the size of the project.

The most common feature of construction activities is that they involve a large amount of contracting. If the project is small, there may be only one contract; however, a large project calls for many contracts, which is called 'horizontal multiplicity'. In a complex contract, there may be hierarchy of contractors, involving several 'sub-contractors'. This is called 'vertical multiplicity'.

The following chart details the process, from announcement of the tender up to the execution of the project.

Table: *Process of contract disbursements*

Time frame	Process	Details
Zero date	Tendering by contracting companies	Tenders are issued by contracting companies either through the print media, or by issuing tenders to select contractors.
2 months	Submission of expression of interest (EOI) by contracting companies	The EOI is submitted by the contractor.
2 month	Request for qualification and submission of Bids	
1 month	Request for qualification (RFQ) and evaluation of technical qualification	The RFQ is submitted by contractor in the pre-qualification stage. Information on specific work-related experience is evaluated by contracting companies
		Workload in hand vis-à-vis performance capability is considered.
		Pre-qualification criteria covers:
		- Financial turnover & Networth of contractor
		- Experience of over 5-10 years is preferred

		- Personnel capability and equipment capability
		- Bid capacity based on all above factors
1 month	Request for proposal (RFP) and submission	The RFP outlines the technical and financial details. The technical bids are evaluated first, leading to qualification or disqualification. Then the financial bids are evaluated.
1 month	Proposal evaluation by contracting company	
1 month	Asking for bids	
1 month	Bids opening and announcements of grades	Based on their bids and evaluation, they are assigned L1-lowest bid and H1 highest bid.
1 month	Deposit of earnest money by contractor	The contractors are expected to make a deposit as a financial contribution (earnest money), amounting to 2-2.5 per cent of project cost.
1 month	LOI and signing of the contract	The successful bidder is given a Letter of Intent, and a formal contract is executed. Then, a Letter of Agreement is given to the contractor.
1 month	Process of mobilisation	Mobilisation of resources is started by the contractor, and mobilisation advance is given for the same by the contracting company.
Contract Period	Project execution	The contractor executes the project

(Source: Company)

Components of the final contract
The final contract has two parts: technical contract and commercial contract.

Technical contract: This includes aspects of technology to be used, input-output norms, and quality specifications of as raw materials and components

Commercial contract: This includes the following:

- Insurance liabilities, like the insurance cover required and responsibility for premium to be paid by the contractor.
- Construction liabilities; these refer to clauses and remedies in case of work stoppage/ cancellation/termination.
- Planning schedules; detailed PERT-CPM diagrams outlining the plan for the entire project.
- Delivery schedules; commitments from the contractor regarding the delivery date of specific construction jobs. In case the project is not completed within the specified date or the delivery schedule is violated, then 'liquidity damages' are charged to the contractor. Liquidity damages may be in the form of a certain percentage of the contract for every fixed period of delay, with an upper limit. For instance, 0.5 per cent of the contract for every week of delay, with an upper limit of 5 per cent.
- Performance schedules: These are furnished by the contractor, in terms of specifications as to the specific project, inputs such as raw material, power and labour. In case of non-conformance, the contractor is charged penalties, which could be a percentage of the extra cost incurred by the customer on a particular aspect.

- 'Retention money' is a percentage of the contract price, given at the end of the defect liability period to the contractors, as an assurance of performance.

The following aspects are also detailed in the contract:

- Remedies, in case of variations in foreign exchange rates, and changes in raw material prices (the sources to be referred to for the regular prices of each are also specified)
- Custom duties applicable
- Performance security paid in the form of bank guarantees to be furnished
- Liabilities such as liquidity damages
- Clauses in case of 'force majeur'
- Arbitration clauses
- Advances and payment schedules
- Extent of sub-contracting permissible or specific aspects, which can or cannot be sub-contracted.

<u>Designer-build contract</u>
'Design-build' is a contract between an owner and a single entity for designing and building the entire project. Designer-build includes the following:

- EPC
- Lump Sum Turnkey (LST)
- EPCM
- Turnkey
- Engineered packages route
- Item rate contract

***Chart** : Different types of designer-built contracts*

Type	**Turn key**	**Engineered packages route**	**Item rate contract**
Responsibility	Total responsibility: Concept/Finish/Commission	Promoter is responsible for project co-ordination.	The owner, through an appointed consultancy organisation, does the engineering
Type of contract	Fixed price contracts or cost plus contracts	Promoter breaks up the project into packages; turnkey supply of packages.	Bill of quantities are furnished and tenderer is required to quote the item-wise price
			The type of contract is practised in sub-contract packages, especially when the contractors technical expertise is not required
Sector preference	Medium to small projects (less than $ 0.5 billion)	-	Most preferred in public sector enterprises and government organisations

(Source: Company)

OUR BUSINESS

Any references to "we", "us", or "our" in this section refers to AMR Constructions Limited and its Subsidiary and all reference to past activities also refer to the activities carried out until 2001 by AMR Constructions, a partnership firm.

In this section, descriptions of contracts and agreements are not, nor do they purport to be, complete summaries of all terms or terms customarily found in such contracts and agreements.

Overview

We are a contracting company in the infrastructure, irrigation, excavation and raising of minerals, industrial construction and housing sectors. We have been executing contracts for:

(a) excavation and raising of minerals such as coal, limestone, lignite and iron ore;
(b) construction of irrigation infrastructure; and
(c) construction of roads, buildings and other civil structures

Our total income for the fiscal year 2007 and fiscal year 2008 was Rs. 3,095.47 million and Rs. 5874.43 million, respectively, and profit after tax for the fiscal year 2007 and fiscal year 2008 was Rs. 247.25 million and Rs. 354.43 million, respectively thus reflects a growth of 89.77% in our total income and 43.35% in our profit after tax, on a year to year basis.

Having executed projects of smaller size in the past had made us eligible to bid for large excavation and raising contracts, irrigation contracts and construction contracts. This has helped our Company to enjoy an exponential topline CAGR of 184.90% and adjusted profit CAGR of 297.01% over the last three financial years.

We undertake long term contracts for excavation and raising of minerals such as coal, limestone, lignite and iron ore. We have been awarded a contract by Singareni Collieries Company Limited, a government enterprise for the value of Rs. 2025.38 mn to be executed over a period of five years for removal of over-burden from the coal mines at Koyagudem, Andhra Pradesh. Recently, we have also received a Letter of Intent on September 16, 2008 for 86.003 LBCM of coal/ shale extraction from Singareni Collieries Company Limited. The duration of this project is 6 years. We have been involved in limestone excavation since 1996 in mines leased by cement companies. We have also been involved in iron ore excavation since 2003-2004.

The governments at the centre and state levels have announced various river linking projects. In order to target the opportunities arising in irrigation sector in India, we commenced undertaking contracts for construction of irrigation infrastructure in 2005. Our key ongoing irrigation infrastructure contracts are package no 49, 50 and 51 of Polavaram Indira Sagar Lift Irrigation Project, Handri Neeva Sujala Shravanti (HNSS) Project, Package 1, NSP Tail Pond Link canal at Dummugudem, Middle Cauver and Basin Circle Trichy under World Bank assistance. We have also entered into pre-bid joint ventures with other companies and submitted bid for large irrigation project.

We also undertake contracts for construction of roads, buildings and industrial structures. Our clients include the Central and State Government and/or its undertakings, quasi-governmental bodies and Body Corporates. Presently, some of the key contracts being executed by us are the refinery project of Mangalore Refinery & Petrochemicals Ltd (MRPL) of Rs. 761.72 mn, Uranium Corporation of India Limited of Rs. 225.25 mn, Construction of Roads for Tadipatri Municipality area for Rs.335.34 million, etc.

Some of the clients for whom we have executed contracts in the past include Government of India – Department of Atomic Energy, Bridgestone ACC India Ltd., Chennai Petroleum Corporation Ltd, Indian School of Business, Mishra Dhatu Nigam Ltd., Reliance Engineering Associates Pvt. Ltd., Power Grid Corporation of India Ltd., Larsen & Toubro Ltd., Essar Projects Ltd etc.

Our outstanding work order book as of March 31, 2008 stood at Rs. 9,133 million, further during the four month ended July 31, 2008, we have received work orders and LOI worth Rs. 3,335 million.

Our Managing Director, Mr. A. Mahesh Reddy has been involved in the contracting business for over two decades years and in the year 2007 received the Rashtriya Nirman Ratan award , from the Indian Economic Development and Research Association, New Delhi. Our Joint Managing Director, Mr. A Girish Reddy was felicitated by World Economic Progress Society for International Excellence Award for Construction Quality and Design on February 11, 2008.

Our Strengths

We believe that our principal competitive strengths are as follows:

Diversified Business Model

We currently undertake contracts for, construction of irrigation infrastructure, excavation and raising of coal, limestone, lignite and iron ore from leaseholders and construction of roads, buildings and industrial structures for the central and state government and/or its undertakings, quasi-governmental bodies and body corporate. These projects are geographically dispersed across various states in India. Our operations in diverse sectors enable us to diversify our business risk and reduce our dependence on any particular industry. In addition, our operations spread across several states enable us to decrease our dependence on the economy of, or project activity in, any particular region and particular sector(s).

Technical expertise and execution capabilities

Over the years, we have developed technical capabilities for timely execution of contracts. We believe that our expertise in bidding and contract execution capabilities provides us with a competitive advantage and to deal with construction and implementation risks. Over the years we have been receiving repeat orders from our clientele. We have generated revenue of over Rs 9,000 mn during last 3 years

Large number of varied sophisticated equipments

We own a large number of varied sophisticated equipments like excavators, dumpers, stationery concrete pavers, transit mixers, front end loaders, puzzolana crusher, dozzers and tippers and a number of shuttering and centering plates and surface miners. We believe that our strategic investment in a diverse range of modern equipment is a major advantage as it enables rapid mobilization of resources and timely and efficient performance of contracts. For further details of these equipments, refer to the section “Equipment” on page no. 67

Professionally managed Company with an experienced management and a qualified employee base

We are a professionally managed company with a qualified and trained workforce of approximately 1,325 employees as of September 22, 2008 including 77 qualified engineers and 852 skilled workers. Our management team is well qualified and experienced in the industry and has contributed to the growth in our business. We believe that a motivated and empowered employee base is the key for maintaining competitive advantage.

Our Strategy

Obtain mining leases directly from Government

We currently undertake contracts for excavation and raising of coal, lignite, limestone and iron ore from mines leased by third parties and do not directly own or lease any mines. As part of our business strategy, to take advantage of our experience in excavation and raising of minerals, we plan to obtain, in India and abroad, leases of mines containing coal, iron ore, bauxite or other minerals. We believe that as a result of our low cost of operations, we are well positioned to undertake mining activities as direct lessee of mines, which will enable us to improve our revenues and profit margins.

To obtain river linking projects across India

We forayed into irrigation sector in 2005 and since then we have taken up many projects related to river linking, dams, reservoirs, canals, etc. We intend to capitalize on our expertise in the field of irrigation and river linking project by bidding for such projects across various states in India. Besides, we believe that with growing impetus being given to alternative ways and means of transportation over current roadways and railways, inland river linking is the key to towards future decongestion. We strongly believe that linking of major river in the country is going to be the thrust area in the irrigation sector in the next decade.

To obtain long- term contracts in coal blocks

We have executed project(s) involving raising of minerals from mines. Our contracts for excavation and raising of minerals including existing projects on hand and those in pipeline are long term by nature and our order book for coming years has got a touch of stability. Our endeavor is to target long term excavation and raising of coal contracts from thermal power companies for their coal blocks. There is a shortage of experienced mining contractors as the coal mining and excavation sector was not privatized until recently and the government was undertaking such activities on its own. With the opening of the sector, we foresee an opportunity which can be capitalized upon.

To foray into mass housing contracts

We have executed housing development projects for our varied clientele. We intend to further our experience and expertise in executing housing projects, by bidding for projects involving development of mass housing across varied cross-sections. Currently, various state governments are looking at providing affordable housing to masses, we intend to capitalize on the opportunity.

Diversify geographically into new locations and grow inorganically

We intend to expand our operations within India and internationally. In pursuing our strategy, we seek to identify markets, in states in India where we do not currently operate, and internationally, where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from competitors.

In order to expand our operations, we may also seek to identify acquisition targets and joint venture partners. We may consider opportunities for inorganic growth through mergers, acquisitions and may enter into joint ventures, if, among other things, they enable us to improve us to improve in various areas like (i) strengthen our pre-qualification criteria in specific areas, (ii) enhance our execution capabilities in niche areas, and (iii) increase our pool of qualified engineers and other technically qualified staff etc.

Continue to enhance our core strengths and execution capability

We believe that our ability to effectively execute and manage projects is crucial to our continued success as a contracting company. We have an experienced and qualified execution team, with skills in various fields, including civil, structural, electrical and mechanical engineering. We have successfully executed projects within the stipulated time. We intend to continuously strengthen our execution capabilities by adding to our existing pool of engineers, attracting new graduates from leading colleges in India, and facilitating continuous learning with in-house and external training opportunities.

DETAILS OF OUR BUSINESS

Our Business of Constructing Irrigation Infrastructure

We have been involved in the construction of irrigation infrastructure projects since 2005. The services provided by us include the design, engineering, procurement and construction of dams / reservoirs, canals, regulators, CM (Cross Masonry) and CD (Cross Drainage), etc. Our ongoing irrigation infrastructure construction projects are generally turn-key, unit-price contracts with price adjustment provisions for prices of raw materials, such as cement, steel and fuel. As a result of price adjustment, we are generally able to pass on the risk of fluctuation in the price of raw material and fuel expenses to the contracting party. We currently have ten irrigation projects in different stages of construction in the states of Andhra Pradesh and Tamil Nadu, including three projects of the Indira Sagar Lift Irrigation Project in Andhra Pradesh.

We seek to procure contracts independently and through qualified parties, such as the Engineering Projects (India) Limited ("EPIL"), a Government of India enterprise. Currently, we execute five of our ten irrigation projects on a back to back arrangement with EPIL, i.e. as a sub-contractor of EPIL. Subsequently on our own, we tendered and got World Bank Funded irrigation projects from PWD department of Tamil Nadu. We currently apply through EPIL, JVs and consortium partner in order to qualify/ bid for a project. We believe that by centralising our tender monitoring and preparation functions, we are able to streamline our bidding processes, while effectively managing our current and future resource allocations.

The irrigation infrastructure construction contracts are procured through a tender process, where generally the lowest bidder is offered the contract. Our tendering department evaluates bid opportunities and decides feasibility of a particular project based on various factors, including the client's reputation and financial strength, the geographical location of the project and the degree of difficulty in executing the project in such location, our current and projected workload, the likelihood of additional work, the project's cost and profitability estimates and our competitive advantage relative to other potential bidders. With respect to the works associated with EPIL after award of work to EPIL, EPIL issues a letter of intent ("LOI") to us and we have to submit bank guarantees from a scheduled bank in favour of EPIL or the tendering party towards performance guarantee, mobilization advance, retention money and security deposit.

With respect to the works associated with EPIL, we submit monthly invoices to EPIL for the services performed by us under the contracts. EPIL releases payments received from the client for our portion of the work within seven days after receipt of payment from client. The final bill payment is released after receipt of the corresponding payment from the client post execution of contract and expiry of warranty period, where relevant. If the project execution is delayed beyond the contractual scheduled completion period due to reasons attributable to us, we are liable to pay EPIL a certain amount per month as expenses for such extended period and liquidated damages as per the contract provisions. We are responsible for obtaining labour licenses, permits and clearances, for our projects. We have to ensure compliance with all central, state and local laws, rules and regulations, as applicable, during the course of execution or maintenance of the work and we shall indemnify EPIL against any claim or damages whatsoever on such account.

For the works obtained directly by us, we submit monthly invoices and normally receive payments within one month. For the delays beyond the contractual period, we get compensated byway of price adjustment, if the delays are not attributable to us. If the delays are for the reasons attributable to us, the related clauses of the agreement prevail.

As of March 31, 2008, our order book from our business of constructing irrigation infrastructure was Rs. 4,566 million, further during the four months period ended July 31, 2008, we have received work orders worth Rs. 1,643 million.

A few of our key **ongoing** irrigation infrastructure construction contracts include:

Engineering Projects (India) Limited (EPIL) - Dummugudem, NSP Tail Pond Link Canal in the state of Andhra Pradesh

We received the work from EPIL on May 19, 2008. This contract involves the construction of a NSP Tail Pond Link canal to lift water from river Godavari to Nagarjuna Sagar Tail Pond excavation of gravity canal to carry 24000 cusecs from pump house no.1, near Maddulagudem (V), upto the road connecting Krishnasagaram (V) and Manuguru Road includes C.M. and C.D. works.

Based on the investigation done so far and understanding of project the scope of work includes:

- Excavation in all kinds of soil, soft rock, hand rock of approximate 20 million cubic meter for canal length of approximately 27 kms
- Concrete work of approximate 0.2 million cubic meter including lining
- Construction of approximate 20 bridges, super passages, under tunnels, aqua duct etc.
- Inspection roads and avenue plantations all along the canal.

The total contract value of this project is Rs. 1,642.75 million. The period of contract is 54 months from the date of concluding agreement with client by EPIL.

Sri Avantika Contractors - Polavaram Project, Indira Sagar Irrigation Project – State of Andhra Pradesh

This work is being executed for Sri Avantika Contractors which in turn have been contracted by Sabir Dam & Water Works Construction Company on piece rate basis. The agreement was entered into with Sri Avantika Contractors on June 10, 2005 for the excavation of the main canal at Polavaram – Indira Sagar Project. This contract involved conducting a detailed investigation of the site, preparing the hydraulic particulars, designs and engineering, excavation, formation of banks including the canal lining and construction of C.M. (Cross Masonary) and C.D. (Cross Drainage) works for 17.3 Kms of the canal from the 93.7 Km mark to the 111.0 Km mark of Left Main Canal of Indira Sagar Project (Polavaram project).

Based on the investigation done so far and understanding of project the scope of work includes:

- Excavation in all kinds of soil / soft rock / hand rock of approx 12 million cum for a cannel length of approx 18 kms
- Concrete work of approx 0.15 million cum including lining
- Construction of approx 45 bridges / super passages / under tunnels / aquaduct / off-takes
- Inspection roads and avenue plantations all along the canal

For this project, we had an 8 months period for site investigation and a 48 month period for completion. The total contract value of this project is Rs. 1,529.26 million.

KCL-JCCG J - Pendekallu Balancing Reservoir Works in the state of Andhra Pradesh

This work is being executed for KCL-JCCG JV on piece rate work basis. The agreement was entered into with KCL-JCCG JV on November 21, 2005. The contract consists of the formation of Pendekallu Balancing Reservoir to a capacity of 0.65 TMC feet with a supply channel, irrigation canal and distributory system. It also includes C.M. and C.D. works, approach roads to create I.P. of 18500 acres including investigation, design and supply and erection of radial gates, stopping gates, walkway, bridge and a gantry crane to Chagallu barrage. Based on the investigation done so far and understanding of project the scope of work includes:

- Construction of Balancing reservoir involving excavation of 0.5 million cum and embankment formation of 1.2 million cum and spillway with 4 radial gates
- Excavation of main canal for a length of 32 km and supply channel of 10 km length involving 0.5 million cum of excavation and 50 bridges / super passages / under tunnels and off takes
- Creation of ayacut of approx 18000 acres

The total contract value of this project is Rs. 756.90 million. The period of contract is 30 months from date of concluding agreement with client by KCL- JCCG JV.

Engineering Projects (India) Limited (EPIL) - Polavaram, Indira Sagar Lift Irrigation Project, package 49 in the state of Andhra Pradesh

We received work order from EPIL on December 5, 2007. This contract involves the construction of a cistern and outfall structure of Arlpenta and the construction of the left and right main gravity canal and Mukkamamidi main canal from Arlpenta cistern with a discharge of 654.54 cusecs on the left, 845.45 cusecs on the right and 145.45 cusecs at the Mukkamamidi main canal respectively. It also includes C.M. and C.D. works and the construction of service roads along the canals for the Indira Sagar Lift Irrigation Project at Polavaram.

Based on the investigation done so far and understanding of project the scope of work includes:

- Construction of right canal, left canal and Mukkammidi canal for a total length of 100 km from the delivery point of pump house involving 0.2 million cum of excavation
- Construction of around 250 bridges / super passages / under tunnels / drops
- Inspection roads and avenue plantations all along the canal

The total contract value of this project is Rs. 628.72 million. The period of the contract is 56 months from the date of concluding agreement with client by EPIL.

Engineering Projects (India) Limited (EPIL) - Polavaram, Indira Sagar Lift Irrigation Project, package 50 in the state of Andhra Pradesh

We received work order on October 5, 2007 from EPIL for construction of a distributory network for irrigating the ayacut of approximately 93,000 acres. It also involved C.M. and C.D. works of Indira Sagar Lift Irrigation Project at Polavaram.

Based on the investigation done so far and understanding of project the scope of work includes:

- Contour survey of approx 1.5 lakh acres and identification of ayacut to the extent of 93000 acres under right canal
- Construction of majors/minors and field channels including all structures on the canal system to create irrigation facility

The total contract value of this project is Rs. 697.62 million. The period of the contract is 56 months from the date of concluding agreement with client by EPIL.

Engineering Projects (India) Limited (EPIL) - Polavaram, Indira Sagar Lift Irrigation Project, package 51 in the state of Andhra Pradesh

We received work order on October 5, 2007 from EPIL for the construction of a distributory network for irrigating the ayacut(extent) of approximately 88,000 acres. This project involves C.M. and C.D. works and the construction of a new tank at Chintapenta and the standardization of the existing Mukkamamidi project. It also involves the construction of a high coefficient weir and the construction of irrigation sluices for the Chintapenta tank for the Indira Sagar Lift Irrigation Project at Polavaram.

Based on the investigation done so far and understanding of project the scope of work includes:

- Contour Survey of approx 1.5 lakh acres and identification of ayacut to the extent of 88,000 acres under left canal. Arlapenta canal and Mukkamamidi canal
- Construction of majors/ minors/ and field channels including all structures on the canal system to create irrigation facility for 88000 acres
- Construction of Chintapenta reservoir to augment its capacity
- Improvement of Mukkamamidi reservoir to augment its capacity

The total contract value of this project is Rs. 657.59 million. The period of the contract is 56 months from the date of concluding agreement with client by EPIL.

Handri Neeva Sujala Shravanti (HNSS) Project, package 1 – in the state of Andhra Pradesh

We received work order on March 12, 2008 from EPIL for the excavation of the approach channel from Siddewaran to the pump house near Mutchmarri. It also involves the excavation of a link channel from the pump house near Mutchmarri to pump station near Mayalayala (V) along FRL contour of Srisalam including excavation of approach channel from km (-) 3.722 to km (-) 1.922 from (+) 261.900 level to (+) 250.00 level including construction of CM and CD works etc.

Based on the investigation done so far and understanding of project the scope of work includes:

- Construction of approach channel involving 0.4 million cum of excavation from Krishna river to pump house at Mutchumarri
- Construction of approach channel involving 0.2 million cum of excavation from Tungabhadra river to pump house at Malyala
- Construction of link canal from Pump house at Mutchumarri at pump house at Malyala involving 0.2 million cum of excavation and construction f 14 bridges / super passages

The total contract value of this project is Rs. 832.92 million. The period of the contract is 18 months from the date of concluding agreement with client by EPIL.

Middle Cauvery Basin circle, Trichy - state of Tamil Nadu

We received three work order on February 26, 2008 under World Bank assistance for *Package No. 2, Package No. 3, Package No. 4 at South Vellar River* under Tamil Nadu irrigated agriculture modernization and water resources management project under the Superintendent Engineer Middle Cauvery Basin, Trichy .

Based on the investigation done so far and understanding of project the scope of work includes:

- These works are taken up under world bank assistance under Tamil Nadu irrigated agriculture moderanisation and water resources management project under the superintending Engineer middle Cauvery Basin , Tiruchi
- The scope of work involves improvement to various tanks by reconstruction of embankments and reconstruction of surplus course and related heads regulators and canal system and bringing them back to design standards
- Reconstruction of various structures like off-takes /bridges /super passages /drops etc. to the design standards
- The work under the three packages taken together involve 0.25 million cum of excavation and 30000 cum of concrete works and associated pitching work.

The total contract value of this project is Rs. 320.49 million. The period of the contract is 18 months from the date of concluding agreement with client.

Our Excavation and Raising Business

Excavation & raising business was amongst the first businesses that our erstwhile partnership firm got into in 1996. We were focusing on limestone excavation at that time and we got our first contract from erstwhile Visaka Cement Industry Limited (now India Cement Limited) in the same year in the state of Andhra Pradesh for excavation of lime stone.

The typical flow of excavation and raising operations undertaken by us is

1. Survey
2. Site leveling or site preparation
3. Levels taken with survey instrument to ascertain the ground level before starting the work
4. Drilling
5. Blasting
6. Loading
7. Transportation (Road formation if required) of overburden/ limestone
8. Weighing of limestone.
9. Unloading into hoper at crusher.

We undertake excavation and raising of lignite, limestone, coal and iron ore on a contractual basis. Typically, we are paid on a per tonne and cubic meter basis for the minerals excavated and transported to client location. Some of the orders being currently executed have been received from India Cements Limited, formerly known as Visaka Cement Industry Limited.

We have completed short term project iron ore excavation for clients. We were awarded our first iron ore excavation project in the state of Karnataka in 2003.

In addition, we have been awarded a Rs. 2025.38 million contract for removal of over-burden of approximately 60 million cubic meters over a five year period at Koyagudem, Singareni coal mine in the state of Andhra Pradesh. Recently, we have also received Letter of Intent (LOI) on September 16, 2008 for off-loading of coal/ shale extraction with surface miner, including loading, transportation, dumping etc at Pit II of Koyagudem opencast project- II, Yellagudem area.

As of March 31, 2008, our order book for contracts from excavation and raising of minerals business was Rs. 2,044 million

A few of our key **completed** excavation and raising of minerals projects include:

Grasim Industries Limited – state of Tamil Nadu

We received contracts from Grasim Industries Limited on continuous basis since 2003. These contracts involved the excavation, loading and transportation of limestone from their captive mines to factory premises at Reddipalayam for three years. The total value of this project was Rs. 65.36 million and it was completed on June 30, 2006.

Madras Cement Limited – state of Andhra Pradesh

We received this work order on November 12, 2005. The scope of work included removal of overburden / Phyllite, High silica Reject limestone, sump working and limestone production from Pit 3 at Jayanthipuram Limestone Mine. The total value of this project was Rs. 25.08 million and it was completed on March 31, 2007.

Mineral Enterprises Limited- state of Karnataka

We received these work orders from Mineral Enterprises Limited on November 14, 2003 and February 16, 2004. This contract involved excavation, loading and transportation of iron ore. The total contract value of this project was Rs. 192.61 million and it was completed on March 31, 2006.

Hamlyin Dealcomm Private Limited – state of West Bengal

We received this work order on March 02, 2006 for over burden removal and iron ore excavation at Hamlyin Dealcomm Private Limited mines in Kolkata. The scope of work includes excavation, loading, transportation etc of overburden and iron ore. This also includes drilling and blasting. The total contract value of the project is Rs. 355.43 million.

Our key **ongoing** excavation and raising projects include:

Singareni Collieries Company Limited– Koyagudem, Yellandu Area in the state Andhra Pradesh

We received a work order from Singareni Collieries Company Limited on February 9, 2008 for removal of over-burden of approximately 60 million cubic meters. The scope of work involves blast hole drilling, controlled blast, excavation, loading, transportation, dumping etc of overburden The total contract value of this project is Rs. 2025.38 million. The period of contract is 75 months by starting the work within 45 days from the date of LOI or one week from the date of handing over the site, whichever is later.

Visaka Cement Industry Limited – Tandur Mandal in the state of Andhra Pradesh

We have been awarded contract(s) by erstwhile Visaka Cement Industry Limited now India Cement Limited since 1996. These contracts are valid for a period of two years and are renewed on continuous basis. We received the work order on December 01, 2006 for site preparation, collection, loading and transportation of limestone from mines to the crushers.

- Site preparation, collection, loading and transportation to crusher from Pit I @ Rs. 37.45 per ton
- Site preparation, collection, loading and transportation to crusher from Pit II @ Rs. 34.95 per ton

Singareni Collieries Company Limited– Koyagudem,

We have received (LOI) on September 16, 2008 for 86.003 LBCM of coal/ shale extraction with surface miner, including loading, transportation, dumping etc at Pit II of Koyagudem opencast project- II, Yellagudem area.

Other Infrastructure and Construction Business

Our infrastructure construction projects involve various activities, depending on the scope of our engagement on a specific project, for instance, whether we act as a contractor for the entire project or for a specific portion of a project. These activities may include project management, engineering and design, procurement of equipment and materials from third party manufacturers, construction activities, and commissioning or start-up services. Initial expenses incurred on the project, such as for pre-qualification and in connection with biddings are borne by us and are taken into account when calculating the contract value.

Our construction business involves executing infrastructure construction contracts of roads, industrial structures, contract housing, and civil works for power project. Our services include civil design and engineering, procurement of construction materials, fuel, labour, and equipment for construction of the project. Our clients include the central and state Government and/or its undertakings, quasi-governmental bodies and bodies corporate.

A few of our key **completed** infrastructure construction projects include:

Government of Karnataka, Public Works Department –state of Karnataka

We received the contract from Tantia Constructions Limited on December 21, 2001 for providing all labors, plants and equipment, tools and tackles and other facilities required for completion of the said contract i.e. Rehabilitation of Road from Lingsugur to Hattgudur. The total contract value of this project was Rs. 84.22 million.

M/s Kajima Davoo Joint Venture – state of Uttaranchal

We received a contract from M/s Kajima Davoo Joint Venture (KDJV) of Kajima Corporation, Japan and Daewoo Corporation, Republic of Korea on April 2, 2005. The scope of work was repair of broken Reinforced Concrete Lining of Tunnel Spillway at the downstream phase and make good by filling up of M25/ A40 reinforced concrete and boulders or gabions of agreed sizes as per the drawing provided and the direction of KDJV & NHPC Engineers. The total contract value of this project was Rs. 69.04 million and it was completed on November 18, 2006.

K. Raheja IT Park (Hyderabad) Private Limited – state of Andhra Pradesh

We received work order on August 1, 2003 from K. Raheja IT Park (Hyderabad) Private Limited for earth work to be carried out for IT Park at Hyderabad. The value of project was Rs. 17.79 million.

APR Constructions Limited, IISCO steel plant – state of West Bengal

We received this contract from APR Construction Limited for the expansion of the IISCO steel plant on November 2, 2006. The contract involves excavation, filling and leveling of the site using earth moving equipment and the miscellaneous rubbish generated from the steel plant activities. It also involves breaking the slag material to a size less than 300 mm in any direction, to the required distance and level at the disposal site as per the direction of the engineer. The total contract value of this project is Rs. 523.20 million.

A few of our key **ongoing** infrastructure construction projects include:

Mangalore Refinery & Petrochemicals Limited (MRPL) – Mangalore

We received the LOI from on April 3, 2008 from EPIL for site grading, construction of road, storm water drains, compound wall for phase III, refinery project of MRPL, Mangalore. The total contract value of the project is Rs. 761.72 million. The period of contract is 14 months from the date of commencement reckoned as per EPIL's contract with client.

Dwelling units for the Air Force Station – Bangalore

We received this contract on April 29, 2006 from Ramky Infrastructure Limited for the construction of dwelling units including allied external services at the Air Force Station in Jalahalli, Bangalore. The total contract value of this project was Rs. 462.95 million.

Uranium Corporation of India Limited – Andhra Pradesh

We received the LOI from Uranium Corporation of India Limited on March 3, 2008 for construction of boundary wall, land grading, road and drainage works and miscellaneous structures such as gate, gate house, watch tower etc. for uranium ore Mining and Processing at Tummalapalle, Andhra Pradesh. The total contract value of the project is Rs. 225.25 million. The period of contract is 8 months..

Tadipatri – Andhra Pradesh

We received LOI on October 10, 2007 from EPIL for executing a public health and municipal engineering department contract in Andhra Pradesh. The scope of the contract is to survey design and execute cement concrete roads at various places in Tadipatri Municipality under UIDSSMT scheme. The total contract value of the project is Rs. 335.34 million. The period of contract is 12 months from the date of conclusion of agreement with client by EPIL.

Monnet Daniels Coal Washeries Private Limited - Jharkhand

We received this work order on April 5, 2007 for civil works at coal washeries and involves back filling of foundation pits with excavated earth, filling approved quality moorum in areas around foundation, excavation of required side slopes below ground level and the transportation of excess excavated material. The total contract value of this project is Rs. 209.90 million.The period of contract is 18 months.

ISRO – Bangalore

We received this work order on October 04, 2007 from EPIL for the construction of additional quarters for the Department of Space, Government of India, Civil Engineering Division, in Phase III at Jalahalli, Bangalore. The total contract value of this project is Rs. 153.36 million. The period of contract is 24 months from the 15th day from the issue of LOI issued on June 30, 2007.

Mayfield Projects Private Limited – Gurgaon, Haryana

We received a work contract on July 25, 2007 for carrying out site grading, excavation of all types of soils, rock, loading and transportation works at May Field Gardens, Gurgaon, Haryana. The total contract value of the project is Rs. 307.15 million. The period of contract is 18 months.

Paharpur Cooling Tower Limited – Barner, Rajastan & Rathnagiri, Maharastra

We received two work order on May 21, 2007 from Paharpur Cooling Tower Limited for excavation and road work. The scope of work includes excavation of soil, rocks and transportation to disposal and construction of embankment. The work also includes drilling and blasting. The total value of project is 320.50 million. The period of contract is 18 months.

PACL India Limited - New Delhi

We received this work order from PACL India Limited on March 25, 2007 for site grading involving excavation of rocks including soft and hard rocks and transportation. The works also involved drilling and blasting. The total contract value for the project is Rs. 306.73 million. The period of contract is 24 month.

Electrosteel Integrated Limited –Jharkhand

We received this work order from Electrosteel Integrated Limited on July 25, 2008 for land leveling,and grading work on turnkey basis for an approximate area of 75 acres at steel plant in Bokaro. The total contract value for the project is Rs. 138.50 million. The period of contract is 6 months from date of commencement of work.

Indu Projects Limited – Mangalore

We received LOI from Indu projects Limited on July 24, 2008. The scope of work includes site grading and site development for OMPL Aromatic Complex Project at Mangalore, Karnataka. It also include deforestation and top soil removal. The total contract value for the project is Rs. 721.30 million.

Construction Contracting Lifecycle

The contracting lifecycle for our construction and infrastructure development business is described below.

Business Development

We bid for projects primarily through a competitive bidding process. Government organizations and other clients typically advertise proposed projects in leading national newspapers or on their websites. Our tendering department regularly reviews newspapers and relevant websites to identify projects that could be of interest to us. Once we have identified projects that meet our criteria, we submit an application to the client according to the procedures set forth in the advertisement.

Tendering

We have a centralized tender department that is responsible for applying for all pre-qualifications and tenders. The tender department evaluates our credentials based on the stipulated eligibility criteria. We endeavour to qualify on our own for projects in which we propose to bid. In the event that we do not qualify for a project in which we are interested due to eligibility requirements relating to the size of the project, technical know-how, financial resources or other reasons, we currently apply through EPIL, JVs and consortium partner in order to qualify/ bid for a project. We believe that by centralising our tender monitoring and preparation functions, we are able to streamline our bidding processes, while effectively managing our current and future resource allocations.

A notice inviting bids may either involve pre-qualification, or short-listing of contractors, or a post qualification process. In a pre-qualification or shortlisting process, the client stipulates technical and financial eligibility criteria to be met by the potential applicants.

Pre-qualification applications generally require us to submit details about our organisational set-up, financial parameters, employee information, plant and equipment owned, portfolio of executed and ongoing projects and details in respect of litigations and arbitrations in which we are involved. If we pre-qualify for a project, the next step is to submit a financial bid. Prior to submitting a financial bid, we carry out a detailed study of the proposed project, including performing a detailed study of the technical and commercial conditions and requirements of the tender followed by a site visit. Our representatives attend the pre-bid meetings convened by the clients, during which we raise any queries or requests for amendments to certain conditions of the proposed contract.

Engineering and Design

We provide detailed engineering services, if required by the client, for the projects that we undertake. Typically, for design-build projects, the client supplies conceptual information pertaining to the project and spells out the project requirements and specifications. We are required to prepare detailed survey, investigation and architectural and/or structural designs based on the conceptual requirements of the client and also conform to various statutory and code requirements. Prior to bidding for the project, our tendering department and senior management review the preliminary design prepared by our design department. After our initial review of the preliminary designs, we continue to interact with our consultants to arrive at the final evaluation for the project.

Procurement

Since material procurement plays a critical part in the success of any project, we maintain experienced staff in our purchase department to carry out material, services and equipment procurement for all project sites. Procurement is a centralised function performed from our headquarters. Only in certain limited cases is procurement undertaken from project sites. Upon award of a contract, the purchase department is provided with the project details along with the budgeted rates for material, services and equipment. The material, services and equipment required for projects are estimated by the engineering personnel from the individual project sites and then passed on to the purchase department along with the schedule of requirements. We have over the years developed relationships with a number of vendors for key materials, services and equipment. We have also developed an extensive vendor database for various materials and services.

Construction

Upon receipt of letter of acceptance or LOI, we commence pre-construction activities promptly, such as mobilising manpower and equipment resources and setting up site offices, stores and other ancillary facilities. The methodology of construction depends upon the nature of the project, for example, the construction methodology would be different for a irrigation project as compared to a building project. Construction activity commences once the client approves working designs and issues drawings. The project team identifies and works with the purchase department to procure the key construction materials and services required to commence construction. Based on the contract documents, a detailed schedule of construction activities is prepared. This schedule identifies interim milestones, if any, stipulated in the contract with corresponding time schedules for achieving these milestones.

Planning & monitoring

We have a project management system that helps us track the physical and financial progress of work vis-à-vis the project schedule. Project personnel hold periodic review meetings with clients at the project sites and also with key personnel in our headquarters to discuss the progress being made on the project.

Billing

Each project site has a billing department that is responsible for preparing and dispatching periodic invoices to the clients. We consider a project to be virtually complete when it is ready to be handed over to the client. We then jointly inspect the project with the client to begin the process of handing over the project to the client.

Completion & handover

Once satisfied, the client prepares a completion certificate, which signifies the commencement of the defects liability period or the maintenance period (i.e., the period during which we are contractually bound to rectify any defects arising out of construction). On completion of the defects liability period, we request the client to release any performance guarantee.

Key Processes and Technology

Our clients typically specify the technology and processes for the implementation of the project in the relevant tender documents. These technologies and processes generally include conventional technologies and methods; however, as new technologies and processes come to market, our clients may require us to utilize such new technologies and processes in the construction of our projects. We continue to upgrade the technologies and processes that we utilize to comply with client specifications.

Equipment

In excavation and raising of minerals, irrigation and construction businesses, most of the equipment used in the works is owned by us. In addition, we may be required to mobilise / procure / lease various other equipments. We purchase most of our equipment to reduce the risk of availability of key equipment, meet pre-qualification criteria to bid for larger and more technically complex construction projects.

We are also supported by our common services divisions namely, the finance and accounts, human resources, planning, designing, procurement, plant and machinery, IT, contracts and claims, tendering and documentation, strategic relationships, corporate services, internal audit. We seek to optimise the usage of equipment and assets owned by us in the form of plant and machinery, earth moving equipments, heavy and light vehicles and other similar equipment, other than land and buildings. Our design division enables us to deal with engineering and designing aspects of the projects. This division plans the assignments, guides the teams onsite, and monitors the conformity of the projects to contractual specifications. Our planning division closely monitors all our projects, and provides a periodic and up-to-date review of the status of ongoing projects on monthly basis.

The equipment and machinery used in irrigation, construction and excavation, raising and site grading projects are as follows:

S.No.	Asset Description	Name of the Asset	No.Units
1	**Plants:**		
		Puzzolana Crusher	2
		Maxmech Batching Plant	3
2	**Generators:**		
		25KVA	1
		5KVA	4
		125 KVA Generator	3
		15 KV Gen Set	1
		500 KVA Generator	1
		62.5 KVA Generator	3
3	**Air compresser :**		
		Air compresser	4
4	**Tippers:**		
		AL Taurus Tippers	48
		SCANIA Tippers	6
		TATA 1613 Tipper	5
		TATA Hyva Tippers	2
		TATA LPK 2516 RMC	10
		TATA Novus Tippers	33
		Volvo FM 400 Tippers	26
5	**Driller & Compressor :**		
		Driller & Compressor :	2
6	**Diesel Tankers:**		
		Eicher Diesel Tanker	1
		TATA 709 Diesel Tanker	2
7	**Concret pumps:**		
		Concret pumps:	2
8	**Concrete Pavers**		
		Concrete Pavers	4
9	**Dozers:**		
		Komatsu D 31 Dozer	3

		SD -13 Shantui Dozer	1
		SD -16 Shantui Dozer	4
		CAT Dozer D6G	1
		Komatsu D 65 Dozer	2
10	**Utility Vehicles:**		
		Eicher 4 Wheeler (for Crew shifting)	2
		Mahindhra Max pickup	1
		Tata Ace	2
		Mahindhra Bolero Camper	7
11	**4 Wheelers:**		
		Mahendra Bolaro	10
		Mahendra Scorpio	2
		TATA Safari	3
		Toyoto Innova	4
12	**Water Pumps**		
		Escorts soll compacter	1
13	**Transit Mixers :**		
		Transit Mixers :	16
14	**Loders:**		
		TATA JD 315 Backhoe Loader	2
		TATA Wheel Loader	2
		Tractor loader	1
15	**Vibratory Roller :**		
		Vibratory Roller	1
		Vibratory Truss Screed 2Nos	1
16	**Excavators :**		
		Volo 240 Excavator	6
		Volo 290 Excavator	7
		Volvo 360 Excavator	2
		Volvo 460 Excavator	7
		Volvo 930 Grader	1
		Daewoo 300 Excavator	10
		Ex-100 Hitachi Excavator	2
		Hitachi Ex-60	1
		Sumitomo 450 Excavator	2
		Sumitomo SH 210 Excavator	1
		TATA Hitachi EX 200 Excavator	2
		L&Tkomatsu PC200 Hydraulic Excavator	1
		Volvo EC700BLC Hydraulic Excavator	1
17	**Water Tankers-:**		
		Water Tankers- Ashok Leylend	4

18	**Weigh Bridges**		
		Weigh Bridges	2
19	**Welding Machines**		
		Welding Machines	4
		Total	282

Properties owned/ taken on lease by the Company

Sale Deed / Lease deed dated	Property Details	Area (in Acres)	Owned/ Leased
January 21, 2008	Plot no. 88, Ground Floor, Phase III, Sari Konda Mansion, Kamalapuri Colony, Hyderabad-500073	-	Leased
July 21, 2008	3rd Floor, West Wing, Serene Chambers, Road No. 5, Banjara Hills, Hyderabad – 500 034	-	Leased
July 16, 2007	Survey No. 155 and 157 Situated at Nemaragomul Village, Bibinagar Mandal, Nalgonda District, Andhra Pradesh	6.03	Owned
November 18, 2005	Peenya Plantation 'B' Bangalore North Taluk, Bangalore, Karnataka	1.2	Owned

Competition

We face competition from both domestic and international entities in the infrastructure, irrigation, mining, industrial construction and housing sector, as most of the contracts awarded by the central and state Government and/or its undertakings, quasi government bodies and body corporates are awarded on a competitive bidding basis and satisfaction of other prescribed pre-qualification criteria. While service quality, technological 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 ability to bid for and win contracts for excavation and raising of minerals, infrastructure, irrigation, industrial construction and housing sector projects is also dependent on our ability to demonstrate experience in executing large projects, strong engineering capabilities in executing technically complex projects, and sufficient financial resources and/or ability to access funds.

Our major competitors in each of the infrastructure contracting, excavation and raising of minerals and infrastructure construction business, include, among others, IVRCL, Nagarjuna and Sadbhav Engineering. We also face competition from regional contractors, especially, in our excavation and raising business such as BGR Energy Systems Limited, Sushi Hi Tech, V Prabhakar Reddy and Company and Gulf Oil Corporation. In the initial years of our business, we faced competition primarily from Indian companies. Substantial barriers restricted foreign competition from entering into India. However, in more recent years, India has liberalised economic policies which have created opportunities for increased competition in the engineering and construction sectors, especially from foreign companies. We expect competition in the Indian construction market to remain high, given that the Indian construction sector is becoming increasingly attractive due to ongoing liberalisation, rising government expenditure on infrastructure and various policy initiatives for development of infrastructure.

Intellectual Property

In November 20, 2007, our Company applied for the registration of trademark “AMR” under application no. 1622281 and “From Excavation To Creation” under application no. 1622282 before the Chennai Trademark Registry in Class 37 trademark under the Trademarks Act of 1999, as amended.

Insurance

Our principal types of insurance coverage include project specific workmen’s compensation, contractors’ all risk policy, machinery equipment insurance and, motor vehicle (including light motor vehicles and motor bike) insurance. Our insurance policies may not be sufficient to cover our economic losses. We do not maintain key-man insurance for our senior management or business interruption insurance for our sites. For further details, see section “Risk Factors” beginning on page I of the Draft Red Herring Prospectus.

Our operations are subject to hazards inherent in the construction industry, such as risk of equipment failure, work accidents, terrorism, earthquake, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We may also be subject to claims resulting from construction services provided by us within the defect liability periods extended by us, which can range from 12 months from the date of handing over to the client.

Health and Safety

We aim to comply with applicable health, safety and other requirements in our operations. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to management, employees and sub-contractors. Project managers appointed by us for a project are primarily responsible for ensuring that safety standards are met at the relevant project sites.

Employees

As on September 22, 2008, we had 1325 employees. The members of our professional staff have a wide range of relevant experience in their respective fields. In addition to salary and allowance, we provide our employees medical, leave and retirement benefits, which include provident fund and gratuity in line with statutory requirment. We also hire sub-contractors that utilize temporary or casual labour, especially for construction activities. The main category of our employee’s strength is:

Engineers	: 77
Skilled	: 396
Unskilled	: 852
Total	**: 1325**

Certain senior officers are provided with company cars and accommodation. Our employees are not represented by unions and they do not have collective bargaining agreements.

We have not experienced any material strikes, work stoppages, labour disputes or actions by or with our employees, and we consider our relationship with our employees to be cordial.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are 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.

General

The Company is engaged in the business of undertaking contracts in the infrastructure, irrigation, mining, industrial construction and housing sector. Contracts are executed in pursuance of tenders issued by the government, government agencies, government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state, and depending on the project. For details of such approvals please see “Government and Other Approvals” on page 177 of this Draft Red Herring Prospectus.

Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment of up to 100% is permitted in contracting company in the infrastructure sector.

Further, the Industrial Policy now also permits foreign direct investment under the automatic route in projects for construction and maintenance of roads, highways, toll roads, vehicular bridges, ports and harbours.

Pursuant to A.P. (DIR Series) Circular No. 16 dated October 4, 2004, the RBI has granted general permission for the transfer of shares of an Indian company by Non-Residents to residents, subject to the terms and conditions, including pricing restrictions, specified in the abovementioned circular.

Investment by Foreign Institutional Investors

Foreign Institutional Investors (FIIs) including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap (which is 100% for the construction sector) for that company after approval of the Board of Directors and shareholders of the company. As of date, no such approval has been obtained. The total holding of a single FII should not exceed 10% of the post-issue paid-up capital of the Company or 5% of the total paid-up capital in case such sub-account is a foreign corporate or an individual. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

A brief description of certain labour legislation is set forth below:

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "CLRA"), requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued.

To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, 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 imposed for contravention of the provisions of the CLRA.

Minimum Wages Act, 1948

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to Rs. 500 or both.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended (the "Bonus Act"), an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment for a term of up to six months or a fine of up to Rs. 1,000 or both, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended (the "Gratuity Act"), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs. 350,000.

An employee in a factory is said to be 'in continuous service' for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "EPF Act") provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Industrial Employment (Standing Orders) Act, 1946

With a view to define conditions of work in any establishment, rules and regulations laid down by this legislation provide for adoption of "standing orders" which regulate, interalia, conditions of service of workmen. This act applies to every industrial establishment where hundred or more workmen are employed on any day in the past twelve months. The employer has to submit to the certifying officer the draft of the standing orders which is then sent to the trade union in case of any or to the workmen for approval. Only on the approval of the draft by the workmen the certifying officer certifies it and a register of the same has to be maintained.

The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

Workmen's Compensation Act, 1923

This legislation was enacted to provide protection from hardship faced by workmen due to accidents, death or occupational diseases and to provide assistance to the family members of the workmen.
An employer is made liable to pay compensation for the personal injury caused to a workman by accident, death etc. arising out of and in the course of his employment except in certain cases. A contractor for construction of building is also made liable for the personal injuries of his workmen. The amount of compensation has been stated in the Act depending inter alia on the nature and extent of the injury.

Industrial Dispute Act, 1947

This legislation has been enacted with a view to investigate and settle disputes between the employer and the workmen. It is applicable to any industry wherein systematic activity is being carried on by cooperation between an employer and his workmen whether they are employed directly or through any agency, including a contractor.

Works Committee, Boards of Conciliation, Courts of Inquiry, Labour Courts, National Tribunals are the various authorities appointed under this act for the settlement of disputes and the parties can even refer the dispute to arbitration.

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.

Equal Remuneration Act, 1979

The Act provides for payment of equal wages for equal work of equal nature to male or female workers and for not making discrimination against female employees in the matters of transfers, training and promotions etc.

Child Labour (Prohibition and Regulation) Act, 1986

The Act 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. Under this Act the employment of child labour in the building and construction industry is prohibited.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as a public limited company under the name and style of AMR Constructions Limited on April 25, 2001 to purchase, acquire, take on lease or otherwise take over as a going concerns, the undertaking being carried on as a partnership firm, under the name and style of AMR Constructions along with all assets and liabilities and to carry on the business of AMR Constructions as a going concern. The Company received the certificate for commencement of business on June 4, 2001. The Company is involved in executing excavating and raising of minerals, irrigation, and construction contracts.

Change in the registered office

The registered office of the Company has been shifted to different locations as detailed below:

Sr. No	Registered Office Address	With effect from (Date)
1	8-2-293/82/W/75 A, Sai Plaza, Krishna Nagar, Hyderabad- 500033	since incorporation
2	8-3-990, 3rd Floor, GK Classic, Plot No 120, Srinagar Colony, Hyderabad – 500073	March 14, 2003
3	B 23, 2nd Floor, Kanakadurga Nilayam, Madhura Nagar, Hyderabad – 500038	August 17, 2003
4	Plot No 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad – 500073	June 19, 2004

Major events in the History of the Company:

Sr. No.	**Year**	**Event**
1	2001	Incorporated as a Public Limited Company
2	2001	Took over the assets and liabilities of AMR Constructions, a partnership firm
3	2001	Was awarded Infrastructure Construction sub-contract from Tantia Constructions
4	2003	Was awarded first Iron Ore Excavation Contract
5	2005	Was awarded piece rate basis contract for an Irrigation Project
6	2006	Revenue almost tripled to Rs.754 million in FY05-06
7	2006	Bonus Issue of Equity Shares in the ratio of 1:10
8	2006	Allotment of Equity Shares to promoters in lieu of land
9	2006	Raised secured loans of Rs. 405.45 million from various sources
10	2006	Investment in FCDs of Rs. 522.6 mn by private equity investor (Tranche I)
11	2007	Revenue almost quadrupled to Rs.3095 million in FY06-07
12	2007	Mr. A Mahesh Reddy received the Rashtriya Nirman Ratan Award
13	2007	Additional investment in FCDs of Rs. 500 mn by the same private equity investor (Tranche II)
14	2007	Additional investment in FCDs of Rs. 500 mn by the same private equity investor (Tranche III)
15	2008	Mr. A Girish Reddy received the International Excellence Award for Construction Quality & Design
16	2008	Revenue crossed the mark of Rs. 5000 million in FY07-08
17	2008	Conversion of FCDs into Equity Shares

AMR Constructions Limited took over the assets and liabilities of AMR Constructions, a partnership firm in 2001. This provided AMR Constructions Limited with an added advantage of utilizing existing equipments, relationships and other assets of AMR Constructions.

We received a contract in 2001 for rehabilitation of road from Lingsugur to Hattgudur from Tantia Constructions Limited. This required us to provide all labours, plants and equipment, tools and tackles and other facilities required for completion of the said contract. This was one of the larger projects in the initial phases of our business.

We were awarded a contract for work in the state of Karnataka from Mineral Enterprises Limited on November 14, 2003. This contract involved excavation, loading and transportation of iron ore. This opened numerous opportunities in the mining sector.

The Company is executing work for Sri Avantika Contractors *on Polavaram Project, Indira Sagar Irrigation Project in the state of Andhra Pradesh* which in turn has been contracted by Sabir Dam & Water Works Construction Company on a piece rate basis. The agreement was entered into with Sri Avantika Contractors on June 10, 2005 for the excavation of the main canal at Polavaram in Indira Sagar Project. This marked our foray into Irrigation Infrastructure Contracts.

Grants Investment Limited invested in our Company in three different tranches via FCDs. The amounts invested by Grants Investment Limited were Rs. 522.6 million in the first tranche, Rs. 500 million in the second tranche and Rs. 500 million in the third tranche.

The term loans have rose to Rs. 405.45 million in Fiscal 2006 from Rs. 31.31 million in Fiscal 2005. A major chunk was a loan taken from Deewan Housing Finance of Rs. 187.61 million. There was also an increase in the working capital loan to the tune of Rs. 126.24 million from State Bank of India. Further additional vehicle/ machinery loans were also taken raising the aggregate amount to Rs. 76.36 million in fiscal 2006 compared to 16.09 million in fiscal 2005.

Our Managing Director, Mr. A. Mahesh Reddy received the Rashtriya Nirman Ratan award for 2007, from the Indian Economic Development and Research Association, New Delhi.

Our Joint Managing Director, Mr. A Girish Reddy received the International Excellence Award for Construction, Quality and Design presented by the World Economic Progress Society, in New Delhi on the February 11, 2008

We received a work order from Singareni Collieries Company Limited– Koyagudem, Yellandu (Andhra Pradesh) on February 9, 2008 for removal of over-burden of approximately 60 million cubic meters. The scope of work involves Blast hole drilling, controlled blast, excavation, loading, transportation, dumping etc of overburden The total contract value of this project is Rs. 2025.38 million.

Main Objects of the Company:

The main objects of the Company are:

1. *To purchase, acquire, take on lease or otherwise take over as a going concerns, the undertakings now being carried on as a partnerships, under the name and style of AMR CONSTRUCTIONS along with all pending works, stock in trade, orders, rights, assets, receivables, bank limits, interest, goodwill, licences and privileges and all contracts, registrations, import licences, fixed assets, plants, machinery & equipment together with all the liabilities due to all banks and other amounts due to trade creditors, depositors, bills payable and to carry on the said business being carried on by the said concern.*

2. *To construct, erect, build, improve, develop, repair, remodel, demolish, grade, curve, pave, macadamize, cement and maintain buildings, structures, houses, apartments, townships, multistoreyed complexes, landscapes, hospitals, schools, places of worship, highways, roads,*

paths, streets, sideways, seaports, airports, bridges, flyovers, subways alleyes, pavements, and to do other similar constructions, levelling or paving work and to build, construct and repair railways, waterways, electrical works, tunnels, canals, wharves, ports, docks, water-works, drainage works, lighthouses, powerhouses, and floor and to do all kinds of excavating, dredging and digging of work, to make all kinds of iron, wood, glass, machinery and earth construction, to design, device, decorate, plant, model and to furnish labour and all kinds of material to supervise construction or other work, to act as valuers, appraisers, referees and assessors to investigate into the conditions of buildings and other structures of all kinds and to supply efficient and honest arbitrators amongst its personnel and to carry on the business of contractors and agents anywhere in the world.

3. *To mine, quarry, grind, and excavate, and take from pits, sand, gravel, stone, gypsum or other building or paving materials, to own, acquire or take on lease areas of land mining bases, licences or rights in or over land, to wash and screen the sand, gravel and to deal in the same or dispose it off in any manner whatsoever.*

4. *To purchase, acquire, take 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 or conveniences there on and to equip the same or any part thereof with all or any amenities or conveniences, drainage facility, electric, telegraphic, television installations and to deal with the same in any manner whatsoever.*

Changes in the Memorandum of Association of the Company

S. No.	Amendments	Date of Amendments
1.	Increase in Authorised Share Capital from Rs. 1million to Rs. 10 million	June 20, 2001
2.	Increase in Authorised Share Capital from Rs. 10 million to Rs. 50 million	March 8, 2002
3.	Increase in Authorised Share Capital from Rs. 50 million to Rs. 70 million	March 31, 2006
4.	Increase in Authorised Share Capital from Rs. 70 million to Rs. 190 million	October 5, 2006
5.	Insertion of sub-clause (7) after existing sub-clause (6) of clause III (C) i.e to deal in all kind of construction material.	August 24, 2007
6.	Increase in Authorised Share Capital from Rs. 190 million to Rs. 240 million	September 24, 2008

Takeover of the assets and liabilities of M/s AMR Constructions

Our Company had entered into a memorandum of understanding with AMR Constructions, a partnership firm to take over all its assets and liabilities w.e.f July 1, 2001 at book value and in consideration the book value of partners share in AMR Constructions was treated as share application money received from the partners. The details of allotment of shares are available in the chapter on “Capital Structure” on page 15.

SUBSIDIARY

AMR MALIND INFRA PRIVATE LIMITED

AMR Malind Infra Pvt. Ltd. (AMR Malind) was incorporated on July 07, 2006 as a private limited company. Its registered office is at Plot No 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad – 500073

It became our subsidiary on October 15, 2007 when we subscribed to 70% shareholding in AMR Malind.

CIN Number – U45204AP2006PTC050559

The main objects of AMR Malind are as under:

1. *To conceive, plan, survey, design, study and evaluate all steps, process, techniques and methods for setting up of all types of infrastructure projects, facilities, works and to finance, build, construct, install, erect, undertake, lay down, commission, establish, own, operate, manage, control and administer, lease, transfer, all infrastructure projects, facilities, works including industrial and technology parks, roads, bridges, fly-overs, highways, roadways, rail roads, railway stations, plat forms, railway yards, railway tracks including gauge conversions thereof, buildings, dams, canals, reservoirs, water supply systems, sewerage and underground drainage systems, airports, seaports, berths, docks and marine structures of all types, irrigation projects, civil projects, environmental based projects and equipments, pipeline projects, oil exploration projects and any other projects and facilities and to produce, manufacture, import, export, design, fabricate, buy, sell and deal in all kinds of construction materials, equipments, machinery and other allied materials.*

2. *To carry on the business of rendering all services such as planners, designers, consultants, constructors, builders, developers, architects, engineers, erectors, installers, commissioning agents, management consultants and other services required for execution of any infrastructure projects.*

3. *To carry on the business as Builders, Developers and real estate and converting the land into house sites / plots and sell the same with or without infrastructure / betterment facilities and to carry on the business as Builders and Developers of townships, markets and all types of buildings such as Industrial, Residential and Commercial complexes.*

The shareholding pattern of AMR Malind as on September 24, 2008 is as under:

Sr. No.	Name	No. of shares	Percentage of holding
1.	AMR Constructions Limited	23,333	70
2.	Malind Projects Private Limited	10,000	30
	Total	**33333**	**100**

The directors of AMR Malind as on September 24, 2008 are Mr. A. Mahesh Reddy and Mr. A. Girish Reddy.

Financial Performance

(In Rs.)

	March 31, 2008
Equity Capital	333,330
Reserves (excluding revaluation reserves) and Surplus	10,768,180
Income	0
Profit / (Loss)	(34,765)
Profit After Tax	(34,765)
Earnings per Share (in Rs.)	Negative
Net Asset Value per Share (in Rs.)	322.77

SHAREHOLDERS' AGREEMENTS:

Agreement with Grants Investment Limited

We have entered into Security Holders agreement dated July 16, 2007 and incidental documents (collectively referred to as the "Shareholder Documents") with Grants Investment Limited, a Mauritius based company for subscribing to Fully Convertible Debentures. Under the terms of this agreement Grants Investment Limited is entitled to special rights such as appointment of director, affirmative vote, transfer rights. The validity of the Shareholder Documents is only up to the initial public offering. After the initial public offering, Grants Investment Limited would not be entitled to any of the special rights under the Security Holders Agreements.

OTHER AGREEMENTS:

We have entered into a shareholders agreement dated October 11, 2007 with Malind Projects Private Limited and AMR Malind Infra Private Limited which provides for inter se transfer and management rights between the shareholders of AMR Malind.

The Company has entered into loan agreements with various banks. For important terms of these agreements see "Our Indebtedness" beginning on page 150 of this Draft Red Herring Prospectus.

STRATEGIC PARTNERS:

The Company does not have any strategic partner.

FINANCIAL PARTNERS:

The Company does not have any financial partner.

OUR MANAGEMENT

Under the Articles of Association, the Company cannot have less than three and more than seven directors. The Board of Directors of the Company comprises of the following persons:

Name, Address, Designation, Occupation and DIN	***Age***	***Date of Appointment/ Date of Cessation***	***Qualification***	***Other Directorships***
A. Mahesh Reddy Managing Director S/o A. Audinarayana Reddy Address: Flat no. 106, Hanging Gardens, Road No. 10, Banjara Hills, Hyderabad, Andhra Pradesh, India. Occupation : Business DIN No: 00758625	42 years	April 4, 2001; Reappointed as Managing Director on April 1, 2005 for a period of five years	Bachelor of Arts	*1. Pavana Ganga Power Private Ltd* *2. AMR Malind Infra Private Limited.* *3. AMRL International Tech City Ltd.* *4. AMR Agro Farms Limited* *5. AMR Property Developers Limited.* *6. AMR Hospitality Services Limited* *7. AMR Global Industries Limited* *8. AMR Envergys Limited* *9. AMR Sangam Sugar Ventures Limited.*
A. Girish Reddy Joint Managing Director S/o A. Audinarayana Reddy Address: Plot No. 87, Road No. 72, Prashasa Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh, India Occupation : Business DIN No: 01454094	44 years	April 4, 2001; Reappointed as on April 1, 2005 for a period of five years; Designated as Joint MD on December 29, 2007	B. Tech	*1. Pavana Ganga Power Private Limited.* *2. AMR Malind Infra Private Limited.* *3. AMRL International Tech City Ltd.* *4. AMR Agro Farms Limited* *5. AMR Property Developers Limited.* *6. AMR Hospitality Services Limited* *7. AMR Global Industries Limited* *8. AMR Envergys Limited* *9. AMR Sangam Sugar Ventures Limited*
A. Audinarayana Reddy Whole Time Director S/o A. Venkatarami Reddy Address: Plot No. 87, Road no.72, Prashasa Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh, India Occupation : Business DIN No: 01115788	62 years	November 13, 2003; Reappointed as Whole Time Director on April 01, 2005 for a period of five years	Undergraduate	*1. Pavana Ganga Power Private Limited.* *2. AMRL International Tech City Limited* *3. AMR Agro Farms Limited* *4. AMR Property Developers Limited.* *5. AMR Hospitality Services Limited* *6. AMR Global Industries Limited* *7. AMR Envergys Limited* *8. AMR Sangam Sugar*

				Ventures Limited
Basavaraj Appayyappa Raddi Independent Director S/o. Raddi Appayyappa Address: 2507, Matrukripa, Malmaruti Extension, Belgaum Occupation: Retired Civil Engineer DIN No: 01345384	77 years	November 24, 2006, (Reappointed as Independent Director on September 29, 2007, and liable to retire by rotation)	Bachelor of Engineering	Nil
Babugowda S. Patil Independent Director s/o Sangangowda Patil Address: No. 149, 5th Cross, R.M.V. Extension, Bangalore – 560 080 Occupation: Retired Chief Secretary, Karnataka State (Retired IAS officer) DIN No: 00061959	64 years	June 03, 2008; (Reappointed as Independent Director on September 24, 2008, and liable to retire by rotation)	Bachelor of Arts (BA)	1. The Ugar Sugar Works Limited 2. Sheraton Limited 3. UB (Holdings) Limited 4. Suprajit Engg. Limited 5. Sadashiv Sugars Limited 6. Grover Vineyard Limited 7. Mangalore Chemical Fertilizers Limited 8. UB International Trading Limited 9. Sanyo BPL Limited
K. S. Ramchandran Independent Director s/o K. S. Sankara Iyer Address : N 2/27, Phase II, DLF City, Gurgaon – 122 002 Occupation : Retired IAS officer DIN No: 01381957	81 years	December 10, 2007, (Reappointed as Independent Director on September 24, 2008, and liable to retire by rotation)	B.Sc, Honours, in Physics	1. Kalinga Power Corporation (Private) Limited.

Brief Profile of the Directors

Mr. A. Mahesh Reddy

Mr. A. Mahesh Reddy, aged 42 years is a graduate from Karnataka University and has a vast experience of 20 yeas. He started his career with AAN Constructions which was headed by his father Mr. A. Audinarayana Reddy. He gained extensive ground knowledge in construction industry and has a reputation with various clienteles for the timely and quality execution of works. With the technical and administrative capabilities he started a separate partnership firm with his brother Mr. A.

Girish Reddy to execute various civil works by name and style of AMR CONSTRUCTIONS in the year 1992. Since its inception the firm has undertaken and completed various contracts in the infrastructure sector like excavation and raising of minerals, construction of roads, buildings and other civil structures and is now also executing irrigation infrastrucure contracts. By 1995 under the leadership of Mr. A. Mahesh Reddy the firm entered into various segments of civil works in the construction industry and executed various projects in India. He is director with the Company since its incorporation.

Mr. A. Girish Reddy

Mr. A. Girish Reddy, aged 44 years is a graduate from Bangalore University in civil engineering in the year 1982. He started his career with AAN Constructions which was headed by his father Mr. A. Audinarayana Reddy. He amassed vast ground technical knowledge in construction industry to execute various civil works. He started a separate partnership firm with his brother Mr. A. Mahesh Reddy to execute various civil works by name and style of AMR CONSTRUCTIONS in the year 1992. By 1995 the partnership firm had entered into various segments of civil works in the construction industry and executed various projects in India. He has good knowledge in fleet management and handling labour at project sites. With the experience gained, he executed works and managed the work force with utmost care thus enabling good work administration at various projects. He is director with the Company since its incorporation.

Mr. A. Audinarayana Reddy

Mr. A. Audinaryana Reddy, aged 64 years is having three decades of experience in civil works and executed various works in his firm named AAN CONSTRUCTIONS. He has vast knowledge in the construction segment and an experience of over three decades. He joined our Board on November 13, 2003.

Mr. Basavaraj Raddi

Mr. Basavaraj Raddi graduated from Pune Engineering College in the year 1955. After graduation he joined services initially in the public works department, in the State of Karnataka. In public works department he was engaged in the construction and maintenance of buildings, roads and wells. During his association with the public works department, he has gained rich experience in various irrigation projects. Mr. Raddi had also acted as a Chairman of the Institution of Engineers, Belgaum Local Center for the period of 1998-2000. He is also a member of Indian Road Congress. Mr. Raddi had acted as a one of the advisor for the Hospital Project, which was taken up by Karnataka Lingayat Education Society. Mr. Raddi has been awarded with Bharat Mathaki Suputra by the Nationalist Employee Congress, Aurangabad. He was also honored as the 'Distinguished Engineer' by the Institution of Engineers (India), Bangalore. He joined our board on November 24, 2006.

Mr. Babugowda S. Patil

Mr. Babugowda Sanganagowda Patil (B.S. Patil) is from Indian Administrative Services, 1966 batch. He retired as Chief Secretary to Government of Karnataka in Jan, 2004. He has held many key positions in his service and generally regarded as one of the most dynamic officers of the State Government of Karnataka. He has wide range of experience from heading State Financial Institutions to Industrial Development Institutions. He was head of two State Financial Institutions for a period of about 7 years. He held the position of Principal Secretary to Govt., Commerce & Industries Dept. on three occasions with a cumulative period of over 8 years. He was inducted into the Board, on 3rd June, 2008, as an Independent non-executive director.

Mr.K. S. Ramchandran

Mr. Kadayam Sankara Ramachandran (K.S. Ramachandra) is a retired officer of Indian Administrative Service. On 02.01.1950 he was first appointed by the President of India to the IAS and allotted to Orissa cadre. He chaired various prestigious positions in the State of Orissa, including 'Undersecretary, Finance, Govt. of Orissa', 'Secretary, Industry and Mining, Govt. of Orissa', 'Chairman, Orissa State Electricity Board' etc. He also spear headed various state owned companies viz., 'First Managing Director, Orissa Mining Corporation', 'Director, Bharat Aluminium Company', 'First Chairman of National Aluminium Co., under Ministry of Mines, Govt. of India' etc. In the month of May, 1984 he retired from IAS, in the rank of Special Secretary, Ministry of Mines, Govt of India. He joined the company on 10.12.2007, as an Independent Director.

Details of borrowing powers:

Vide a resolution passed at the Annual General Meeting of the Company held on September 24, 2008 the members of the Company have passed the following resolution authorizing the Company to borrow funds upto Rs. 50,000 million:

RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the articles of Association of the Company, the Company be and are hereby authorized to borrow any sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid – up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose) however not exceeding a sum of Rs. 5,000 Crores (Rupees Five Thousand Crores), and that the Board of Directors be and all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

"RESOLVED THAT consent of the company be and is hereby accorded pursuant to Section 293(1)(a) and any other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to create mortgages and / or charges and / or hypothecations on all immovable and movable properties of the Company, both present and future, in favour of Banks and / or Financial Institutions and / or such other persons as may be required for the purpose of securing the repayment of amounts borrowed together with interest, costs, charges, expenses and other monies, if any, payable by the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise the documents for creating the aforesaid mortgages and / or charges and / or hypothecations and to do all such acts and things as may be necessary for giving effect to the above.

Corporate Governance

The provisions of Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon listing of our Shares on the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable) of the Listing Agreement, especially in relation to constitution of our board of directors, constitution of committees such as Audit Committee, Shareholding/ Investor Grievance Committee etc. We undertake to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has six Directors, of which the Chairman of the Board is an executive director and in compliance with the requirements of the Listing Agreement three Executive Directors and three Independent Directors on our Board.

Audit Committee

The Audit Committee was constituted by our Directors vide their Board Meeting held on 11th August 2008 as per the requirements of Section 292A of the Companies Act, 1956.

The Audit Committee currently consists of:

Name of the Director	Designation	Status
Shri. B.A. Raddi	Chairman	Non-Executive / Independent

Shri. K.S. Ramachandran	Member	Non-Executive / Independent
Shri. B.S. Patil	Member	Non-Executive / Independent

Our Company secretary is the secretary of the committee.

Terms of Reference

Committee shall have the authority to investigate into matters in relation to the items specified in Section 292A of the Companies Act, 1956, the listing agreement or referred to it be the board. It shall have full access to information contained in the records of the Company and seek external professional advice, if necessary. The broad terms of reference of the Audit Committee shall include:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
6. Recommending the appointment, reappointment and removal of auditor, fixation of audit fee and also approval for payment for any other services.
7. Reviewing with management, the annual financial statements before submission to the board, with particular reference to:
    i. 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.
    ii. Changes, if any, in accounting policies and practices and reasons for the same
    iii. Major accounting entries involving estimates based on the exercise of judgment by the management
    iv. Significant adjustments made in the financial statements arising out of audit findings
    v. Compliance with statutory and legal requirements relating to financial statements
    vi. Disclosure of any related party transactions
    vii. Qualifications in the draft audit report
8. Reviewing with the management, the quarterly financial statements before submission to the board for approval
9. 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.
10. Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
11. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussing with internal auditors any significant findings and follow up thereon.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
14. Discussing with statutory auditors before the audit commences nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.

15. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
16. To review the functioning of the Whistle Blower Mechanism, in case the same is existing
17. Any other function(s)/responsibilities as may be delegated by the Board from time to time.

Frequency of Meetings

The Audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings

Remuneration Committee

The Remuneration Committee was constituted by our Directors vide their Board meeting held on 11th August 2008. The compensation committee consists of:

Name of the Director	Designation	Status
Shri. B.A. Raddi	Chairman	Non-Executive / Independent
Shri. K.S. Ramachandran	Member	Non-Executive / Independent
Shri. B.S. Patil	Member	Non-Executive / Independent

The terms of reference of Compensation committee is given below:

1. To review the remuneration of Whole time/Managing Director, including annual increment and commissions, after reviewing their performance;

2. Review the remuneration policy followed by the Company, taking into consideration the performance of senior executives on certain parameters;

3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

Shareholders and Investors Grievances Committee

The Shareholders and Investors Grievances Committee was constituted by our Directors vide their Board meeting held on 11th August 2008. The Committee is responsible for smooth functioning of share transfer process as well as redressal of shareholder grievance. The Shareholders and Investors Grievances Committee consist of:

Name of the Director	Designation	Status
Shri. B.A. Raddi	Chairman	Non-Executive / Independent
Shri. K.S. Ramachandran	Member	Non-Executive / Independent
Shri. B.S. Patil	Member	Non-Executive / Independent

Our Company Secretary is the secretary to the Committee.

The terms of reference of the committee are as follows:

1. To approve share transfers and transmissions.

2. To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.

3. Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.

4. Matters relating to dematerialization of shares and securities.

5. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interests, non receipt of balance sheet etc in particular.

Policy on Disclosure and 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 Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares.

Details of Remuneration to the Directors

Mr. A. Mahesh Reddy

The remuneration payable to Mr. A. Mahesh Reddy under the terms of the Board resolution dated September 24, 2008, with effect from April 1, 2008 is as follows:

Part 1

A. Salary : Rs. 10,00,000 (Rupees Ten Lakhs only) Per month

B PERQUISITES

i) Medical benefits for self and family

Reimbursement of expenses actually incurred, the total cost per annum of which to the company shall not exceed one month's salary or 3 months' salary in a block of 3 years.

ii) Leave Travel Concession:

Leave Travel concession for self and family once in a year in accordance with the rules of the company.

iii) Personal Accident Insurance:

Actual premium not to exceed Rs.6000/-

iv) Fees of clubs:

Subject to a maximum of 2 years. No admission fee or life membership fee is paid by the company.

Part 2

i) Company's contribution towards Provident Fund:

As per the rules of the company, but not to exceed 12% of salary or such higher rate as is not taxable under the Income Tax Act.1961.

ii) Company's Contribution towards Pension/Superannuation Fund:

As per the rules of Company, but it shall not, together with the company's contribution to Provident Fund, exceed 25% of the salary as laid down in the Income Tax Act, 1961 or such higher rate as is not taxable under the Income Tax Act, 1961.

iii) Gratuity:
Not to exceed half month's salary for each completed year with a ceiling of Rs.3,50,000/-.

iv) Privilege Leave:

On full pay and allowances, as per the rules of the company but not exceeding one month's leave for the every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.

Part 3

i) Car:

Use of Car for Company's business is provided. However the Whole time /Managing Director shall pay for use of the Car for personal purpose.

ii) Telephone:

Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Managing Director

iii) Others:

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's rules.

Mr. A. Girish Reddy

The remuneration payable to Mr. A. Mahesh Reddy under the terms of the Board resolution dated September 24, 2008, with effect from April 1, 2008 is as follows:

Part 1

A. Salary : Rs. 10,00,000 (Rupees Ten Lakhs only) Per month

B. PERQUISITES

i) Medical benefits for self and family

Reimbursement of expenses actually incurred, the total cost per annum of which to the company shall not exceed one month's salary or 3 months' salary in a block of 3 years.

ii) Leave Travel Concession:

Leave Travel concession for self and family once in a year in accordance with the rules of the company.

iii) Personal Accident Insurance:

Actual premium not to exceed Rs. 6000/-

iv) Fees of clubs:

Subject to a maximum of 2 years. No admission fee or life membership fee is paid by the company.

Part 2

i) Company's contribution towards Provident Fund:

As per the rules of the company, but not to exceed 12% of salary or such higher rate as is not taxable under the Income Tax Act.1961.

ii) Company's Contribution towards Pension/Superannuation Fund:

As per the rules of Company, but it shall not, together with the company's contribution to Provident Fund, exceed 25% of the salary as laid down in the Income Tax Act, 1961 or such higher rate as is not taxable under the Income Tax Act, 1961.

iii) Gratuity:
Not to exceed half month's salary for each completed year with a ceiling of Rs.3,50,000/-.

iv) Privilege Leave:

On full pay and allowances, as per the rules of the company but not exceeding one month's leave for the every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.

Part 3

i) Car:

Use of Car for Company's business is provided. However the Whole time /Managing Director shall pay for use of the Car for personal purpose.

ii) Telephone:

Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Managing Director

iii) Others:

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's rules.

Mr. A. Audinarayana Reddy

The remuneration payable to Mr. A. Audinarayana Reddy under the terms of the Board resolution dated September 24 2007 , with effect from April 1, 2008 , is as follows:

Part 1

A. Salary : Rs. 5,00,000 (Rupees Five Lakh only) Per month

B. PERQUISITES

i) Medical benefits for self and family

Reimbursement of expenses actually incurred, the total cost per annum of which to the company shall not exceed one month's salary or 3 months' salary in a block of 3 years.

ii) Leave Travel Concession:

Leave Travel concession for self and family once in a year in accordance with the rules of the company.

iii) Personal Accident Insurance:

Actual premium not to exceed Rs.6000/-

iv) Fees of clubs:

Subject to a maximum of 2 years. No admission fee or life membership fee is paid by the company.

Part 2

i) Company's contribution towards Provident Fund:

As per the rules of the company, but not to exceed 12% of salary or such higher rate as is not taxable under the Income Tax Act.1961.

ii) Company's Contribution towards Pension/Superannuation Fund:

As per the rules of Company, but it shall not, together with the company's contribution to Provident Fund, exceed 25% of the salary as laid down in the Income Tax Act, 1961 or such higher rate as is not taxable under the Income Tax Act, 1961.

iii) Gratuity:

Not to exceed half month's salary for each completed year with a ceiling of Rs.3,50,000/-.

iv) Privilege Leave:

On full pay and allowances, as per the rules of the company but not exceeding one month's leave for the every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.

Part 3

i) Car:

Use of Car for Company's business is provided. However the Whole time /Managing Director shall pay for use of the Car for personal purpose.

ii) Telephone:

Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Managing Director

iii) Others:

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's rules.

SHAREHOLDING OF THE DIRECTORS:

Name Of the Directors	Number of Equity Shares (pre issue)	Pre-Issue percentage shareholding
A. Mahesh Reddy	3,554,371	21.67
A. Girish Reddy	2,962,355	18.06
A. Audinarayana Reddy	353,100	2.15

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in "Related Party Transactions" on page 109 of this Draft Red Herring Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page 87 of this Draft Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our individual Directors may also be deemed to be interested to the extent of equity shares, if any, already held by their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares. They maybe 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 their remuneration if any and reimbursement of expenses payable to them

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

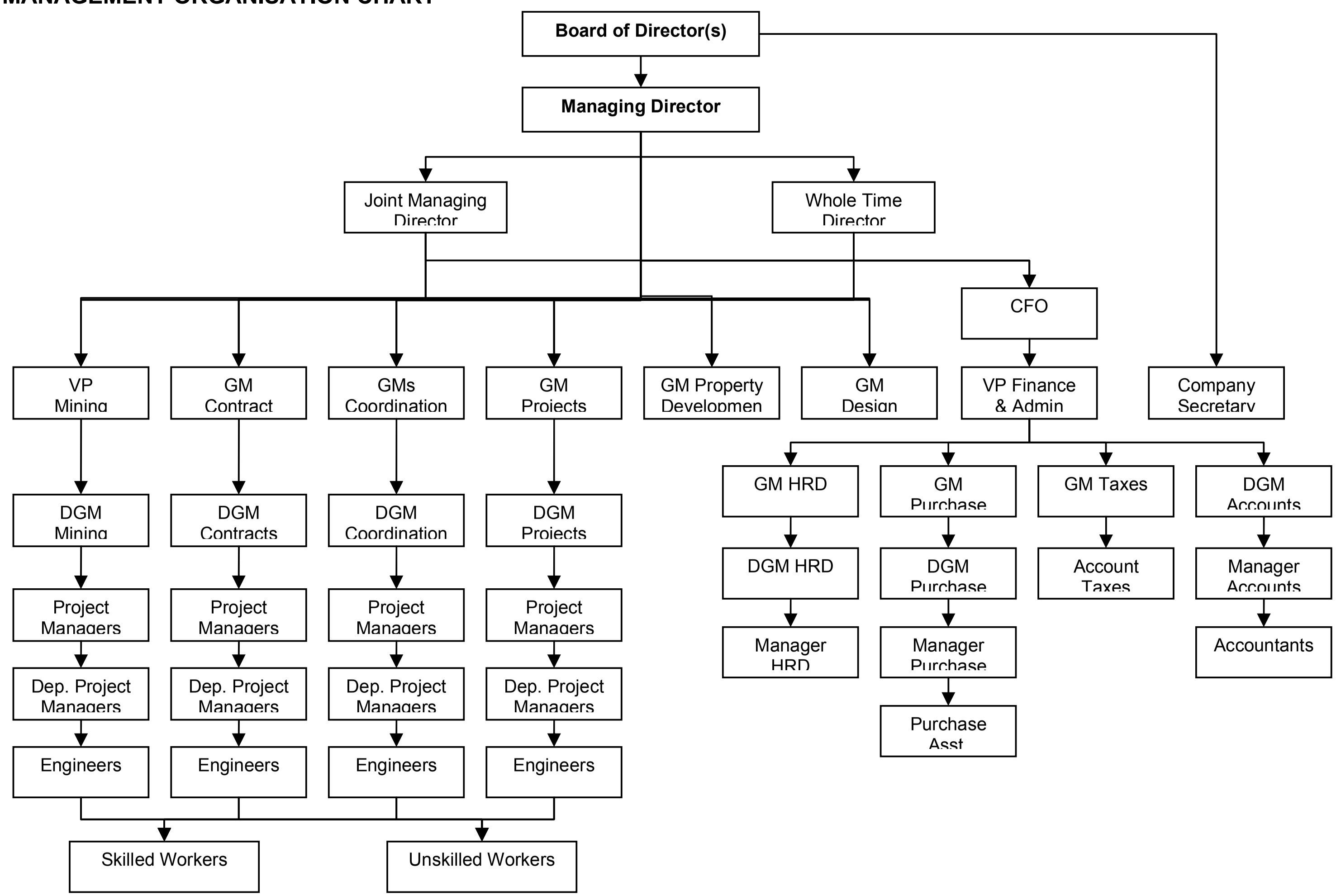
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

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

S. No.	Name of the Director	Date of Appointment	Date of Cessation / change	Reason for change
1	P.V. Subrahmanyam Raju		24.11.2006	Resignation
2	Gundra Suresh Reddy		24.11.2006	Resignation
3	Honnappagouda Patil		24.11.2006	Resignation
4	Basavaraj Raddi	24.11.2006	-	Appointment
5	Mohana Sundaram Paranjothy	24.11.2006	10.12.2007	Appointment and Resignation
6	Deepak Nanda	24.11.2006	05.06.2008	Appointment and Resignation

7	Babugowda S. Patil	05.06.2008	-	Appointment
8	K.S.Ramchandran	10.12.2007	-	Appointment

MANAGEMENT ORGANISATION CHART



KEY MANAGEMENT PERSONNEL

Brief Profile of Key Managerial Personnel:

Mr. V. Surya Sastry (Chief Financial Officer**)**, aged 53 years is a post graduate from Andhra University. He has also completed Post Graduate Diploma in Business Administration from Delhi. He joined our Company on October 5, 2005. He is responsible for raising funds through various financial instruments in India and abroad. Also he is responsible for accounting activities of the Company. He was Assistant General Manager – South with Ashok Leyland Finance Limited, presently Indus Ind Bank Limited, for 18 years and has rich experience in planning, funds management, administration, finance and accounts. . The current remuneration paid to him is Rs. 3.6 million per annum.

Mr. B. Subbaram Reddy (Vice President– Finance and Administration**)**, aged 53 years, is a post graduate from S V University. He is also a C. A. I. I. B. from the Indian Institute of Bankers Association. He joined us on November 12, 2007. His overall responsibilities include management of Company accounts, Co-ordination for audit, co-ordination with the banks of the company and ensuring efficient fund management of the company. Prior to joining us he was working for 28 years in various capacities with Andhra Bank. His last designation with Andhra Bank was Chief Manager. The current remuneration paid to him is Rs. 1.44 million per annum.

Mr. K. Hari (Vice President, Mining Operations**),** aged 57 years is a Graduate in Electrical Engineering from Osmania University, Hyderabad. He joined us in the month of July 2, 2008. He has 34 years of experience in the field of Mining having last worked with M/s Singareni Collieries Ltd, Kothagudem as Chief General Manager. He has over the years handled multi functional areas like Underground mines, Open cast mines, project planning & implementation, coal handling plants & workshops. His experience has been a boost to the excavation and raising of minerals activities. The current remuneration paid to him is Rs.1.2 million per annum

Mr. K. Sudhakar (General Manager-Contracts**)**, aged 53 years is a post-graduate in Chemical Engineering from Indian Institute of Technology, Kanpur. He has joined our Company on May 1, 2004. He is responsible for planning & monitoring of the projects, coordination with design and survey consultants and preparation & submission of tenders. He has 21 years of rich experience in the construction industry in Andhra Pradesh. The current remuneration paid to him is Rs. 1.2 million per annum.

Mr. V. B. Rajendra Prasad (General Manager - Projects**)**, aged 58 years, is a Graduate from APA University, Tirupathi. He joined us on October 25, 2003. He is responsible for Coordination of identification of projects, Tender Processing, submission of various tenders, supervision of execution of projects and interaction with potential customers. He has got 25 years of work experience in cost analysis, tendering, Bidding, etc as an independent consultant. The current remuneration of paid to him is Rs. 0.9 million per annum.

Mr. N. Sreenivasa Rao (General Manager - Property Development), aged 40 years, is a Mechanical Engineer from the Bangalore University. He joined us on April 1, 2008. He is responsible for the real estate projects of the Company. Prior to joining us he was a free lancer doing business of purchase and sale of lands in which he has more than 10 years of experience. The current remuneration paid to him is Rs. 0.9 million per annum.

Mr. V Vasanth Kumar Reddy (General Manager - Coordination**),** aged 48 years, is a post graduate in science from S V University, Tirupathi, and also a CAIIB from the Indian Institute of Bankers. He joined us in January 25, 2007 and is responsible for Coordination of various projects being executed by us and liaisoning with various Government departments. He has worked as an officer with the Syndicate Bank and as Dy. General Manager Administration and dispatches in SJK Steel Plant Limited. The current remuneration paid to him is Rs.1.2 Million per annum.

Mr. B. L. N. Patrudu (General Manager- HR**),** aged 59 years is a post graduate in Industrial Relations and Personnel Management from Andhra University, Visakhapatnam. Mr.Patrudu has over 28 years of experience in the field of Industrial Relations, Personnel & Human Resources Development. He is a trainer in soft skills and joined us in April 1, 2008. Prior to joining us he served as General Manager- HR with M/s Ramky Group of Industries, Hyderabad looking after Environment wing and Pharmacity covering all Facilities across India. The current remuneration paid to him is Rs.1.0 Million per annum.

Mr. Sridhar Reddy (General Manager - Coordination), aged 48 years is Graduate in civil engineering from Bangalore Institute of Technology. He joined us on April 22, 2008. He is responsible for Coordination of various projects being executed by us and liaisoning with various Government departments. He has 20 years of experience in the field of irrigation and construction of buildings having been involved in various facets of civil construction. The current remuneration paid to him is Rs.1.2 Million per annum.

Mr. P. Ranga Rao (General Manager - Purchases), aged 59 years is a Double Graduate and has a degree in law. He joined us on July 18, 2008. He is currently heading the purchase department of our company. He started his career as Sub inspector of Police, subsequently was promoted as Inspector - Vigilance in the Civil Supplies Department. In the year 1990, he was awarded with UTTAMA SEVA PATAKAM by the Government of Andhra Pradesh for his meritorious services. He has an extensive experience in various branches of police department such as C I D, Vigilance and Enforcement wing besides Law and order enforcement. Prior to his retirement & joining us he was an Assistant Commissioner of Police, Cyberabad. The current remuneration paid to him is Rs.0.6 Million per annum.

Mr. V. Ramesh (General Manager – Design), aged 47 years is a Graduate in Civil Engineering from V R Siddhartha Engineering College, Vijayawada. He joined on September 4, 2008. He is handling the planning and designing department. Has 22 Years of experience in Irrigation and CAD, Government of Andhra Pradesh. He has experience in designing on all types of structures on Irrigation canals, dams and spill ware and monitoring. The current remuneration paid to him is Rs.1.2 Million per annum.

Mr. Suresh Kumar Vaishraj (Company Secretary), aged 30 years, is a Graduate in Chemistry from Behrampur University and a qualified LL.B. from Osmania University. He joined us on December 27, 2007 and is responsible for all the secretarial compliances of the Company and also the legal matters of the Company. He is an Associate Member of the Institute of Company Secretary of India. Prior to joining us he was working as an associate with M/s L. V. V. Associates. The current remuneration paid to him is Rs. 0.72 million.

Mr. Chandrashekhar Reddy (General Manager – Taxes), aged 61 years a graduate from SV University and Bachelors Degree of Law from Nagarjuna University. He joined our organization on May 5, 2008. He is assigned the job of monitoring and payment of commercial tax, service tax, and liasioning with the Government departments. He worked in Commercial Tax Department, Government of AP for the last twenty eight years. Prior to joining he retired as Commercial Tax Officer. The current remuneration paid to him is Rs. 0.36 million per annum.

All the key managerial personnel mentioned above are permanent employees of the Company.

There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.

None of the above mentioned key managerial personnel are related to Promoters/Directors or each other

Shareholding of the Key Managerial Personnel

None of the Key Managerial Personnel hold any shares in the Company.

Bonus or Profit Sharing Plan for the Key Managerial Personnel:

Our Company does not have a performance linked bonus or any profit sharing plan for the Key Managerial Personnel.

Changes in the Key Managerial Personnel in the last three years:

Sr. No.	Name And Designation	Designation	Date Of Change	Reason
1	V. Suryasastry	Chief Financial Officer	5-Oct-05	Appointment
2	Syed Meera Mohiddin	Company Secretary	1-Dec-06 4-Jan-08	Appointment / Resignation
3	V. Vasanth Kumar Reddy	General Manager – Co.Ordination	25-Jan-07	Appointment
4	B. Subbaram Reddy	Vice President – Finance & Administration	12-Nov-07	Appointment
5	Suresh Kumar Vaishraj	Company Secretary	27-Dec-07	Appointment
6	Vijay Shiraguppe	Vice President – Business Development	31-Jan-08	Transferred to AMR Sangam Sugar Ventures Ltd as CEO
7	B. L. N. Patrudu	General Manager – Human Resources	1-Apr-08	Appointment
8	N. Sreenivasa Rao	General Manager – Property Development	1-Apr-08	Appointment
9	M. Sridhar Reddy	General Manager – Co.Ordination	22-Apr-08	Appointment
10	R. Chandrasekhar Reddy	General Manager – Taxes	5-May-08	Appointment
11	K . Hari	Vice President – Mining Operations	2-Jul-08	Appointment
12	P. Ranga Rao	General Manager – Purchases	18-Jul-08	Appointment
13	V. Ramesh	General Manager - Design	4-Sep-08	Appointment

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY (NON SALARY RELATED)

Payment or benefit to the officers of the Company

Besides the payment of salaries and perquisites, the Company also pays ex – gratia payment to its officers as and when it deems fit. Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Interest of key managerial personnel

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. None of the Key Managerial Personnel form part of the Promoter or Promoter Group and are not related to the Directors of Our Company.

Details of loans taken by key managerial personnel in our Company

Our Directors and our Key managerial personnel have not taken any loan from our Company.

OUR PROMOTERS AND PROMOTER GROUP COMPANIES

DETAILS OF PROMOTERS:

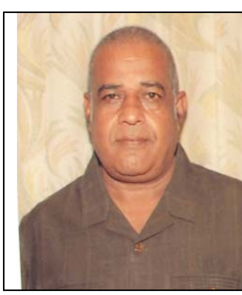
Name: A. Mahesh Reddy

	**Permanent Number:** ABQPA4251N
	Passport Number: B1996075
	Bank account number: Oriental Bank of Commerce – 11102010011290
	Address: Flat no. 106, Hanging Gardens, Road No. 10, Banjara Hills, Hyderabad, Andhra Pradesh, India.

Name: A. Girish Reddy

	**Permanent Number:** AAKPA8613P
	Passport Number: F6974669
	Bank account number : Oriental Bank of Commerce – 11102010011520
	Address: Plot No. 87, Road no.72, Prashasa Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh, India

Name: A. Audinarayana Reddy

	**Permanent Number:** ADAPA6161B
	Passport Number: G0391121
	Bank account number: State bank of India – 10481682808
	Address: Plot No. 87, Road no.72, Prashasa Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh, India

We confirm that the permanent account number, bank account number, passport number of Mr. A Mahesh Reddy, A. Girish Reddy, and A. Audinarayana Reddy would be submitted to the BSE and the NSE at the time of filing draft red herring Prospectus with them.

BRIEF PROFILE OF THE PROMOTERS

Mr. A. Mahesh Reddy

Mr. A. Mahesh Reddy, aged 42 years is a graduate from Karnataka University and has a vast experience of 20 yeas. He started his career with AAN Constructions which was headed by his father Mr. A. Audinarayana Reddy. He gained extensive ground knowledge in construction industry and has a reputation with various clienteles for the timely and quality execution of works. With the technical and administrative capabilities he started a separate partnership firm with his brother Mr. A. Girish Reddy to execute various civil works by name and style of AMR CONSTRUCTIONS in the year 1992. Since its inception the firm has undertaken and completed various contracts in the infrastructure sector like excavation and raising of minerals, construction of roads, buildings and other civil structures and is now also executing irrigation infrastrucure contracts. By 1995 under the leadership of Mr. A. Mahesh Reddy the firm entered into various segments of civil works in the construction industry and executed various projects in India.

Mr. A. Girish Reddy

Mr. A. Girish Reddy, aged 44 years is a graduate from Bangalore University in civil engineering in the year 1982. He started his career with AAN Constructions which was headed by his father Mr. A. Audinarayana Reddy. He amassed vast ground technical knowledge in construction industry to execute various civil works. He started a separate partnership firm with his brother Mr. A. Mahesh Reddy to execute various civil works by name and style of AMR CONSTRUCTIONS in the year 1992. By 1995 the partnership firm had entered into various segments of civil works in the construction industry and executed various projects in India. He has good knowledge in fleet management and handling labour at project sites. With the experience gained, he executed works and managed the work force with utmost care thus enabling good work administration at various projects.

Mr. A. Audinarayana Reddy

Mr. A. Audinaryana Reddy, aged 64 years is having three decades of experience in civil works and executed various works in his firm named AAN CONSTRUCTIONS. He has vast knowledge in the construction segment

Common Pursuits

Except as disclosed in this Draft Red Herring Prospectus, the Promoter does not have an interest in any venture that is involved in any activities similar to those conducted by our Company or any member of the Promoter Group.

One of the venture promoted by our promoters namely AMR Property Developers Private Limited has objects similar to those of our Company. It has not yet commenced business operations. We have entered into a non compete agreement with them for a period of three years

Interests of Promoters

The aforementioned Promoters of our Company are interested to the extent of their shareholding in us and the dividend they are entitled to receive thereon, if declared, by the Company. Further, our individual 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.

Further, our individual Promoters are also directors on the boards of Promoter Group entities and they may be deemed to be interested to the extent of the business transactions made by our Company, if any, with the Promoter Group entities. For further details, see "Our Promoters and Promoter Group" on page 98 of this Draft Red Herring Prospectus. For the payments that are made by our Company to certain Promoter Group entities, see "Financial Statements" on page 111 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, we have 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 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 disclosed in this section, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Confirmations
Further, none of our Promoters has been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.

Further none of our Promoters or Promoter Group companies have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up.

Payment of benefits to our Promoters
Except as stated in the section "Financial Statements" on page 98 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

Promoter Group
The persons forming part of the Promoter Group of our Company as on September 24, 2008 are as follows;

Promoter Group		
	Number of Equity Shares (Pre Issue)	*Pre-Issue percentage shareholding*
A Mahesh Reddy	3,554,371	21.67
A Girish Reddy	2,962,355	18.06
A Audinarayana Reddy	353,100	2.15
A. Radhika Reddy	215,600	2.60
A. Latha Reddy	325,600	3.93
A. Sulochanamma	243,100	2.94
A. Sai Nitish	NIL	NIL
A. Sai Aniesh	NIL	NIL
A. Sahini	NIL	NIL
A. Sai Santosh	NIL	NIL
A. Rajeshwari	NIL	NIL
M. Mahesh Reddy	NIL	NIL
D. Jyothi	NIL	NIL
P. Prabhakar Reddy	NIL	NIL
M. Gopal Reddy	NIL	NIL
M. Prasuna	NIL	NIL
M. Gopal Reddy	NIL	NIL
M. Seshiramani	NIL	NIL
P. Dasaratha Rami Reddy	NIL	NIL
P. Vasanthamma	NIL	NIL
AMR Malind Infra Private Limited	NIL	NIL
AMR Agro Farms Limited	NIL	NIL
AMR Hospitality Services Limited	NIL	NIL
AMR Property Developers Limited	NIL	NIL
AMR Global Industries Limited	NIL	NIL
AMR Sangam Sugar Ventures Limited	NIL	NIL
AMR Envergys Limited	NIL	NIL
Pavana Ganga Power Private Limited	NIL	NIL
Sub Total	**7,654,126**	**51.35%**
Sub total (b)	**784,300**	9.47

PROMOTER GROUP COMPANIES

1. AMR AGRO FARMS LIMITED

2. AMR PROPERTY DEVELOPERS LIMITED
3. AMR HOSPITALITY SERVICES LIMITED
4. PAVANA GANGA POWER PRIVATE LIMITED
5. AMRL INTERNATIONAL TECH CITY LIMITED
6. AMR ENVERGYS LIMITED
7. AMR GLOBAL INDUSTRIES LIMITED
8. AMR SANGAM SUGAR VENTURES LIMITED

AMR Agro Farms Limited:

AMR Agro Farms Limited was incorporated on January 5, 2007 and had obtained the certificate of commencement of business on February 1, 2007. AMR Agro Farms Limited has its registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad - 500073 and is engaged in business of establishing and running agricultural farms, horticulture, sericulture and all related agricultural activities.

The Corporate identity number of the company is U01119AP2007PLC052261

Shareholding pattern of AMR Agro Farms Limited as on March 31, 2008

Name of the Share Holder	Number of Equity Shares	Percentage of Equity Share Capital
A. Mahesh Reddy	20,000	40
A. Girish Reddy	20,000	40
A. Audinarayana Reddy	3,000	6
A. Radhika	2,000	4
A. Latha	2,000	4
A. Sulochanamma	2,000	4
V. Surya Sastry	1,000	2
Total	**50,000**	**100**

The Board of Directors of AMR Agro Farms Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy and A. Audinarayana Reddy.

Financial Performance

(In Rs.)

Audited Financial Statement	March 31, 2008	March 31, 2007
Equity Capital	500,000	500,000
Share Application Money	17,000,000	0
Reserves (excluding revaluation reserves) and Surplus	0	0
Income	3, 174,000	8,000,000
Profit/(Loss)	(7,677,777)	(75,811)
Profit After Tax	(7,696,607)	(75,811)
Earnings per Share (in Rs.)	Negative	Negative
Net Asset Value per Share (in Rs.)	350	10

There are no pending litigations filed by or against AMR Agro Farms Limited as on date of this Draft Red Herring Prospectus.

AMR Property Developers Limited

AMR Property Developers Limited was incorporated on January 25, 2007 and had obtained the certificate of commencement of business on February 6, 2007. AMR Property Developers Limited has its registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad - 500073 and is engaged in business of purchase, sale, lease lands, buildings, structures or properties of any kind to be held for the purpose of investment or resale and also to develop townships, technology parks, residential, industrial or commercial complex.

The corporate identity number of the company is U70102AP2007PLC052514

Shareholding pattern of AMR Property Developers Limited as on March 31, 2008

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
A. Mahesh Reddy	15,000	30
A. Girish Reddy	15,000	30
A. Audinarayana Reddy	5,000	10
A. Radhika	4,500	9
A. Latha	4,500	9
A. Sulochanamma	5,000	10
V. Surya Sastry	1,000	2
Total	**50,000**	**100**

The Board of Directors of AMR Property Developers Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy and A. Audinarayana Reddy.

<u>Financial Performance</u>

(In Rs.)

Audited Financial Statement	March 31, 2008	March 31, 2007
Equity Capital	500,000	500,000
Share Application Money	25,000	0
Reserves (excluding revaluation reserves) and Surplus	0	0
Income	1,993,845	0
Profit and Loss	(32,870)	(73,831)
Profit After Tax	(32,870)	(73,831)
Earnings per Share (in Rs.)	Negative	Negative
Net Asset Value per Share (in Rs.)	10.50	10

There are no pending litigations filed by or against AMR Property Developers Limited as on date of this Draft Red Herring Prospectus.

AMR Hospitality Services Limited

AMR Hospitality Services Limited was incorporated on April 21, 2007 and had obtained the certificate of commencement of business on May 16' 2007. AMR Hospitality Services Limited has its registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad - 500073 and the main object of the company is to establish, acquire, promote, manage, lease, convert build, commercialize, develop and to deal with all types of resorts, hotels, restaurants, lodges and service apartments and cottages.

The corporate identity number of the company is U5501AP2007PLC053712

Shareholding pattern of AMR Hospitality Services Limited as on March 31, 2008 is as under:

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
A. Mahesh Reddy	15,000	30
A. Girish Reddy	15,000	30

A. Audinarayana Reddy	5,000	10
A. Radhika	4,500	9
A. Latha	4,500	9
A. Sulochanamma	5,000	10
V. Surya Sastry	1,000	2
Total	**50,000**	**100**

The Board of Directors of AMR Hospitality Services Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy and A. Audinarayana Reddy.

Financial Performance

(In Rs.)

Audited Financial Statement	March 31, 2008
Equity Capital	500,000
Reserves (excluding revaluation reserves) and Surplus	0
Income	0
Profit and Loss	(149,056)
Profit After Tax	(149,056)
Earnings per Share (in Rs.)	Negative
Net Asset Value per Share (in Rs.)	10

There are no pending litigations filed by or against AMR Hospitality Service Limited as on date of this Draft Red Herring Prospectus.

Pavana Ganga Power Private Limited

Pavana Ganga Power Private Limited was incorporated on June 15, 2001. Pavana Ganga Power Private Limited has its registered office at building no.106, 6th cross, 2nd state, Rajmahal Vilas, Bhoopsandra, Bangalore- 560094, Karnataka and is engaged in generating and distributing electrical power by non- conventional energy sources like wind hydel power projects and bio-mass based project.

The corporate identity number of the company is U40101KA2001PTC029130

Shareholding pattern of Pavana Ganga Power Private Limited as on March 31, 2008 is as under:

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
A. Mahesh Reddy	5,000	50
A. Girish Reddy	5,000	50
Total	**10,000**	**100**

The Board of Directors of Pavana Ganga Power Private Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy, A. Audinarayana Reddy and Dr. H. P. Chetan.

Financial Performance

(In Rs.)

Audited Financial Statement	March 31, 2008	March 31, 2007	March 31, 2006
Equity Capital	100,000	100,000	100,000
Share Application Money	6,910,166	6,910,166	1,750,166
Reserves (excluding revaluation reserves) and Surplus	0	0	0
Income	7,527	Since the company had not commenced	Since the company had not commenced
Profit/(Loss)	(218,360)		
Profit After Tax	(218,360)		

		commercial operations all the expenses have been transferred to pre operative expenses	commercial operations all the expenses have been transferred to pre operative expenses
Earnings per Share (in Rs.)	Negative	Negative	Negative
Net Asset Value per Share (in Rs.)	701.00	688.76	3.38

There are no pending litigations filed by/ against Pavana Ganga Private Limited as on date of this Draft Red Herring Prospectus.

AMRL International Tech City Limited

AMRL International Tech City Limited was incorporated on May 19, 2000 in Chennai and the date of commencement of business June 12, 2000; this company was initially incorporated under the name of ATMAC Limited. The change of the name has been approved by the RoC Chennai by issuing fresh certificate of incorporation dated February 26, 2007. AMRL International Tech City Limited has its registered office at flat no.4, Mithila flats, No.2, Norton road, Mandaiveli, Chennai 600 028, Tamilnadu, and the company plans to develop multi product special economic zone.

The corporate identity number of the company is U70101TN2000PLC044980

Shareholding pattern of AMRL International Tech City Limited as on March 31, 2008 is as under:

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
Infac India Group	5,677,565	31.20%
A. Mahesh Reddy	5,000,000	27.48%
A. Girish Reddy	250,000	1.37%
A. Audinarayana Reddy	250,000	1.38%
A. Radhika	250,000	1.37%
A. Latha Reddy	250,000	1.37%
A. Sulochanamma	250,000	1.37%
B. Ravi Kumar Reddy	5,250,000	28.85%
B. Murali Reddy	250,000	1.38%
C. Baskar Reddy	250,000	1.37%
P. Rajesh Reddy	250,000	1.37%
P. Venu Gopal Reddy	250,000	1.37%
Others	21,075	0.12%
Total	**18,198,640**	100.00%

The Board of Directors of AMRL International Tech City Limited as on March 31, 2008 comprises of Mr. A. Mahesh Reddy, Mr. A. Girish Reddy, Mr. A. Audinarayana Reddy, Mr. B. Ravikumar Reddy, Mr. B. Murali Reddy, Mr. Vernon R Loucks Jr. and Mr Charles V Loucks.

The company has received approval from Department of Commerce (SEZ Section), Ministry of Commerce and Industry, Government of India vide its letter number F2(2)/2/20002-EPZ dated August 20, 2008 for setting up its multi product special economic zone in Tirunelveli District, Tamil Nadu.

<u>Financial Performance</u>

(In Rs.)

Audited Financial Statement	March 31, 2008	March 31, 2007	March 31, 2006
Equity Capital	181,986,400	181,986,400	500,000.00

Share Application Money	4,347,573	4,347,573	53,396,354.97
Reserves (excluding revaluation reserves) and Surplus	0	0	0
Income	0	0	0
Profit/(Loss)	0	0	0
Profit After Tax	0	0	0
Earnings per Share (in Rs.)	0	0	0
Net Asset Value per Share (in Rs.)	10.24	3.36	-402.54

The company has not prepared Profit and Loss Account for any year as expenses incurred are treated as Project related expenses.

There are no pending litigations filed by or against AMRL International Tech City Limited as on date of this Draft Red Herring Prospectus.

AMR Envergys Limited

AMR Envergys Limited was incorporated on December 17, 2007 and had obtained the certificate of commencement of business on December 28, 2007. AMR Envergys Limited has its registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad - 500073 and is engaged in business of development of projects, project management, operations in the energy and environment fields by captive production/generation of required raw materials, products, by-products in the field of energy, to produce power from biomass..

The Corporate identity number of the company is U40108AP2007PLC056710

Shareholding pattern of AMR Envergys Limited as on March 31, 2008

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
A. Mahesh Reddy	15,000	30
A. Girish Reddy	15,000	30
A. Audinarayana Reddy	5,000	10
A. Radhika	4,500	9
A. Latha	4,500	9
A. Sulochanamma	5,000	10
Vijay Shiraguppi	1,000	2
Total	50,000	100

The Board of Directors of AMR Envergys Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy and A. Audinarayana Reddy.

<u>Financial Performance</u>

(In Rs.)

Audited Financial Statement	March 31, 2008
Equity Capital	500,000
Share Application Money	0
Reserves (excluding revaluation reserves) and Surplus	0
Income	0
Profit/(Loss)	(77,094)
Profit After Tax	(77,094)
Earnings per Share (in Rs.)	Negative
Net Asset Value per Share (in Rs.)	10.00

There are no pending litigations filed by or against AMR Envergys Limited as on the date of this Draft Red Herring Prospectus.

AMR Global Industries Limited

AMR Global Industries Limited was incorporated on December 10, 2007 and had obtained the certificate of commencement of business on December 19, 2007. AMR Global Industries Limited has its registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad - 500073 and is engaged in business of cultivation, production and raising or purchase of sugarcane, and other crops of raw materials for sugar industry and carry on such other related businesses..

The Corporate identity number of the company is U01119AP2007PLC056599

Shareholding pattern of AMR Global Industries Limited as on March 31, 2008.

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
A. Mahesh Reddy	15,000	30
A. Girish Reddy	15,000	30
A. Audinarayana Reddy	5,000	10
A. Radhika	4,500	9
A. Latha	4,500	9
A. Sulochanamma	5,000	10
Vijay Shiraguppi	1,000	2
Total	**50,000**	**100**

The Board of Directors of AMR Global Industries Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy and A. Audinarayana Reddy.

<u>Financial Performance</u>

(In Rs.)

Audited Financial Statement	March 31, 2008
Equity Capital	500,000
Reserves (excluding revaluation reserves) and Surplus	0
Income	0
Profit/(Loss)	(202,086)
Profit After Tax	(202,086)
Earnings per Share (in Rs.)	Negative
Net Asset Value per Share (in Rs.)	10.00

There are no pending litigations filed by or against AMR Global Industries Limited as on date of this Draft Red Herring Prospectus

AMR Sangam Sugar Ventures Limited

AMR Sangam Sugar Ventures Limited was incorporated on November 30, 2007 and had obtained the certificate of commencement of business on December 18, 2007. AMR Sangam Sugar Ventures Limited has its registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad - 500073 and is engaged in business of .cultivation, production, export, trade and raising or purchase of sugarcane, and other crops of raw materials for sugar industry and carry on such other related businesses..

Shri Sangam Sahakari Sakkare Karkhane Niyamit (SSSSKN) is a registered Co-Operative society - with 26,000 members and 30 villages allocated by Government of Karnataka, Sugar Directorate - which was to set up a Sugar unit, near Hidkal Dam. SSSSKN obtained all licenses, permits, cane allocation, invited farmer members with financial contribution and the Government of Karnataka, invested Rs. 15 crores in the project, which was planned to have a plant capacity of 2500 TCD + 12 MW of Co Gen Power. SSSSKN could partially build the plant with raised funds but could not get further funds.

Government of Karnataka, then decided to handover the existing land and building on lease basis under the BOOT scheme to Private parties to set up the unit and manage for 30 years and called for Tenders. AMR Sangam Sugar Ventures Ltd bid for the tender and emerged successful.

The Corporate identity number of the company is U15424AP2007PLC056495

Shareholding pattern of AMR Sangam Sugar Ventures Limited as on December 31, 2007

Name of the Share Holder	**Number of Equity Shares**	**Percentage of Equity Share Capital**
A. Mahesh Reddy	15,000	30
A. Girish Reddy	15,000	30
A. Audinarayana Reddy	5,000	10
A. Radhika	4,500	9
A. Latha	4,500	9
A. Sulochanamma	5,000	10
C. Hanumanth Reddy	1,000	2
Total	**50,000**	**100**

The Board of Directors of AMR Sangam Sugar Ventures Limited as on March 31, 2008 comprises of A. Mahesh Reddy, A. Girish Reddy and A. Audinarayana Reddy.

<u>Financial Performance</u>

(In Rs.)

Audited Financial Statement	March 31, 2008
Equity Capital	500,000
Share Application Money	0
Reserves (excluding revaluation reserves) and Surplus	0
Income	0
Profit/(Loss)	(3,607,690.00)
Profit After Tax	(3,635,815.00)
Earnings per Share (in Rs.)	Negative
Net Asset Value per Share (in Rs.)	10.00

There are no pending litigations filed by or against AMR Sangam Sugar Ventures Limited as on date of this Draft Red Herring Prospectus.

PARTNERSHIP ENTITIES FORMING PART OF THE PROMOTER GROUP

There are no partnership entities forming part of the Promoter Group

TRUST FORMING PART OF THE PROMOTER GROUP

AMR Foundation

AMR Foundation is a public charitable trust settled by Mr. A Mahesh Reddy on May 17, 2007. The Trust has not started any activities as yet.

The Trustees of AMR Foundation are Mr. A. Mahesh Reddy, Mr. A. Girish Reddy and Mr. A. Audinarayana Reddy.

Being a public charitable trust, the activities of the Trust would be towards the common benefit of the society

Since the trust was settled on May 17, 2007 the financial statements have not been prepared.

None of the group/ associate entities of promoters mentioned herein above have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955 or is under winding-up.

RELATIONSHIP BETWEEN THE PROMOTERS, DIRECTORS AND KEY MANAGERIAL PERSONNEL

Except as disclosed above none of the Promoters are related to any Directors or Key Managerial Personnel or any Directors are related to any Key Managerial Personnel

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Details of Remuneration to the Directors" on page 98 of this Draft Red Herring Prospectus, there are no payment or benefit to promoters of the Company.

DISASSOCIATION BY OUR PROMOTERS IN THE LAST THREE YEARS

M/s Mascot Hotels & Restaurant

Mascot Hotels & Restaurant is a partnership firm formed on August 29, 2005, to carry out the business of running hotels and restaurants, pubs and bars. Its office is located at Phase III Kamalapuri Colony Hyderabad.

Mascot Hotels & Restaurant is engaged in the business of running hotels and restaurants, pubs and bars. The firm currently operates a restaurant in the name and style of Silver Spoons in Hyderabad.

Mr. A Mahesh Reddy and Mr. A Girish Reddy withdrew from this partnership firm on personal grounds with immediate effect from December 17, 2007.

RELATED PARTY TRANSACTIONS

The details of related party transactions please refer to Annexure XIV of the Financial Statement on page 121

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend. Our Company has no stated dividend policy.

Up to the date of this Draft Red Herring Prospectus, we have not paid any dividend to our members

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

We the BRLM to the Offer, confirm that all notes to the accounts, significant accounting policies as well as the auditor's qualification have been incorporated.

FINANCIAL INFORMATION OF AMR CONSTRUCTIONS LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AND SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED AND SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED UNDER INDIAN GAAP FOR THE YEAR ENDED 31ST MARCH 2008, 2007, 2006, 2005, 2004.

Report by the Auditors' of the Company as required by Part II of Schedule II to the Companies Act, 1956.

To

The Board of Directors
AMR Constructions Limited
Plot No 88, Sari Konda Mansion
Ground Floor, Phase 3
Kamalapuri Colony
Hyderabad – 500 073.

Dear Sirs,

We have examined the financial information of AMR Constructions Limited annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus (the 'DRHP'). This financial information has been prepared by the management and approved by the Board of Directors. This financial information has been prepared in accordance with the requirements of:

i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956.

ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the SEBI Guidelines) issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;

iii) The Guidance Note on the Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and

iv) The terms of reference from the Company, requesting us to carry out the engagement, in connection with offer document of the Company for its proposed Initial Public Offer ('IPO').

A) Financial Information as per Audited Restated Financial Statements of AMR Constructions Limited.

1) We have examined the attached Restated Summary Statement of Assets and Liabilities of the company as at March 31, 2008, 2007, 2006, 2005, 2004 the Restated Summary Statement of Profit and Losses and the Restated Statement of Cash flows for each of the years ended on those dates (Restated Summary Statements') (see Annexure I, II and III) as prepared by the Company and approved by the Board of Directors. The Restated Profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and as more fully described in the notes to the Restated Financial Statements appearing in Annexure XVIII to this report. We have audited the financial statements of the company for the years ended March 31, 2008, 2007, 2006, 2005, 2004. Based on our examination of the Restated Summary Statements, we confirm that:

   a) The Restated Summary Statements have to be read in conjunction with the Statement of Significant Accounting Policies and Notes given in Annexure XVII and XVIII respectively, to this report.

   b) The Restated Summary Statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31st March, 2008, as stated in the Notes forming part of the Restated Summary Statements given in Annexure XVIII to this report.

   c) The restated profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate as described in the Notes forming part of the Restated Summary Statements given in Annexure XVIII, to this report.

B) Other Financial Information:

We have examined the following financial information in respect of the years ended March 31, 2008 2007, 2006, 2005, 2004 of the Company, proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report.

1. Statement of Assets and Liabilities, As Restated (Annexure – I)
2. Statement of Profit and Losses, As Restated (Annexure – II)
3. Statement of Cash Flows, As Restated (Annexure – III)
4. Statement of Secured Loans, As Restated (Annexure – IV)
5. Statement of Unsecured Loans, As Restated (Annexure – V)
6. Statement of Investment, As Restated (Annexure – VI)
7. Statement of Debtors, As Restated (Annexure – VII)
8. Statement of Loans and Advances, As Restated (Annexure – VIII)
9. Statement of Other Current Assets, As Restated (Annexure – IX)
10. Statement of Other Income, As Restated (Annexure – X)
11. Statement of Contingent Liabilities, As Restated (Annexure – XI)
12. Statement of Deferred Tax Asset/Liabilities, As Restated (Annexure – XII)
13. Capitalization Statement (Annexure – XIII)
14. Statement of Related Party Transactions, As Restated (Annexure – XIV)
15. Summary of Accounting Ratios. As Restated (Annexure – XV)
16. Statement of Tax Shelters, As Restated (Annexure – XVI)
17. Summary of Significant of Accounting Policies (Annexure – XVII)
18. Summary of Notes to the Statements of Assets and Liabilities and Profit and Losses, As Restated (Annexure – XVIII)

We have been informed that the company has not declared any dividend on equity share for the year ended 31st March, 2008, 2007, 2006, 2005, and 2004.

In our opinion, the financial information as disclosed in the annexures to this report, read with the significant of accounting policies and notes disclosed in Annexure XVII and XVIII, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

The Sufficiency of the procedures, as set forth in the above paragraphs, is the sole responsibility of the Company and we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For akasam & associates
chartered accountants

S. Ravi Kumar
Place : Hyderabad
Date : 17.09.2008

Partner
M.No. 028881

AMR CONSTRUCTIONS LIMITED- RESTATED FINANCIAL STATEMENTS

ANNEXURE I : SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	**2007**	**2006**	**2005**	**2004**
Fixed Assets – A					
Gross Block	937.47	413.99	168.40	85.30	68.57
Less : Accumulated Depreciation	108.61	57.23	31.24	21.98	13.39
Net Block	**828.86**	**356.76**	**137.16**	**63.32**	**55.17**
Capital Work-In-Progress	1.45	-	-	-	-
Total – A	**830.31**	**356.76**	**137.16**	**63.32**	**55.17**
Investments – B	**11.00**	-	-	-	-
Current Assets, Loans and Advances – C					
Inventories	1,151.64	521.53	230.48	8.56	8.81
Sundry Debtors	1,435.81	274.20	155.85	71.26	78.49
Cash and Bank Balances	59.13	41.04	4.54	0.40	1.38
Loans and Advances	688.74	532.75	77.62	43.33	23.70
Other Assets	58.48	82.31	17.87	5.82	13.47
Total – C	**3,393.80**	**1,451.83**	**486.35**	**129.37**	**125.84**
Total Assets (A+B+C) = D	**4,235.12**	**1,808.58**	**623.51**	**192.68**	**181.01**
Liabilities and Provisions - E					
Share Application Money	-	-	-	16.97	5.90
Secured Loans	1,450.97	596.94	405.45	31.31	39.44
Unsecured Loans	1,522.60	522.60	-	-	-
Current Liabilities	302.18	140.25	42.77	73.22	73.99
Provisions	186.45	155.42	32.58	3.20	1.15
Total – E	**3,462.19**	**1,415.21**	**480.81**	**124.70**	**120.49**
Deferred Tax Liability (Net) - F	20.95	12.16	8.77	7.89	6.12
Net Worth (D-E-F)	**751.97**	**381.21**	**133.93**	**60.10**	**54.40**
Represented by					
Share Capital	82.80	66.50	60.45	43.48	43.48
Reserves and Surplus	669.31	314.88	73.68	16.85	11.19
Total	**752.11**	**381.38**	**134.13**	**60.33**	**54.67**
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	0.13	0.17	0.20	0.23	0.27
Net Worth	**751.97**	**381.21**	**133.93**	**60.10**	**54.40**

AMR CONSTRUCTIONS LIMITED

ANNEXURE II : SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Income					
Contract Revenue	5,421.00	2,880.44	714.19	252.64	167.86
Other Income	1.93	4.33	(0.43)	1.64	0.77
Increase/(Decrease) in Work-In-Progress	451.50	210.70	39.64	(0.25)	(12.66)
Total	**5,874.43**	**3,095.47**	**753.40**	**254.03**	**155.97**
Expenditure					
Construction Expenses	4,897.87	2,513.85	581.85	203.26	124.04
Payments and Benefits to Employees	68.78	29.75	19.58	16.53	9.26
Directors Remuneration	14.40	6.00	6.22	1.08	1.08
Administrative & Selling Expenses	111.68	56.72	17.13	7.27	3.50
Financial Charges	172.18	62.50	29.52	3.37	3.13
Depreciation	60.58	30.62	11.59	8.34	6.84
Miscellaneous Expenses Written Off	0.03	0.03	0.03	0.03	0.03
Total	**5,325.52**	**2,699.47**	**665.92**	**239.88**	**147.88**
Net Profit before tax	**548.90**	**396.01**	**87.48**	**14.15**	**8.09**
Provision for Current Tax	(184.17)	(130.14)	(29.07)	-	-
Provision for Fringe Benefit Tax	(2.48)	(0.73)	(0.31)	-	-
Provision for Deferred Tax	(8.79)	(3.39)	(0.89)	(1.76)	(1.71)
Profit available for appropriations	**353.46**	**261.75**	**57.21**	**12.39**	**6.38**
Less : Prior Period Items	(18.45)	-	(6.30)	0.08	-
Net Profit	**335.00**	**261.75**	**50.91**	**12.47**	**6.38**
Adjustments on account of :					
Prior Period Items	0.34	(0.34)	-	(0.08)	-
Income tax					
Adjustments for earlier years	-	-	0.61	0.44	-
Income Tax 02-03	-	-	0.56	0.08	-
Income Tax 03-04	-	0.99	1.32	-	(2.31)
Income Tax 04-05	3.20	0.06	3.73	(6.99)	-
Income Tax 06-07	14.91	(14.91)	-	-	-
Depreciation	0.97	(0.29)	(0.29)	(0.25)	(0.14)
Total	**19.42**	**(14.50)**	**5.92**	**(6.81)**	**(2.44)**
Adjusted profit after tax	**354.43**	**247.25**	**56.83**	**5.66**	**3.94**

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Net Profit Before Tax	568.33	381.51	93.40	7.34	5.65
Adjustments:					
Depreciation	59.61	30.91	11.88	8.59	6.97
(Profit)/ Loss on Disposal of Fixed Assets	2.72	(1.02)	1.40	-	-
Miscellaneous Expenses Written-off	0.03	0.03	0.03	0.03	0.03
Interest/ Dividend Income	(2.10)	(0.29)	(0.48)	(0.19)	(0.17)
Financial Charges	49.13	33.97	10.81	1.12	0.66
Prior Period Adjustments	(18.45)	-	(6.30)	0.08	-
Provision for Baddebts	19.83	-	-	-	-
Provision for retirement benefits	1.21	-	-	-	-
Operating profit before Working Capital Changes	**680.30**	**445.11**	**110.74**	**16.97**	**13.15**
Adjustments:					
Trade and Other Receivables	(1,181.44)	(118.35)	(84.59)	7.23	(41.65)
Loans and Advances	(183.75)	(455.13)	(34.29)	(19.63)	(4.34)
Inventories	(630.12)	(291.05)	(221.92)	0.25	12.66
Trade and Other Payables	161.92	97.48	(30.44)	(0.78)	27.31
Other Current Assets	23.83	(64.44)	(12.05)	7.65	(2.88)
Cash Generated from Operations	**1,129.26)**	**(386.38)**	**(272.56)**	**11.69**	**4.25**
Direct Taxes Paid	(156.11)	(7.73)	-	2.05	-
Fringe Benefit Tax Paid	(0.73)	(0.31)	-	-	-
Net Cash from/ used in Operating Activities	**(1,286.10)**	**(394.41)**	**(272.56)**	**13.74**	**4.25**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(531.08)	(254.47)	(89.50)	(19.93)	(8.89)
Proceeds From Disposal of Fixed Assets	22.96	4.97	2.38	3.20	1.28
Purchase of investments	(11.00)	-	-	-	-
Interest/ Dividend Received	2.10	0.29	0.48	0.19	0.17
Rental income		-	-	-	-
Net Cash from/ used in Investing Activities	**(517.02)**	**(249.20)**	**(86.64)**	**(16.54)**	**(7.45)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of Shares/ Debentures	16.30	-	0.00	11.07	2.66
Proceeds from Borrowings	1,854.03	714.09	374.14	(8.13)	2.53
Financial Charges	(49.13)	(33.97)	(10.81)	(1.12)	(0.66)
Net Cash from/ used in Financing Activities	**1,821.20**	**680.12**	**363.33**	**1.82**	**4.52**
Net Increase/ Decrease in Cash and Cash Equivalents	**18.08**	**36.51**	**4.13**	**(0.97)**	**1.33**
Opening Cash and Cash Equivalents	41.04	4.54	0.40	1.38	0.05
Closing Cash and Cash Equivalents	59.13	41.04	4.54	0.40	1.38
	18.08	**36.51**	**4.13**	**(0.97)**	**1.33**

Note:
The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statements as issued by the ICAI.

ANNEXURE IV : STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
A - TERM LOANS					
From Banks					
Bank of Maharashtra	82.55	-	-	-	-
State Bank of Bikanar & Jaipur	176.87	-	-	-	-
State Bank of India (Secured by Hypothecation of Equipments and Personal Guarantee of Promoters)	210.53	-	-	-	-
From Others	**469.96**	-	-	-	-
Deewan Housing Finance (Secured by Mortagage of Land)	-	199.35	187.61	-	-
SUB TOTAL - (A)	**469.96**	**199.35**	**187.61**	-	-
B - WORKING CAPITAL LOANS					
From Banks					
State Bank of India	289.50	91.29	141.47	15.23	14.83
State Bank of Bikanar & Jaipur	215.66				
Syndicate Bank	100.56				
Bank of Maharashtra (Secured by hypothecation of Current Assets)	74.96	53.68	-	-	-
Short Term Loan					
Syndicate Bank (Secured by hypothecation of Current Assets)	30.00	60.00	-	-	-
SUB TOTAL - (B)	**710.68**	**204.97**	**141.47**	**15.23**	**14.83**
C - VEHICLE/MACHINERY LOANS					
From Banks (Secured by hypothecation of Vehicles)	6.47	4.29	4.98	5.99	-
From Others (Secured by hypothecation of Machinery)	263.87	188.33	71.39	10.10	24.61
SUB TOTAL - (C)	**270.33**	**192.62**	**76.36**	**16.09**	**24.61**
Grand Total (A+B+C)	**1,450.97**	**596.94**	**405.45**	**31.31**	**39.44**

ANNEXURE V : STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
From					
Directors	-	-	-	-	-
Others	-	-	-	-	-
Other term loans and advances					
Directors	-	-	-	-	-
Others	1,522.60	522.60	-	-	-
Grand Total	**1,522.60**	**522.60**	-	-	-

Notes:

1. During the year ended March 31, 2007 the company issued 5,226,000 unsecured interest free and fully convertible debebtures to the Grants Investment Limited, Mauritius Investor of Rs. 100/- each.

2. During the year the March 31 2008 company issued 10,000,000 unsecured interest free and fully convertible debebtures to the Grants Investment Limited, Mauritius Investor of Rs. 100/- each.

ANNEXURE VI: INVESTMENTS, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
A. Quoted Investments	-	-	-	-	-
B. Unquoted Investments					
AMR Malind Infra Private Limited	11.00	-	-	-	-
	11.00	-	-	-	-

ANNEXURE VII : STATEMENT OF DEBTORS, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
SUNDRY DEBTORS					
Debtors over six months					
Secured	-	-	-	-	-
Unsecured	323.53	41.36	16.23	71.26	78.49
	323.53	**41.36**	**16.23**	**71.26**	**78.49**
Other debts					
Secured	-	-	-	-	-
Unsecured	1,132.11	232.84	139.62	-	-
	1,132.11	**232.84**	**139.62**	-	-
Less : Provision for doubtful debts	19.83	-	-	-	-
Grand Total	**1,435.81**	**274.20**	**155.85**	**71.26**	**78.49**

ANNEXURE VIII : STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
LOANS AND ADVANCES					
(Unsecured)					
Advances recoverable in cash or in kind or for value to be received	482.16	483.94	56.37	25.27	3.93
Deposits	55.89	31.26	14.15	10.60	12.92
Taxes Paid	150.69	17.55	7.09	7.45	6.85
Grand Total	**688.74**	**532.75**	**77.62**	**43.33**	**23.70**

ANNEXURE IX : STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Retention Money	29.49	5.35	16.17	5.56	13.21
Security Deposits					
EMD	16.60	74.38	0.26	0.26	0.26
Prepaid Expenses	12.39	2.58	1.44	-	-
Grand Total	**58.48**	**82.31**	**17.87**	**5.82**	**13.47**

ANNEXURE X : SUMMARY STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Other Income					
Commission on Sub-Contracts	-	-	-	0.44	0.41
Interest Received	2.10	0.29	0.48	0.19	0.17
Interest on Refund	-	-	0.09	0.16	-
Miscellaneous Income	2.43	2.03	0.39	0.11	0.19
Machinery Hire Charges	0.12	0.99	-	0.73	-
Profit/(Loss) on Sale of Machinery	(2.72)	1.02	(1.40)	-	-
Grand Total	**1.93**	**4.33**	**(0.43)**	**1.64**	**0.77**

ANNEXURE XI : DETAILS OF CONTINGENT LIABILITIES, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Bank Guarantees to Customers and other usual Business related requirements	465.30	148.10	9.96	-	-
	465.30	**148.10**	**9.96**	**-**	**-**

ANNEXURE XII : COMPUTATION OF DEFERRED TAX ASSET / LIABILITY, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Timing Differences					
WDV As per Companies Act, 1956	828.86	357.73	137.84	63.70	55.31
WDV AS per Income Tax Act, 1961	757.15	315.22	115.01	42.11	38.54
Timing Difference On Assets	71.71	42.51	22.83	21.59	16.77
Marginal Tax Rate	33.99	36.66	36.66	36.59	35.88
Tax on Timing Difference	24.37	15.58	8.37	7.90	6.02

ANNEXURE XIII : STATEMENT OF CAPITALISATION, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31, 2008	Post Issue*
Borrowings:		
Short-term debt	710.68	
Long-term debt	2,262.89	
Total debt	**2,973.57**	
Shareholders' Funds:		
Share capital	82.80	
Reserves	669.31	
Miscellaneous Expenditure	(0.13)	
Total shareholders' Funds	**751.97**	
Long-term debt/equity ratio	**3.01**	
Total debt/equity ratio	**3.95**	
*** Shareholders fund post issue can be calculated only on conclusion of the book building process**		

ANNEXURE XIV: STATEMENT OF RELATED PARTY DISCLOSURE, AS RESTATED

Year	Name of the Related Party	Relation	Nature of Transaction	Other Information	Provision During the Current year	Amount Outstanding
31-Mar-08	Pavana Ganga Power Private Limited	Promoter Group Associate	Sales	Ordinary Activities	NIL	74.34
	AMR Malind Infra Private Limited	Subsidiary	Investment	Ordinary Activities	NIL	11.00
	AMR Agro Farm Limited	Promoter Group Associate	Contract Income	Ordinary Activities	NIL	39.70
31-Mar-07	A.Mahesh Reddy	Managing Director	Advances given/(received)	Ordinary Activities	NIL	-
	A.Girish Reddy	Director	Advances given/(received)	Ordinary Activities	NIL	-
	Adinarayana Reddy	Father of A.Mahesh Reddy	Advances given/(received)	Ordinary Activities	NIL	-
	A.Sulochanamma	Wife of Adinarayana Reddy	Advances given/(received)	Ordinary Activities	NIL	-
	Pavana Ganga Power Private Limited	Key Managerial Personnel	Advances given/(received)	Ordinary Activities	NIL	-
31-Mar-06	Adinarayana Reddy	Father of A.Mahesh Reddy	Advances given/(received)	Ordinary Activities	NIL	-
31-Mar-05	NIL	NIL	NIL	NIL	NIL	-
31-Mar-04	NIL	NIL	NIL	NIL	NIL	-

ANNEXURE XV : STATEMENT OF ACCOUNTING RATIO`S, AS RESTATED

Particulars	As at March 31,				
	2008	**2007**	**2006**	**2005**	**2004**
Earning Per Share (EPS)					
Net Profit after Tax (As Adjusted)	354.43	247.25	56.83	5.66	3.94
Number of Equity Share (No.in Millions)	8.28	6.65	6.05	4.35	4.35
Restated Weighted Average -					
Number of Equity Shares (No.in Millions)	7.53	6.65	4.35	4.35	4.35
Basic EPS (Rs.)	47.04	37.18	13.06	1.30	0.91
Restated Weighted Average -	7.53	6.65	4.79	4.78	4.78
Number of Equity Shares (No.in Millions)					
Diluted EPS	47.04	37.18	11.87	1.18	0.82
Net Asset Value (NAV)	751.97	381.21	133.93	60.10	54.40
Number of Equity Share (No.in Lakhs)	8.28	6.65	6.05	4.35	4.35
Restated Weighted Average					
Number of Equity Shares (No.in Lakhs)	7.53	6.65	4.35	4.35	4.35
N A V per share (Rs.)	99.81	57.33	30.77	13.82	12.51
Return on Net Worth					
Net Profit after Tax (As Adjusted)	354.43	247.25	56.83	5.66	3.94
Net Worth	751.97	381.21	133.93	60.10	54.40
Return on Net Worth (%)	47.13	64.86	42.43	9.42	7.24

Note :
1 . Earning per Equity Share : - (Adjusted Net Profit after Tax / Restated Weighted Average Number of Equity Shares).
2 . Net Asset Value per Share : - (Adjusted Net Assets / Restated Weighted Average Number of Equity Shares)
3 . Return on Networth : - (Adjusted Net Profit After Tax / Adjusted Equity Share holder fund) * 100
4 . The Earning per share is calculated in accordance with the Accounting Standard 20 " Earning per share" issued by the Institute of Chartered Accountants of India.

ANNEXURE XVI : STATEMENT OF TAX SHELTER, AS RESTATED

(Rs. In Millions)

Particulars	As at March 31,				
	2008	**2007**	**2006**	**2005**	**2004**
Profit before current and Fringe and Deferred taxes, As restated	548.90	396.01	87.48	14.15	8.09
Tax thereon at Normal Rates	33.99	33.66	33.66	36.59	35.88
Tax at the above Rates	186.57	133.30	29.45	5.18	2.90
Adjustments :					
Permanent Differences					
Donations	1.53	-	0.25	0.02	-
Disallowances u/s 36 (1) (Va)	0.25	0.07	-	-	-
Loss/(Profit) on Sale of Machinery	2.72	(1.02)	1.40	-	-
Capital Expenditure	-	0.28	-	-	-
Preliminary Expenses	-	-	0.03	0.03	-
Net effect of deduction U/s 80G	-	-	(0.15)	-	-
Total of Permanent Differences	**4.50**	**(0.67)**	**1.53**	**0.05**	**-**
Timing Differences					
Difference on account of depreciation	(32.59)	(10.31)	(2.64)	(4.82)	(4.76)
Provision for Doubtful Debts	19.83	-	-	-	-
Provision for Gratuity	1.21	-	-	-	-
Disallowances u/s 40 (a) (ia)	-	0.25			
Total of Timing Differences	**(11.55)**	**(10.06)**	**(2.64)**	**(4.82)**	**(4.76)**
Net Impact on Taxable Income	**(7.05)**	**(10.73)**	**(1.11)**	**(4.77)**	**(4.76)**
Tax savings thereon	(2.40)	(3.61)	(0.37)	(1.75)	(1.71)
Taxable Income/Loss	541.85	385.28	86.37	9.38	(3.33)
Taxable Income as per MAT	548.90	396.01	87.48	14.15	8.09
Taxable as per MAT	11.33	11.22	11.22	7.84	7.69
Tax at the above Rates	62.19	44.43	9.82	1.11	0.62
Tax as per Income Tax Returned	**184.17**	**128.68**	**29.07**	**3.43**	**1.19**
Effective Tax Rate on PBT	**33.55**	**32.75**	**33.23**	**24.25**	**14.76**

Notes:

1. The weighted average rate of tax is the normal rate of tax / MAT tax rate as may be applicable in the respective financial years.
2. Information pertaining to the year ended 31st Mar, 2008 is as per draft computation prepared by the Management of the Company, as return of Income is not yet due for filing.

Annexure – XVII: Summary of Significant accounting policies

1. *Basis of Accounting*

The Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under historical cost convention, on an accrual basis to comply in all material respects and the mandatory Accounting Standards issued by the Institute of Chartered Accountants (ICAI) of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

2. *Use of estimates*

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent asset and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although the estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

3. *Fixed Assets and Depreciation*

a) Fixed Assets (Gross Block) are capitalized at cost inclusive of expenses incidental thereto.

b) Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

c) Depreciation on additions/disposals of the fixed asset during the year is provided on pro rata basis according to the period during which asset are put to use.

4. *Stocks*

Stocks are valued as under:

a) Raw Materials, Construction materials and stores and spare parts are valued at cost.

b) Work-In-Progress is valued at the lower of cost or net realizable value. Cost includes direct materials, labour, construction expenses and direct cost related with the particular project.

c) Finished Goods are valued at lower of cost and net realizable value.

5. ***Revenue Recognition***

a) Revenue from Long term Contract, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion on the contract activity. The stage of completion is measured by calculating the proportion that cost incurred to date bear to the estimated total cost of a contract.

Where the outcome of construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that probably will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When the current estimate of total contract costs and revenue is a loss, provision is made for the entire loss on the contract.

b) Sale of goods and services is recognized at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.

6. Borrowing Costs

Borrowing Costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue.

7. Foreign Currency Transactions

Transactions in foreign currency and non monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year end rate.

The exchange differences arising on such conversion and on the settlement of the transactions, except for those relating to acquisition of fixed assets which are adjusted to the carrying amount of the related fixed asset are dealt with in the profit and loss account.

8. ***Retirement Benefits***

Retirement benefits to employees comprise payments for gratuity and provident fund. The liability for gratuity is provided based on actuarial valuation. Provident fund is deposited with Regional Provident Fund Commissioner.

The Liability for compensated absences will be provided in accordance with rules of the Company.

9. *Impairment of Assets*

The Company assesses at each balance sheet date whether there is any identification that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

10. Investments

Current Investments are stated at lower of cost and fair value. Long-term investments are stated at cost and provision for diminution in their value, other than temporary, is made in the accounts.

11. Taxes on Income

Provision for tax for the year comprises current income-tax, deferred tax and fringe benefit tax. Current income-tax is determined to be payable in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable or reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

12. Leases

Lease arrangements where the risk and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rent under operating leases are recognised in the profit and loss account.

13. Earnings per share

Basic earning per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the period. The average number of equity shares outstanding during the period is adjusted for event of bonus issue to the existing shareholders.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

14. Contingent Liabilities

Contingent Liabilities as defined in Accounting Standard 29 issued by ICAI on Provisions, Contingent Liabilities and Contingent Assets are disclosed by way of notes to accounts. Depending upon the facts of the each case and after due evaluation of legal position, claims against the Company not acknowledged as debts are treated as contingent liabilities. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

Annexure – XVIII: Notes to the statements of Assets and Liabilities and Profit and losses, As Restated

1. Adjustments resulting from changes in accounting policies

During the year ended March 31, 2008, the Company adopted the provisions of Accounting Standard 15 on "Employee Benefits, Issued by the ICAI. However, the Company adopted the standard with effect from April 1, 2007 as on earlier adoption of the standard. The cumulative effect of this change was recorded in the year ended March 31, 2008 in the Financial Statements, as Restated. Further, the accumulated profit and loss balance has not been adjusted in the preceding previous years.

2. ***Adjustments relating to previous years***

a) Prior Period Items:

Certain items, identified and disclosed as prior period items in the audited financial statements of each of the year presented, have, for the purpose of this statement, been restated to the extent identified, in respective years in which such adjustments arose.

b) Write back of excess provisions pertaining to prior years:

The Company has written back to the profit and loss account provisions and accruals made on estimates which had been provided for in earlier years but no longer considered payable. Accordingly, the effect of these write backs has been considered in the respective years in which these accruals were originally recorded with a corresponding reduction in the recorded period expenses in the 'Summary Statement of Profit and Losses, as Restated".

c) Tax earlier years

The Company recorded tax earlier years which primarily resulted on completion of assessments made by the Income tax authorities and any difference was recorded as debit/credit charge in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax related to with a corresponding charge debit/credit to the recorded period in the "Summary Statement of Profit and Losses, as Restated".

3. Tax Impact of adjustments

The 'Summary Statement of Profit and Losses, as Restated" has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per the income tax assessments/returns filed by the Company for the respective years.

4. Reclassification

During the year ended March 31, 2008, the Company reclassified Tipper from "Vehicles" to "Plant and Machinery". The depreciation rate being applied to Plant and Machinery is 11.31% and depreciation on vehicles is 9.5%. The short provision for all the earlier years has been provided in the half yearly audited financials as at 31st March, 2008 and has been restated to the respective prior periods.

5. Commitments and Contingencies

a) The estimated value of contracts at at March 31, 2008 remaining to be executed on capital account and not provided for is Rs. Nil

b) A Summary of the contingencies existing as at March 31, 2008 is as follows:

Name of the Contingency					***Rs. In Millions***
	Mar 2008	***Mar 2007***	***Mar 2006***	***Mar 2005***	***Mar 2004***
Bank Guarantees	465.3	148.1	99.6	Nil	Nil
Letter of Credits	Nil	Nil	Nil	Nil	Nil

6. ***Change in Paid up Capital***

a) Further Issue of Shares

The board of directors at their meeting held on 31st March, 2006, approved the further issue of 16,97,000 equity shares of Rs. 10/- each.

The board of directors at their meeting held on16th July, 2007, approved the further issue of 5,30,000 equity share of Rs. 10/- each.

The board of directors at their meeting held on15th October, 2007, approved the further issue of 11,00,000 equity share of Rs. 10/- each.

b) Bonus Issue

The Board of Directors at their meeting held on 8th June, 2006, approved the issuance of 6,04,528 equity shares of Rs. 10/- each as Bonus shares in the ratio of 1 share for every 10 shares held on 8th June, 2006 to the existing shareholders of the Company.Sundry Creditors, Sundry Debtors and Loans and Advances include certain items for which confirmations are yet to be received and are considered payable/realizable as the case may be. The balances under above heads are as per the books of accounts and are subject to reconciliation and adjustment, if any.

7. ***Retirement Benefits:***

The Company has a policy of making payments of PF contribution to the regional provident fund commissioner. In respect of Payment of Gratuity, the Company has adopted a policy of settling the claims on cash basis whenever a liability arises. The amount of such liability was not so material since those employed at sites were taken on temporary assignments. However, the management has done actuarial valuation for the half year ended 31st March 2008 and arrived at a gratuity provision of Rs. 12.07 lacs .

The amount of such benefit has been charged to the profit and loss account in the year financials ended 31st March, 2008 when it is first accounted and dealt with in accordance with AS – 15. The effect of the same has not been restated in respective accounting years as there is no material impact.

For akasam & associates
chartered accountants

For and on behalf of Board of Directors

S. Ravi Kumar Reddy
Partner
M.No. 028881

A. Mahesh Reddy
Managing Director

A. Girish
Jt. Managing Director

Place : Hyderabad
Date : 17-09-2008

Place : Hyderabad
Date : 17-09-2008

Place : Hyderabad
Date : 17-09-2008

Consolidated Restated Audited Financial Statements

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES AND SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED AND SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED UNDER INDIAN GAAP FOR THE YEAR ENDED 31ST MARCH 2008, 2007, 2006, 2005, 2004.

Report by the Auditors' of the Company as required by Part II of Schedule II to the Companies Act, 1956.

To

The Board of Directors
AMR Constructions Limited
Plot No 88, Sari Konda Mansion
Ground Floor, Phase 3
Kamalapuri Colony
Hyderabad – 500 073.

Dear Sirs,

We have examined the consolidated financial information of AMR Constructions Limited annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus (the 'DRHP'). This financial information has been prepared by the management and approved by the Board of Directors. This financial information has been prepared in accordance with the requirements of:

v) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956.

vi) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the SEBI Guidelines) issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;

vii) The Guidance Note on the Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and

viii) The terms of reference from the Company, requesting us to carry out the engagement, in connection with offer document of the Company for its proposed Initial Public Offer ('IPO').

C) **Financial Information as per Audited Restated Financial Statements of AMR Constructions Limited.**

1) We have examined the attached Consolidated Restated Summary Statement of Assets and Liabilities of the company as at March 31, 2008, 2007, 2006, 2005, and 2004 the Consolidated Restated Summary Statement of Profit and Losses and the Consolidated Restated Statement of Cash flows for each of the years ended on those dates (Consolidated Restated Summary Statements') (see Annexure I, II and III) as prepared by the Company and approved by the Board of Directors. The Consolidated Restated Profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and as more fully described in the notes to the Consolidated Restated Financial Statements appearing in Annexure XVI to this report. We have audited the consolidated financial statements of the company for the years ended March 31, 2008, 2007, 2006, 2005, and 2004. Based on our examination of the Consolidated Restated Summary Statements, we confirm that:

d) The Restated Summary Statements have to be read in conjunction with the Statement of Significant Accounting Policies and Notes given in Annexure XV and XVI respectively, to this report.

e) The Consolidated Restated Summary Statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31st March, 2008, as stated in the Notes forming part of the Restated Summary Statements given in Annexure XVI to this report.

f) The Consolidated Restated profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate as described in the Notes forming part of the Restated Summary Statements given in Annexure XVI, to this report.

D) **Other Financial Information:**

We have examined the following financial information in respect of the years ended March 31, 2008 2007, 2006, 2005, 2004 of the Company, proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report.

1. Statement of Assets and Liabilities, As Restated (Annexure – I)
2. Statement of Profit and Losses, As Restated (Annexure – II)
3. Statement of Cash Flows, As Restated (Annexure – III)
4. Statement of Secured Loans, As Restated (Annexure – IV)
5. Statement of Unsecured Loans, As Restated (Annexure – V)
6. Statement of Debtors, As Restated (Annexure – VI)
7. Statement of Loans and Advances, As Restated (Annexure – VII)
8. Statement of Other Current Assets, As Restated (Annexure – VIII)
9. Statement of Other Income, As Restated (Annexure – IX)
10. Statement of Contingent Liabilities, As Restated (Annexure – X)
11. Statement of Deferred Tax Asset/Liability, As Restated (Annexure – XI)
12. Capitalization Statement (Annexure – XII)
13. Statement of Related Party Transactions, As Restated (Annexure – XIII)
14. Summary of Accounting Ratios. As Restated (Annexure – XIV)
15. Summary of Significant of Accounting Policies (Annexure – XV)
16. Summary of Notes to the Statements of Assets and Liabilities and Profit and Losses, As Restated (Annexure – XVI)

We have been informed that the company has not declared any dividend on equity share for the year ended 31st March, 2008, 2007, 2006, 2005, and 2004.

In our opinion, the financial information as disclosed in the annexures to this report, read with the significant of accounting policies and notes disclosed in Annexure XV and XVI, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

The Sufficiency of the procedures, as set forth in the above paragraphs, is the sole responsibility of the Company and we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For akasam & associates
Chartered accountants

S. Ravi Kumar
Place : Hyderabad   Partner
Date : 17.09.2008   M.No. 028881

ANNEXURE I : CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED	
	Rs.in Millions
Particulars	**As at March 31, 2008**
Fixed Assets - A	
Gross Block	937.47
Less : Accumulated Depreciation	108.61
Net Block	**828.86**
Capital Work-In-Progress	1.45
Total – A	**830.31**
Goodwill – B	**10.73**
Current Assets, Loans and Advances - C	
Inventories	1,157.12
Sundry Debtors	1,435.81
Cash and Bank Balances	59.82
Loans and Advances	695.74
Other Assets	58.48
Total – C	**3,406.97**
Total Assets (A+B+C) = D	**4,248.01**
Liabilities and Provisions - E	
Secured Loans	1,450.97
Unsecured Loans	1,524.73
Minority Interest	0.08
Current Liabilities	302.19
Provisions	186.43
Total – E	**3,464.40**
Deferred Tax Liability (Net) - F	20.95
Net Worth (D-E-F)	**762.66**
Represented by	
Share Capital	82.80
Reserves and Surplus	680.00
Total	**762.80**
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	0.14
Net Worth	**762.66**

AMR CONSTRUCTIONS LIMITED

ANNEXURE II : CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED	
	Rs.in Millions
Particulars	**As at March 31, 2008**
Income	
Contract Revenue	5,421.00
Other Income	1.93
Increase/(Decrease) in Work-In-Progress	451.50
Total	**5,874.43**
Expenditure	
Construction Expenses	4,897.87
Payments and Benefits to Employees	68.78
Directors Remuneration	14.40
Administrative & Selling Expenses	111.71
Financial Charges	172.18
Depreciation	60.58
Miscellaneous Expenses Written Off	0.03
Total	**5,325.56**
Net Profit before tax	**548.87**
Provision for Current Tax	(184.16)
Provision for Fringe Benefit Tax	(2.48)
Provision for Deferred Tax	(8.79)
Profit available for appropriations	**353.43**
Minority Interest	0.00
Less : Prior Period Items	(18.45)
Net Profit	**334.99**
Adjustments on account of :	
Prior Period Items	0.34
Income tax	
Income Tax 04-05	3.20
Income Tax 06-07	14.91
Depreciation	0.97
Total	**19.42**
Adjusted profit after tax	**354.41**

ANNEXURE III : CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

Particulars	Rs.in Millions As at March 31, 2008
Net Profit Before Tax	568.29
Adjustments:	
Depreciation	-
(Profit)/ Loss on Disposal of Fixed Assets	-
Miscellaneous Expenses Written-off	-
Interest/ Dividend Income	-
Financial Charges	-
Prior Period Adjustments	-
Provision for Baddebts	-
Provision for retirement benefits	-
Operating profit before Working Capital Changes	**568.29**
Adjustments:	
Trade and Other Receivables	-
Loans and Advances	-
Inventories	-
Trade and Other Payables	-
Other Current Assets	-
Cash Generated from Operations	**568.29**
Direct Taxes Paid	-
Fringe Benefit Tax Paid	-
Net Cash from/ used in Operating Activities	**568.29**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	-
Proceeds From Disposal of Fixed Assets	-
Purchase of investments	-
Interest/ Dividend Received	-
Rental income	
Net Cash from/ used in Investing Activities	**-**
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of Shares/ Debentures	-
Proceeds from Borrowings	-
Financial Charges	-
Net Cash from/ used in Financing Activities	**-**
Net Increase/ Decrease in Cash and Cash Equivalents	**568.29**
Opening Cash and Cash Equivalents	-
Closing Cash and Cash Equivalents	-
	-
Note:	

The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statements as issued by the ICAI.

ANNEXURE IV : CONSOLIDATED STATEMENT OF SECURED LOANS, AS RESTATED

	Rs.in Millions
Particulars	**As at March 31, 2008**
A - TERM LOANS	
From Banks	
Bank of Maharashtra	82.55
State Bank of Bikanar & Jaipur	176.87
State Bank of India	210.53
(Secured by Hypothecation of Equipments and Personal Guarantee of Promoters)	
SUB TOTAL - (A)	**469.96**
B - WORKING CAPITAL LOANS	
From Banks	
State Bank of India	289.50
State Bank of Bikanar & Jaipur	116.51
State Bank of India FCNB	99.15
Syndicate Bank	100.56
Bank of Maharashtra	74.96
(Secured by hypothecation of Current Assets)	
Short Term Loan	
Syndicate Bank	30.00
(Secured by hypothecation of Current Assets)	
SUB TOTAL - (B)	**710.68**
C - VEHICLE/MACHINERY LOANS	
From Banks	6.47
(Secured by hypothecation of Vehicles)	
From Others	263.87
(Secured by hypothecation of Machinery)	
SUB TOTAL - (C)	**270.33**
Grand Total (A+B+C)	**1,450.97**

ANNEXURE V : CONSOLIDATED STATEMENT OF UNSECURED LOANS, AS RESTATED

	Rs.in Millions
Particulars	**As at March 31, 2008**
From	
Directors	0.40
Others	1,524.33
	1,524.73
Other term loans and advances	
Directors	
Others	-
Grand Total	**1,524.73**

Notes:
1. During the year ended March 31, 2007 the company issued 5,226,000 unsecured interest free and fully convertible debebtures to the Grants Investment Limited, Mauritius Investor of Rs. 100/- each.
2. During the year the company issued 10,000,000 unsecured interest free and fully convertible debebtures to the Grants Investment Limited, Mauritius Investor of Rs. 100/- each.

ANNEXURE VI : CONSOLIDATED STATEMENT OF DEBTORS, AS RESTATED

	Rs.in Millions
Particulars	**As at March 31, 2008**
SUNDRY DEBTORS	
Debtors over six months	
Secured	-
Unsecured	323.53
	323.53
Other debts	
Secured	-
Unsecured	1,132.11
	1,132.11
Less : Provision for doubtful debts	19.83
Grand Total	**1,435.81**

AMR CONSTRUCTIONS LIMITED

ANNEXURE VII : CONSOLIDATED STATEMENT OF LOANS AND ADVANCES, AS RESTATED	
	Rs.in Millions
Particulars	**As at March 31, 2008**
LOANS AND ADVANCES	
(Unsecured)	
Advances recoverable in cash or in kind or for value to be received	489.16
Deposits	55.89
Taxes Paid	150.69
Grand Total	**695.74**

ANNEXURE VIII : CONSOLIDATED STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED	
	Rs.in Millions
Particulars	**As at March 31, 2008**
Retention Money	29.49
EMD	16.60
Prepaid Expenses	12.39
Grand Total	**58.48**

ANNEXURE IX : CONSOLIDATED SUMMARY STATEMENT OF OTHER INCOME, AS RESTATED	
	Rs.in Millions
Particulars	**As at March 31, 2008**
Other Income	
Interest Received	2.10
Miscellaneous Income	2.43
Machinery Hire Charges	0.12
Profit/(Loss) on Sale of Machinery	(2.72)
Grand Total	**1.93**

ANNEXURE X : CONSOLIDATED DETAILS OF CONTINGENT LIABILITIES, AS RESTATED

	Rs.in Millions
Particulars	**As at March 31, 2008**
Bank Guarantees to Customers and other usual Business related requirements	465.30
	465.30

ANNEXURE XI : CONSOLIDATED COMPUTATION OF DEFERRED TAX ASSET / LIABILITY, AS RESTATED

	Rs.in Millions
Particulars	As at March 31, 2008
Timing Differences	
WDV As per Companies Act, 1956	828.86
WDV AS per Income Tax Act, 1961	757.15
Timing Difference On Assets	71.71
Marginal Rate of Tax	33.99
Tax on Timing Difference	24.37

ANNEXURE XII : CONSOLIDATED STATEMENT OF CAPITALISATION, AS RESTATED

	Rs.in Millions
Particulars	**As at March 31, 2008**
Borrowings:	
Short-term debt	710.68
Long-term debt	2,265.02
Total debt	**2,975.70**
Shareholders' Funds:	
Share capital	82.80
Reserves	680.00
Miscellaneous Expenditure	(0.14)
Total shareholders' Funds	**762.66**
Long-term debt/equity ratio	**2.97**
Total debt/equity ratio	**3.90**

ANNEXURE XIII : CONSOLIDATED STATEMENT OF RELATED PARTY DISCLOSURE, AS RESTATED

Rs. In Millions

Year	Name of the Related Party	Description	Nature of Transaction	Other Information	Provision During the Current year	Amount Outstanding
31-Mar-08	Pavana Ganga Power Private Limited	Promoter Group Associate	Sales	Ordinary Activities	NIL	74.34
	AMR Agro Farm Limited	Promoter Group Associate	Sales	Ordinary Activities	NIL	39.70
31-Mar-07	A.Mahesh Reddy	Managing Director	Advances given/(received)	Ordinary Activities	NIL	-
	A.Girish Reddy	Director	Advances given/(received)	Ordinary Activities	NIL	-
	Adinarayana Reddy	Father of A.Mahesh Reddy	Advances given/(received)	Ordinary Activities	NIL	-
	A.Sulochanamma	Wife of Adinarayana Reddy	Advances given/(received)	Ordinary Activities	NIL	-
	Pavana Ganga Power Private Limited	Key Managerial Personnel	Advances given/(received)	Ordinary Activities	NIL	-
31-Mar-06	Adinarayana Reddy	Father of A.Mahesh Reddy	Advances given/(received)	Ordinary Activities	NIL	-
31-Mar-05	NIL	NIL	NIL	NIL	NIL	-
31-Mar-04	NIL	NIL	NIL	NIL	NIL	-
31-Mar-03	NIL	NIL	NIL	NIL	NIL	-

ANNEXURE XIV : CONSOLIDATED STATEMENT OF ACCOUNTING RATIO'S , AS RESTATED	
	Rs.in Millions
Particulars	**As at March 31, 2008**
Earning Per Share (EPS)	
Net Profit after Tax (As Adjusted)	354.41
Number of Equity Share (No.in million)	8.28
Restated Weighted Average Number of Equity Shares (No.in million)	7.53
EPS Basic (Rs.)	47.04
Restated Weighted Average Number of Equity Shares (No.in million)	7.53
Diluted EPS (Rs.)	47.04
Net Asset Value (NAV)	762.66
Number of Equity Share (No.in million)	8.28
Restated Weighted Average Number of Equity Shares (No.in million)	7.53
N A V per share (Rs.)	101.23
Return on Net Worth	
Net Profit after Tax (As Adjusted)	354.41
Net Worth	762.66
Return on Net Worth (%)	46.47

Note :

1. Earning per Equity Share : - (Adjusted Net Profit after Tax / Restated Weighted Average Number of Equity Shares).

2. Net Asset Value per Share : - (Adjusted Net Assets / Restated Weighted Average Number of Equity Shares)

3. Return on Networth : - (Adjusted Net Profit After Tax / Adjusted Equity Share holder fund) * 100

4. The Earning per share is calculated in accordance with the Accounting Standard 20 " Earning per share" issued by the Institute of Chartered Accountants of India.

5. Restated shares have been computed pursuant to the issue of bonus share in the ratio of one equity share of Rs. 10 each for every ten shares held on 31st March, 2006 by utilising free reserves.

Annexure – XV: Summary of Consolidated Significant accounting policies

1. Basis of preparation

The Consolidated Financial Statement have been prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of Companies Act,1961, to the extent applicable.

The financial statement s of the subsidiaries used in the consolidation are drawn up to the same reporting dare as that of holding company i.e. 31st March, 2008.

2. Principles of Consolidation

The Consolidated financial statements relate to AMR Constructions Limited the parent company, and its subsidiaries together referred to in these financial statements as "The Group", which are as below:

Name of the Subsidiary Company		***County of Incorporation***	***Percentage of Ownership Interest as at***	
			31st March, 2007	***31st March, 2008***
1	*AMR Malind Infra Private Limited*	*India*	-	*70%*

Subsidiary Companies are those in which AMR Constructions Limited, directly or indirectly, has an interest or more than one half of the voting power or otherwise power to exercise control over the operation.

All material inter company transactions, balances and unrealized surplus and deficit on transactions between group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent of practicable.

Minority interest in the net assets of consolidated subsidiaries consists of the amounts of equity attributable to the minority shareholders at the date on which investments are made in the subsidiary companies and further movement in their Share in the equity, subsequent to the date of investments.

3. Basis of Accounting

The Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under historical cost convention, on an accrual basis to comply in all material respects and the mandatory Accounting Standards issued by the Institute of Chartered Accountants (ICAI) of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

4. Use of estimates

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent asset and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although the estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

5. *Fixed Assets and Depreciation*

a) Fixed Assets (Gross Block) are capitalized at cost inclusive of expenses incidental thereto.

b) Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

c) Depreciation on additions/disposals of the fixed asset during the year is provided on pro rata basis according to the period during which asset are put to use.

6. Stocks

Stocks are valued as under:

a) Raw Materials, Construction materials and stores and spare parts are valued at cost.

b) Work-In-Progress is valued at the lower of cost or net realizable value. Cost includes direct materials, labour, construction expenses and direct cost related with the particular project.

d) Finished Goods are valued at lower of cost and net realizable value.

7. *Revenue Recognition*

a) Revenue from Long term Contract, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion on the contract activity. The stage of completion is measured by calculating that the proportion that cost incurred to date bear to the estimated total cost of a contract.

Where the outcome of construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contact costs incurred that probably will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When the current estimate of total contract costs and revenue is a loss, provision is made for the entire loss on the contact.

c) Sale of goods and services is recognized at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.

8. Borrowing Costs

Borrowing Costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue.

9. Foreign Currency Transactions

Transactions in foreign currency and non monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year end rate. Income and expenditure of the liaison office is translated at the yearly average rate of exchange.

The exchange differences arising on such conversion and on the settlement of the transactions, except for those relating to acquisition of fixed assets which are adjusted to the carrying amount of the related fixed asset are dealt with in the profit and loss account.

10. *Retirement Benefits*

Retirement benefits to employees comprise payments for gratuity and provident fund. The liability for gratuity is provided based on actuarial valuation. Provident fund is deposited with Regional Provident Fund Commissioner.

The Liability for compensated absences is provided in accordance with rules of the Company, based on actuarial valuation.

11. *Impairment of Assets*

The Company assesses at each balance sheet date whether there is any identification that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

12. Investments

Current Investments are stated at lower of cost and fair value. Long-term investments are stated at cost and provision for diminution in their value, other than temporary, is made in the accounts.

13. Taxes on Income

Provision for tax for the year comprises current income-tax, deferred tax and fringe benefit tax. Current income-tax is determined to be payable in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable or reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

14. Leases

Lease arrangements where the risk and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rent under operating leases are recognised in the profit and loss account.

15. Earnings per share

Basic earning per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the period. The average number of equity shares outstanding during the period is adjusted for event of bonus issue to the existing shareholders.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

16. Contingent Liabilities

Contingent Liabilities as defined in Accounting Standard 29 issued by ICAI on Provisions, Contingent Liabilities and Contingent Assets are disclosed by way of notes to accounts. Depending upon the facts of the each case and after due evaluation of legal position, claims against the Company not acknowledged as debts are treated as contingent liabilities.

Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

Annexure – XVI: Notes to the statements of Assets and Liabilities and Profit and losses, As Restated

1. Adjustments resulting from changes in accounting policies

During the year ended March 31, 2008, the Company adopted the provisions of Accounting Standard 15 on "Employee Benefits, Issued by the ICAI. However, the Company adopted the standard with effect from April 1, 2007 as on earlier adoption of the standard. The cumulative effect of this change was recorded in the year ended March 31, 2008 in the Financial Statements, as Restated. Further, the accumulated profit and loss balance has not been adjusted in the preceding previous years.

2. ***Adjustments relating to previous years***

d) Prior Period Items:

Certain items, identified and disclosed as prior period items in the audited financial statements of each of the year presented, have, for the purpose of this statement, been restated to the extent identified, in respective years in which such adjustments arose.

e) Write back of excess provisions pertaining to prior years:

The Company has written back to the profit and loss account provisions and accruals made on estimates which had been provided for in earlier years but no longer considered payable. Accordingly, the effect of these write backs has been considered in the respective years in which these accruals were originally recorded with a corresponding reduction in the recorded period expenses in the 'Summary Statement of Profit and Losses, as Restated".

f) Tax earlier years

The Company recorded tax earlier years which primarily resulted on completion of assessments made by the Income tax authorities and any difference was recorded as debit/credit charge in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax related to with a corresponding charge debit/credit to the recorded period in the "Summary Statement of Profit and Losses, as Restated".

3. ***Tax Impact of adjustments***

The 'Summary Statement of Profit and Losses, as Restated" has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per the income tax assessments/returns filed by the Company for the respective years.

4. Reclassification

During the year ended March 31, 2008, the Company reclassified Tipper from "Vehicles" to "Plant and Machinery". The depreciation rate being applied to Plant and Machinery is 11.31% and depreciation on vehicles is 9.5%. The short provision for all the earlier years has been provided in the half yearly audited financials as at 31st March, 2008 and has been restated to the respective prior periods.

5. Commitments and Contingencies

a) The estimated value of contracts at at March 31, 2008 remaining to be executed on capital account and not provided for is Rs. Nil

b) A Summary of the contingencies existing as at March 31, 2008 is as follows:

Name of the Contingency					***Rs. In Millions***
	Mar	***Mar***	***Mar***	***Mar***	***Mar***

	2008	2007	2006	2005	2004
Bank Guarantees	465.3	148.1	99.6	Nil	Nil
Letter of Credits	Nil	Nil	Nil	Nil	Nil

6. ***Change in Paid up Capital***

a) Further Issue of Shares

The board of directors at their meeting held on 31st March, 2006, approved the further issue of 16,97,000 equity shares of Rs. 10/- each.

The board of directors at their meeting held on16th July, 2007, approved the further issue of 5,30,000 equity share of Rs. 10/- each.

The board of directors at their meeting held on15th October, 2007, approved the further issue of 11,00,000 equity share of Rs. 10/- each.

c) Bonus Issue

The Board of Directors at their meeting held on 8th June, 2006, approved the issuance of 6,04,528 equity shares of Rs. 10/- each as Bonus shares in the ratio of 1 share for every 10 shares held on 8th June, 2006 to the existing shareholders of the Company.Sundry Creditors, Sundry Debtors and Loans and Advances include certain items for which confirmations are yet to be received and are considered payable/realizable as the case may be. The balances under above heads are as per the books of accounts and are subject to reconciliation and adjustment, if any.

7. *Retirement Benefits:*

The Company has a policy of making payments of PF contribution to the regional provident fund commissioner. In respect of Payment of Gratuity, the Company has adopted a policy of settling the claims on cash basis whenever a liability arises. The amount of such liability was not so material since those employed at sites were taken on temporary assignments. However, the management has done actuarial valuation for the half year ended 31st March 2008 and arrived at a gratuity provision of Rs. 12.07 lacs .

The amount of such benefit has been charged to the profit and loss account in the year financials ended 31st March, 2008 when it is first accounted and dealt with in accordance with AS – 15. The effect of the same has not been restated in respective accounting years as there is no material impact.

For akasam & associates
chartered accountants

For and on behalf of Board of Directors

S. Ravi Kumar Partner M.No. 028881	A. Mahesh Reddy Managing Director	A. Girish Reddy Director
Place : Hyderabad Date : 17.09.2008	Place : Hyderabad Date : 17.09.2008	Place: Hyderabad Date: 17.09.2008

AMR CONSTRUCTIONS LIMITED

OUR INDEBTEDNESS

As on September 10, 2008, the Company's secured indebtedness is as follows:

Rs. In million

Nature of Borrowing	Amount
Secured borrowings [A(i)+A(ii)+(Aiii)+A(iv)]	1,868.02
Outstanding Bank Gaurantees [B]	1,032.37

As of September 29, 2008, the Company's unsecured indebtedness is as follows:

Rs. In million

Nature of Borrowing	Amount
Unsecured borrowings [C]	1,065.82

A(i). Secured Loans

Sr. No	Name of the Lender.	Nature of Borrowing/ Debt Loan Documentation	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs.in Million) as on Sept 10, 2008 per banks certificate	Rate of interest and Repayment	Security
1.	State Bank of Bikaner and Jaipur	Sanction of Cash Credit Limit for a period of one year via sanction letter June 20, 2008	267.00	270.36	At par with the BPLR rate of the Bank. The interest rate presently payable as of August 2008 is 14% p.a. To be repaid on demand	<u>Primary</u> Pari-passu 1st charge on entire current assets of the Company with other working capital banker. <u>Collateral</u> Pari-passu 1st charge on unencumbered fixed assets of the Company along with other working capital lenders. Equitable mortgage of the property valuing Rs. 5 million from the promoters. <u>Guarantee</u> Personal Guarantee of the promoter directors.
2.	State Bank of Bikaner and Jaipur	Term Loan via sanction letter dated December 14, 2007	200.00	190.65	1.5% below BPLR. The interest rate presently payable as of August 2008 is 12.50%. To be repaid in 18 quarterly instalments starting from June 08.	<u>Primary</u> First exclusive charge over the equipments financed by the term loan. <u>Collateral</u> Second pari passu charge over the fixed assets of the Company. <u>Guarantee</u> Personal guarantee of promoter directors.

Sr. No	Name of the Lender.	Nature of Borrowing/ Debt Loan Documentation	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs.in Million) as on Sept 10, 2008 per banks certificate	Rate of interest and Repayment	Security
3.	Bank of Maharashtra	Cash Credit Facility via sanction letter dated November 21, 2006.	75.00	76.11	0.25% less than BPLR. The interest rate presently payable as of August 2008 is 13.75 %. To be repaid on demand	Primary Pari passu charge of entire inventory and receivables and other current assets, with other working capital bankers. Collateral Equitable mortgage of properties worth Rs. 30 million. Pari passu charge on the unencumbered fixed assets valued at Rs. 436.5 million. Guarantee Personal guarantee of all the directors in their personal capacity.
4	Bank of Maharashtra	Term Loan via Sanction Letter dated November 29, 2007	250.00	230.84	The interest rate presently payable as of August 2008 is 12.75% with monthly rests. Loan to be repaid in 12 quarterly instalments commencing from quarter ended June 30, 2008.	Primary Hypothecation of the equipments/machinery to be purchased from the loan amount. Additional hypothecation charge on entire assets of the Company on pari passu basis with other working capital lenders. Collateral Equitable mortgage of properties worth Rs. 30 million. Pari passu charge on the unencumbered fixed assets valued at Rs. 436.5 million. Guarantee Personal guarantee of all the directors in their personal capacity.
5.	Syndicate Bank	Short term loan via sanction letter dated November 10, 2006	60.00	20.52	PLR plus 1.5%. The interest rate presently payable as of August 2008 is 14.50 % p.a.	Primary Pari passu charge on unencumbered fixed assets and current assets. UREM of the personal property of promoters and their relatives. Guarantee

Sr. No	Name of the Lender.	Nature of Borrowing/ Debt Loan Documentation	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs.in Million) as on Sept 10, 2008 per banks certificate	Rate of interest and Repayment	Security
					Repayment in six quarterly instalments starting August 1, 2007	Personal Guarantee of Promoter Directors and their relatives.
6.	Syndicate Bank	Working Capital Limit for a period up to December 31, 2008, via sanction letter dated December 28, 2007	100.00	101.15	PLR plus 1%. The interest rate presently payable as of August 2008 is 13.00 %	Primary Pari passu 1st charge on the hypothecation of the current assets with other working capital lenders. Collateral Pari passu charge on the unencumbered fixed assets with other working capital lenders. UREM of the personal property of promoters and their relatives. Guarantee Personal Guarantee of Promoter Directors and their relatives.
7.	State Bank of India	Cash Credit facility vide sanction letter dated February 22 2008	398.00	247.73	0.25% above SBAR. The interest rate presently payable as of August 2008 is 14% p.a. with monthly rests. Repayable on demand	Primary Pari passu charge on the current assets with other working capital bankers Collateral Pari passu 1st charge on unencumbered fixed assets Extension of equitable mortgage on the personal properties of promoters and their relatives. Guarantee Personal Guarantee of promoters and their relatives.
8.	State Bank of India	Term Loan via sanction letter dated February 22, 2008	450.00	67.41	0.50% below SBAR The interest rate presently payable as	Primary First charge on the assets purchased from the term loan. Collateral Extension of equitable

Sr. No	Name of the Lender.	Nature of Borrowing/ Debt Loan Documentation	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs.in Million) as on Sept 10, 2008 per banks certificate	Rate of interest and Repayment	Security
					of August 2008 is.13% with monthly rests. Repayable in 18 quarterly instalments starting from September 30, 2008	mortgage on the personal properties of promoters and their relatives. First pari passu charge on unencumbered fixed assets of the Company. Guarantee Personal Guarantee of promoters and their relatives.
9.	State Bank of India	Corporate Loan via sanction letter dated February 22, 2008	200.00	Nil. This has since been repaid	1.5% above SBAR, currently 14% p.a. with monthly rests. Repayable in 12 quarterly instalments starting from April 30, 2008	Primary Equitable mortgage of the following: 77,309 sq. ft. of land situated at HMT Watch Factory, dispensary building , Part of Municipal No. 5, Peenya Plantation 'B', Bangalore North Taluk, Karnataka 52,439 sq. ft. of land situated at HMT Plot No WL-12, Part of Municipal No. 5 dispensary building, Peenya Plantation 'B', Bangalore North Taluk, Karnataka 43,562 sq. ft. of land situated at HMT Plot No ML-35, Part of Municipal No. 5, Peenya Plantation 'B', Bangalore North Taluk, Karnataka Collateral Extension of equitable mortgage on the personal properties of promoters and their relatives. First pari passu charge on unencumbered fixed assets of the Company. Guarantee Personal Guarantee of promoters and their

Sr. No	Name of the Lender.	Nature of Borrowing/ Debt Loan Documentation	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs.in Million) as on Sept 10, 2008 per banks certificate	Rate of interest and Repayment	Security
						relatives.
10.	Yes Bank	Cash Credit facility/ Working Capital Demand Loan via sanction letter dated April 26, 2008	150.00	144.76	Cash credit at 3% below the Yes Bank PLR. The interest rate presently payable as of August 2008 is 13.0% p.a. Working Capital Demand Loan at 3.5% below the Yes Bank PLR.	Pari passu 1st charge on the current assets of the Company with other working capital bankers. Pari passu second charge on the movable fixed assets of the Company excluding those charged with hire purchase lenders along with other working capital bankers. <u>Guarantee</u> Personal Guarantee of Mr. A. Mahesh Reddy
11.	State Bank of Mysore	Corporate loan for a period of 36 months vide sanction letter dated June 12, 2008	200.00	204.00	0.75% below SBMPLR, currently 12.5% p.a. Repayment in 10 quarterly instalments of Rs. 20 mn. each, commencing after 6 months	Equitable mortgage of HMT Plot No WL-12, Part of Municipal No. 5 dispensary building, Peenya Plantation 'B', Bangalore North Taluk, Karnataka. <u>Guarantee</u> Personal Guarantee of promoter directors.
12.	Barclays Bank PLC	Short Term Loan via sanction letter dated July 11, 2008	40.00	40.00	Effective rate of interest is 13%	Post dated cheque for the principal amount. **<u>Guarantee</u>** Personal Guarantee of Mr. Mahesh Reddy.
13.	Barclays Bank PLC	Short Term Loan via sanction letter dated July 11, 2008	30.00	25.40	Effective rate of interest is 13%	First charge on the equipment to be funded by the term loan. **<u>Guarantee</u>** Personal Guarantee of Mr. Mahesh Reddy.
			2,420.00	**1,618.93**		

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A.(ii) Loans taken for Purchase of Machinery from SREI Infrastructure Finance Limited

Sr.No.	DR No.	Asset	Asset Cost	Finance Amt	AIRR (%)	Comm. Date	1st Ren Date	Last Ren Date	EMI AMT.	Outstanding Amt on 01.09.2008
1	HP0002797	Volvo EC 240 Excavator	59,92,500	53,93,000	7.01	1-Nov-05	1-Jan-06	1-Oct-08	176350	566491
2	HP0002792	Volvo EC 240 Excavator	59,92,500	53,93,000	7.01	1-Nov-05	1-Jan-06	1-Oct-08	176350	566641
3	HL0010539	Doosan Daewoo Solar 300LC-V Excavator	2,10,00,000	1,78,50,000	12.02	1-Feb-07	1-Mar-07	1-Jan-10	598500	9794051
4	HL0005712	Doosan Daewoo Solar 300LC-V Excavator	2,02,50,000	1,82,25,000	8.99	1-Apr-06	1-May-06	1-Mar-09	594000	4556345
5	HL0004175	Concrete Paver	66,02,400	52,72,400	11	1-Dec-05	1-Feb-06	1-Nov-08	182855	722892
6	HL0018588	Volvo Dumper	3,18,75,000	2,86,87,500	12.11	8-Feb-08	8-Apr-08	8-Jan-11	1010935	25541766
7	HL0018390	150 TPH Curshing & screening Plant	2,51,96,956	2,51,96,956	8.88	1-Jan-08	8-Apr-08	8-Feb-11	819815	22463541
8	HL0017970	Shantui Bull Dozer	57,50,000	51,75,000	9.54	1-Dec-07	8-Apr-08	8-Jan-11	175725	5174728
9	HL0017473	AL 2516	52,00,947	52,00,947	12.49	8-Dec-07	8-Apr-08	8-Jan-11	184350	4631825
10	HL0017469	Volvo Hydraulic Excavator EC460 BLC	2,55,84,000	2,55,84,000	9.98	8-Dec-07	8-Apr-08	8-Feb-11	845650	22824534
11	HL0015776	AL 2516	3,12,14,655	2,60,67,780	11.98	1-Oct-07	8-Apr-08	8-Jan-11	917290	23319168
12	HL0015335	AL 2516	3,12,14,655	2,60,67,780	11.99	8-Sep-07	8-Nov-07	8-Aug-10	917290	19830331
13	HL0010626	LPK 2530 Novus Scoop Type Body	4,92,00,000	3,28,00,000	12.02	8-Feb-07	8-Mar-07	8-Jan-10	1099760	17997000
14	HL0012044	Volvo Excavator Model EC 290B	5,88,00,000	5,29,20,000	8.97	15-Mar-07	15-Apr-07	15-Feb-10	1724780	31218454
15	HL0009153	Tata Tipper	3,48,16,000	2,78,50,000	11	15-Nov-06	15-Dec-06	15-Oct-09	933800	13837475
16	HL0004383	Volvo EC 240 Excavator	59,92,500	59,92,500	6.66	15-Dec-05	15-Jan-06	15-Nov-08	188855	1418839
17	HL0004381	Volvo Excavator Model EC 360B	91,54,500	91,54,500	6.66	15-Dec-05	15-Jan-06	15-Nov-08	288505	293656
18	HP0002930	DG SET	18,96,750	15,17,400	10.51	22-Jan-06	22-Feb-06	22-Dec-08	50520	31251084
19	HL0008422	Schwing Stetter BP 350 D Concrete Pump	19,53,619	16,60,576	12	22-Sep-06	22-Oct-06	22-Aug-09	56468	677701
20	HL0005224	Escorts Vib. Compactor 5250 EC	23,43,750	19,92,000	10.02	22-Feb-06	22-Mar-06	22-Jan-09	65850	429449
21	HL0004868	Schwing Stetter Transit Mixer	86,97,943	72,48,689	10.51	22-Jan-06	22-Feb-06	22-Dec-08	241335	1404583
TOTAL										**238,520,554**

The total loans outstanding against the purchase of the above machinery from SREI Infrastructure and Finance Ltd. as on September 01, 2008 is Rs. 238.52 mn

The key terms of the Agreement entered into with SREI Infrastructure and Finance Ltd for all the above loans are as under:

1. Mr. Mahesh Reddy is a guarantor for all the machinery purchased
2. Prepayment entails 4% premium over and above the loan amount repaid.
3. The Asset is charged and hypothecated to the Loan Company.
4. In case of default, the loan company has the right to convert the outstanding amount into fully paid equity shares of the company at par. There has been no default till now and hence this right of conversion has not become enforceable.

A(iii) Purchase of Machinery with finance facility from Tata Finance Ltd.

The Company has purchased machinery on hire purchase basis from the following Tata Finance against which there are outstanding of Rs. 5.43 mn.

Machinery	No. of Machinery	Sanctioned Amount	Outstanding as on September 10, 2008. Rs.
Tata Wheel Loader	2	5,400,000	4,099,466
Tata JD 315V	1	1,750,000	1,328,543
Total			**5,428,009**

A (iv) Purchase of Vehicles

The Company has purchased Vehicles on hire purchase basis from the following banks against which there are outstanding of Rs. 5.14 mn.

Name of the Bank	No. of Vehicles	Sanctioned Amount	Outstanding as on September 10, 2008. Rs.
Bank of Punjab	SUVs – TUSCON		478,137
ICICI Bank	6 cars and 5 SUVs		4,665,210
Total			**5,143,347**

B. Bank Guarantees

The Company being a contracting company has issued bank guarantees to various parties from whom it has received contracts. The Company has Bank guarantee facility from Bank of Maharashtra of up to Rs. 200 million, State bank of India of upto Rs. 1,150 million, Yes Bank of up to Rs. 300 million and Barclays Bank of upto Rs. 130 mn. Against this facility the guarantees utilised as on September 10, 2008 as per the statement of the respective bank are ; State Bank of India – Rs. 681.23 mn, Bank of Maharashtra Rs. 193.32 mn. State Bank of India has also issued letters of Credit of Rs. 13.02 mn; Yes Bank Rs 144. 8 mn. The Total outstanding bank Gaurantee as on September 10, 2008 is Rs. 1032.37 mn.

Restrictive Covenants under the lenders' agreements:

The financing agreements with our lenders contain restrictive covenants that require us to maintain certain financial ratios and may require us to seek the prior permission of these banks/financial institutions for various activities, including, inter alia:

- undertaking or formulating any scheme of any acquisition, merger or reconstruction,
- changing the capital structure,
- undertaking capital expenditure,

- undertaking guarantee obligation on behalf of other entity, extending loans/advancements or make investments, incurring further indebtedness,
- any restructuring, charging / selling/ transferring or disposing assets of the Company in any manner including by way of lien, hypothecation, mortgage, pledge or other encumbrance whatsoever on any of the properties, assets, actionable claims of the Company which constitute securities in favor of other entities, nor create any security ranking pari passu with or subject to the security created,
- declaring or paying any dividends including in excess of profit for the relative year and if any instalment(s) on interest on term loans is in arrears.
- changing the ownership or management of the Company,
- charging its title documents or creating any form of additional charge,
- enlarging the scope of activities already undertaken by the Company,
- investing in the deposits, loans or share capital of any other concern or varying the shareholdings of the Directors, Principal shareholders and Promoters,
- the Borrower shall not receive, compound or realize any of the hypothecated goods/debts nor do anything whereby the recovery of the same may be impeded, delayed or prevented.

The lenders also have certain affirmative rights available to them under the loan agreements such as, inter alia:

- the power to appoint /remove nominee Directors from the Board of Directors (who shall not be liable to retire by rotation or possess any share qualification),
- the right to appoint their nominee as Receiver without resorting to a court of law to take possession of the properties of the Company held/ to be held by the lender as security for the obligation,
- the Company shall make alterations in its Memorandum and Articles of Association or its capital structure as required by the lender,
- the lender shall be free to suitably modify the covenants detailed above whenever considered necessary with a notice period of 30 days and shall also be appointed as the Attorney of the Borrower with respect to the security,
- the lender may sell the loan together with the security to any bank or institution unconditionally and any short fall in the repayment shall be met by the promoters and the Company from their own resources or be entitled to recover the outstanding dues from the other assets and properties of the Company if the proceeds arising form the sale/ disposal of the security pledged be insufficient to cover such outstanding amounts,
- the lender will also have indisputable right of attachment of such assets of the Company which may constitute sufficient security, the right to receive any other security in such form and value as may be required by the lender from time to time in amounts and values sufficient at all times in the opinion of the lender to secure the payment of the obligations of the Company.

B. UNSECURED LOANS

Our Unsecured Loans comprise of 15.226 mn Unsecured Fully Convertible Debentures ("FCDs") of the face Value of Rs. 70/- each issued to Grants Investment Limited, Mauritius. These FCDs were originally issued at a price of Rs. 100/- per FCD on the date of allotment as indicated in the following table and were reduced to Rs. 70/- per FCD pursuant to the amendment agreement dated September 29, 2008. The Residual Value of the FCDs shall be appropriated towards the share premium on the shares issued on conversion as explained in footnote (b) of "Capital Structure" on page 15 of the DRHP for other terms of the FCDs.

Series	Date of allotment	Nos. of FCDs (in mn)	Residual Value of FCDs of Rs. 70/- per FCD on September 29, 2008 (Rs. Mn)	Interest on the residual value of the FCD (%)*
Series A	October 22, 2006	5,226,000	365.820	15.28
Series B	July 25, 2007	5,000,000	350.000	15.82
Series C	November 03, 2007	5,000,000	350. 000	15.66
Total		15,226,000	1,065.820	

*The stated interest is payable with effect from April 01, 2008 on the outstanding face value of the FCDs on the date of payment of interest on the FCDs or date of appropriation to share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with, our audited financial statements for the year ended March 31, 2008 and our audited financial statements for the fiscal years 2008, 2007 2006 and 2005 including the schedules, annexure and notes thereto and the reports thereon. Our audited financial statements are prepared in accordance with Indian GAAP. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve month period ended March 31 of that year.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see "Forward-Looking Statements" and "Risk Factors".

Overview

We are a contracting company in the infrastructure, irrigation, excavation and raising of minerals, industrial construction and housing sector. We have been executing contracts for:

(a) Site preparation, drilling, excavation, loading and transportation of minerals such as coal, limestone, lignite and iron ore;
(b) Construction of irrigation infrastructure; and
(c) Construction of roads, buildings and other civil structures

Our total income for the fiscal year 2007 and fiscal year 2008 was Rs. 3,095.47 millions and Rs. 5874.43 millions, respectively, and adjusted profit after tax for the fiscal year 2007 and fiscal year 2008 was Rs. 247.25 millions and Rs. 354.43 millions, respectively thus reflects a growth of 89.77% in our total income and 43.35% in our profit after tax, on a year to year basis.

The small projects executed in the past have now qualified us to bid for large excavation and raising of minerals, irrigation and construction contracts. This has helped Our Company to enjoy an exponential topline CAGR of 184.90% and adjusted profit CAGR of 297.01% over the last three financial years.

We undertake long term contracts for excavation and raising of minerals such as coal, limestone, lignite and iron ore. One of our largest orders was a contract by Singareni Collieries Company Limited, a government enterprise, for a value of Rs. 2025.38 millions which was to be executed over a period of five years for removal of over-burden from the coal mines at Koyagudem, Andhra Pradesh.

Recently, we have received a Letter of Intent on September 16, 2008 for 86.003 LBCM of coal/ shale extraction from Singareni Collieries Company Limited once again. The duration of this project is 6 years. We have been involved in limestone excavation since 1996 in mines leased by cement companies. We have also been involved in iron ore excavation since 2003-2004.

The government at centre and state level has announced various river linking projects. In order to target the opportunities arising in irrigation sector in India, we commenced undertaking contracts for construction of irrigation infrastructure in 2005. Our key ongoing irrigation infrastructure contracts are package no 49, 50 and 51 of Polavaram Indira Sagar Lift Irrigation Project, Handri Neeva Sujala Shravanti (HNSS) Project, Package 1, NSP Tail Pond Link canal at Dummugudem, Middle Cauver and Basin Circle Trichy under World Bank assistance. We have also entered into pre-bid joint ventures with other companies and submitted bid for large irrigation project.

We also undertake contracts for construction of roads, buildings and industrial structures. Our clients include the Central and State Government and/or its undertakings, quasi-governmental bodies and Body Corporates. Presently, some of the key contracts being executed by us are the refinery project of MRPL of Rs. 761.72 mn, Uranium Corporation of India Limited of Rs. 225.25 mn, Construction of Roads for Tadipatri Municipality area for Rs.335.34 million, etc.

As on September 27, 2008, Our Company had 1325 on its roll. We employ sophisticated equipment while executing our contracts. We believe our employee resources and fleet of equipment, along with our engineering skills and capabilities enable us to successfully implement a wide variety of projects with varying degrees of complexity.

Some of the clients for whom we have executed contracts in the past include Government of India – Department of Atomic Energy, Bridgestone ACC India Ltd., Chennai Petroleum Corporation Ltd, Indian School of Business, Mishra Dhatu Nigam Ltd., Reliance Engineering Associates Pvt. Ltd., Power Grid Corporation of India Ltd., Larsen & Toubro Ltd., Essar Projects Ltd etc.

Our outstanding work order book (including LOI), at the end of fiscal year 2008 has grown to Rs. 9,133 millions and it was strengthened further by Rs. 3,335 millions of work orders and LOI during the four months from 1st April 2008 to 31st July 2008.

Significant Developments Subsequent To the Last Financial Year

We were in receipt of 5 new work orders worth Rs. 3335.3 millions from April 1, 2008 till September 28, 2008. Further we have also received 1 LOI from Singareni Collieries Company for 86.003 LBCM of coal/ shale extraction during the said period.
FCDs have been converted on September 29, 2008 as described in the chapter "Capital Structure" on page 15 of this DRHP.

Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

Growth of the Infrastructure Sector in India

The economic condition of India has a direct impact on our income as all our businesses and operations are located in India and all our income is derived from India. We believe that the Indian economy will continue to grow over the next few years. We believe that the GoI and state governments will continue to focus on infrastructure sector, which will result in the development of more structured and comprehensive infrastructure policies that encourage greater private sector participation as well as the greater availability of funding for infrastructure projects from international and multilateral development financial institutions. This growth of infrastructure projects in India will have a significant impact on our prospects and results of operations.

Execution Capabilities

Our business is significantly dependant on our ability to mobilise equipments and materials in a timely manner. The failure to execute contracts on time can adversely affect our goodwill, increase financing costs, lead to us exceeding our forecasted budget or result in delayed payment to us or invoke penalty clauses. Under the terms of most of our contracts, we are responsible for obtaining relevant government approvals, licences, clearances and consents, the delay in grant and/or renewal of which could impact execution timelines.

Competitive Pressures and Margins

We operate in a competitive environment. Our competition varies depending on the size, nature and complexity of the project. We compete against various excavation and raising, contracting and infrastructure construction companies. Majority of our contracts are obtained through a competitive bidding process and satisfaction of other prescribed pre-qualification criteria. While many factors affect the client decisions, price is a key deciding factor in most of the tender award, which in certain cases may lead us to accept lower margins in order to be competitive in our bid. We may be unable to compete with larger contracting and construction companies, many of whom may have greater financial resources, economies of scale and operating efficiencies. If we are unable to bid for and win irrigation and other infrastructure construction projects or excavation and raising projects, or compete with our competitors, we could fail to increase, or maintain, our volume of Orderbook which may have an adverse effect on our business, financial condition and results of operations.

Ability to Attract and Retain Skilled Employees

Our industry is currently experiencing a shortage of skilled employees. As a consequence, we face competitive pressures in recruiting and retaining engineers as well as other skilled and professionally qualified employees. In future, we may need to increase the levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining the quality and number of employees that our business requires.

Ability to Pre-qualify for Construction Contracts

Generally construction contracts are awarded by government entities through a competitive bidding process and satisfaction of other prescribed pre-qualification criteria such as experience and demonstrated engineering capabilities in executing similar projects, and sufficient financial resources and ability to procure financing. For many large construction contracts, we may not always meet the pre-qualification criteria and a key factor affecting our results of operations is our ability to win construction contracts. Presently, a number of our construction contracts are sub-contracted to us by EPI, a GoI undertaking, and such contracts are executed by us on work order basis.

Results of Operations

The following table sets forth select financial data from our profit and loss account for the fiscal years 2008, 2007, 2006, 2005 and 2004 the components of which are also expressed as a percentage of total income for such periods.

	For the Fiscal Year									
	2008		**2007**		**2006**		**2005**		**2004**	
	(Rs. in Million)	**% of Total Income**	**(Rs. in Million)**	**% of Total Income**	**(Rs. in Million)**	**% of Total Income**	**(Rs. in Million)**	**% of Total Income**	**(Rs. in Million)**	**% of Total Income**
Income										
Contract Revenue	5,421.00	*92.28%*	2,880.44	*93.05%*	714.19	*94.80%*	252.64	*99.45%*	167.86	*107.62%*
Other Income	1.93	*0.03%*	4.33	*0.14%*	(0.43)	*-0.06%*	1.64	*0.64%*	0.77	*0.49%*
Increase / (Decrease) in Work-in-Progress	451.50	*7.69%*	210.70	*6.81%*	39.64	*5.26%*	(0.25)	*-0.10%*	(12.66)	*-8.12%*
Total Income	**5,874.43**	***100.00%***	**3,095.47**	***100.00%***	**753.40**	***100.00%***	**254.03**	***100.00%***	**155.97**	***100.00%***
Expenditure										
Construction Expenses	4,897.87	*83.38%*	2,513.85	*81.21%*	581.85	*77.23%*	203.26	*80.01%*	124.04	*79.53%*
Payments and Benefits to Employees	68.78	*1.17%*	29.75	*0.96%*	19.58	*2.60%*	16.53	*6.51%*	9.26	*5.94%*
Directors Remuneration	14.40	*0.25%*	6.00	*0.19%*	6.22	*0.83%*	1.08	*0.43%*	1.08	*0.69%*
Administrative & Selling Expenses	111.68	*1.90%*	56.72	*1.83%*	17.13	*2.27%*	7.27	*2.86%*	3.50	*2.24%*
Financial Charges	172.18	*2.93%*	62.50	*2.02%*	29.52	*3.92%*	3.37	*1.33%*	3.13	*2.01%*
Depreciation	60.58	*1.03%*	30.62	*0.99%*	11.59	*1.54%*	8.34	*3.28%*	6.84	*4.38%*
Miscellaneous Expenses Written Off	0.03	*0.00%*	0.03	*0.00%*	0.03	*0.00%*	0.03	*0.01%*	0.03	*0.02%*
Total Expenditure	**5,325.52**	***90.66%***	**2,699.47**	***87.21%***	**665.92**	***88.39%***	**239.88**	***94.43%***	**147.88**	***94.81%***
Profit Before Tax	548.90	*9.34%*	396.01	*12.79%*	87.48	*11.61%*	14.15	*5.57%*	8.09	*5.19%*
Current Tax	(184.17)	*-3.14%*	(130.14)	*-4.20%*	(29.07)	*-3.86%*	-	*0.00%*	-	*0.00%*
Fringe Benefit Tax	(2.48)	*-0.04%*	(0.73)	*-0.02%*	(0.31)	*-0.04%*	-	*0.00%*	-	*0.00%*
Deferred Tax	(8.79)	*-0.15%*	(3.39)	*-0.11%*	(0.89)	*-0.12%*	(1.76)	*-0.69%*	(1.71)	*-1.10%*
Prior Period Items	(18.45)	*-0.31%*	-	*0.00%*	(6.30)	*-0.84%*	0.08	*0.03%*	-	*0.00%*
Net Profit	**335.00**	***5.70%***	**261.75**	***8.46%***	**50.91**	***6.76%***	**12.47**	***4.91%***	**6.38**	***4.09%***
Adjustments	19.42	*0.33%*	(14.50)	*-0.47%*	5.92	*0.79%*	(6.81)	*-2.68%*	(2.44)	*-1.57%*
Net Profit, As Adjusted	**354.43**	***6.03%***	**247.25**	***7.99%***	**56.83**	***7.54%***	**5.66**	***2.23%***	**3.94**	***2.53%***

Income. We derive income from (a) excavation and raising of minerals for third party leaseholders, (b) development of irrigation infrastructure, (c) construction of roads, buildings and other structures, and (d) other income. We have not yet derived any revenue from contracts in the real estate sector.

Our revenues in the contracting business are substantially derived from fixed-price or lump sum contracts. Under the terms of fixed-price or lump sum contracts, we typically agree to a fixed price for providing civil construction services provided by us, or in the case of turn-key contracts, completed facilities which are delivered in a ready to operate condition. Typically, our contracts provide for price escalation clauses. The actual expense for executing contracts may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated changes in the engineering design of the project, unanticipated increases in the cost of equipment, material or labour, delays associated with the delivery of equipment and materials to the project site, unforeseen construction conditions, delays caused by local weather conditions and suppliers' or subcontractors' failure to perform.

Our other income includes income from leasing of machinery, interest income from investments and bank deposits, interest on income tax refund, profits from sale of machinery and other miscellaneous income.

Our increase in stock income includes the increase in work-in-progress.

Our total income was Rs 5874.43 million for the fiscal year 2008 as compared to Rs. 3,095.47 million for the fiscal year 2007 as compared to Rs. 753.40 million for the fiscal year 2006 and Rs. 254.03 million for the fiscal year 2005 and Rs. 155.97 million for the fiscal year 2004, representing a CAGR of 184.90% for the last three financial years, along with year over year increases of 89.77%, 310.87%, 196.58% and 62.87%, respectively. The increase in our total income for the fiscal year 2008 was comparatively more than such increase in fiscal year 2007 primarily due to the increase in revenue from site clearing contracts completed for IISCO, irrigation and earthwork contract works undertaken for Indira Sagar Left Main Canal, Polavaram, Pendekallu Balancing reservoir, construction of dwelling units for Indian Air Force, excavation and raising of minerals works for India Cements, Tadipatri Cement Road, and site grading works for Maheswari Ispat Ltd., Paharpur Cooling Towers Limited, Omaxe Limited etc.

Expenditure. Our total expenditure consists of construction expenses, payments and benefits to employees, administrative and selling expenses, financial charges and directors remuneration. Our total expenditure as a percentage of our total income was 90.66%, 87.21%, 88.39%, 94.43% and 94.81% for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively.

Construction Expenses. Our construction expenses consist of purchase of construction and other materials, purchase of land, drilling and grouting charges, machinery and other repairs and maintenance, fuel expenses, hire charges, labour charges, lease rental, transportation expenses, vehicle maintenance, site staff maintenance and sub contract maintenance charges. Our construction expenses have increased over the past five fiscal years as a result of the growth of our business and operations. Our construction expenses accounted for 83.38%, 81.21%, 77.23%, 80.01% and 79.53% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively.

Payments and Benefits to Employees. Our payments and benefits to employees consists of salaries and wages, bonuses, ex-gratia payments to our officers and employees and statutory payments. Our employees cost was 1.17%, 0.96%, 2.60%, 6.51% and 5.94% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively. This is primarily due to increasing mechanization.

Administrative and Selling Expenses. Our administrative and selling expenses consist of rent paid, books and periodicals, printing and stationary charges, insurance charges, business development expenses, tender expenses, office maintenance expenses, charges paid for consultation and professional charges, interest on taxes and other miscellaneous administrative expense. Our administrative and selling expenses accounted for 1.90%, 1.83%, 2.27%, 2.86% and 2.24% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively.

Financial Charges. Financial charges consist of interest paid on term loans, bank credit and overdraft facilities and commission paid for bank guarantees furnished by banks and financial institutions. Financial charges accounted for 2.93%, 2.02%, 3.92%, 1.33% and 2.01% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively.

Directors Remuneration. Directors remuneration consists of remuneration and other benefits paid to our directors. Our directors remuneration was 0.25%, 0.19%, 0.83%, 0.43% and 0.69% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively.

Depreciation. Depreciation accounted for 1.03%, 0.99%, 1.54%, 3.28% and 4.38% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively. The following table provides the depreciation rates for our tangible assets as of March 31, 2008:

Assets	**Annual Depreciation Rate**
Plants and Machinery	11.31%
Office Equipment	4.75%
Motor Vehicles	9.50%
Interiors, Furniture and Fixtures	6.33%
Computers and Electronic Goods	16.21%

Miscellaneous Expenses Written Off. Miscellaneous expenses written off relates to pre-operative expenses incurred in connection with our incorporation.

Loss on Sale of Machinery. Loss on sale of machinery relates to losses incurred from sale of certain old construction equipment.

Taxation. Taxes accounted for 3.02%, 4.79%, 3.27%, 3.42% and 2.57% of our total income for the fiscal years 2008, 2007, 2006, 2005 and 2004, respectively. We provide for current taxes, comprising of income tax, and fringe benefit tax, as well as deferred taxes. Current tax rates applicable to us for the fiscal year 2008 are as follows:

Type of Tax	**Rate**
Corporate Income Tax on Normal Income	**30%**
Surcharge on Corporate Income Tax and Minimum Alternate Tax *Applicable only if income exceeds Rs. 1 crores	**10%**
Education Cess on Corporate Income Tax, Minimum Alternate Tax and Surcharge	**2%**
Secondary and Higher Education Cess	**1%**

Fiscal Year 2008 Compared to Fiscal Year 2007

Our results of operations for the fiscal year 2008 were particularly influenced by the following factors:

- the growth of our businesses and execution of certain large contracts;
- increase in operating expenditure and equipment cost; and
- receipt of 21 new orders

Income. Our contract revenue increased by 88.20% to Rs. 5421 million for the fiscal year 2008 from Rs. 2,880.44 million for the fiscal year 2007, primarily due to the increase in revenue from site clearing contracts completed for IISCO, irrigation and earthwork contract works undertaken for Indira Sagar Left Main Canal, Polavaram, Pendekallu Balancing reservoir, construction of dwelling units for Indian Air Force, excavation and raising of minerals works for India Cements, Tadipatri Cement Road, and site grading works for Maheswari Ispat Ltd., Paharpur Cooling Towers Limited, Omaxe Limited etc.

Our other income decreased to Rs. 1.93 million for the fiscal year 2008 from Rs. 4.33 million for the fiscal year 2007, primarily due to loss incurred on sale of obsolete machinery and reduction in miscellaneous income mainly comprising of interest on Fixed Deposits placed as margin for Bank Guarantees. Our work-in-progress increased by 114.28% to Rs. 451.50 million for the fiscal year 2008 from Rs. 210.70 million for the fiscal year 2007, primarily due to the growth of our business and operations.

Construction Expenses. Our construction expenses increased by 94.84% to Rs. 4,897.87 million for the fiscal year 2008 from Rs. 2513.85 million for the fiscal year 2007, due to the growth of our business and operations. Our construction expenses in the year 2008 constitute 83.38% of our total revenue as against 81.21% in the year 2007. The increase in consumption cost of raw materials comprising primarily of cement, steel, metal, sand and others is due to the upward increase in the procurement costs of these items in the year under review.

Payments and Benefits to Employees. Our payments and benefits to employees cost increased by 131.19% to Rs. 68.78 million for the fiscal year 2008 from Rs. 29.75 million for the fiscal year 2007, This was due to an increase in the number of employees to 1302 in fiscal 2008 from 820 in fiscal 2007. Further, there was an upward revision in the salary paid to the employees to be at par with the industry norms.

Administrative and Selling Expenses. Our administrative and selling expenses increased by 96.90% to Rs111.68 million for the fiscal year 2008 from Rs. 56.72 million for the fiscal year 2007, an increase of approximately Rs. 54.96 million out of which Rs. 19.83 was due to provision for bad debts. Due to the increase in turnover, the expenses, in percentage terms of total income, have remained steady over the two years. Primarily administrative and selling expenses consist of consultancy and professional charges as well as business development, promotional expenses, travelling expenses, office maintenance, and other miscellaneous expenses.

Financial Charges. Our financial charges increased by 175.51% to Rs. 172.18 million for the fiscal year 2008 from Rs. 62.50 million for the fiscal year 2007, primarily due to an increase in bank charges and bank guarantee commission and increase in working capital limits sanctioned and availed from Bankers.

Directors Remuneration. Our directors remuneration cost increased by 140% to Rs. 14.40 million for the fiscal year 2008 from Rs. 6.00 million for the fiscal year 2007, due to revision in remuneration. Given the growth achieved by the Company during the past years, the remuneration payable to the Directors was revised upwards as per the responsibilities shouldered by them as well as bringing it on par with industry standards.

Depreciation. Our depreciation costs increased by 92.84% to Rs. 59.61 million for the fiscal year 2008 from Rs. 30.91 million for the fiscal year 2007, primarily due to a 126.45% increase in gross block i.e. machinery and other fixed assets such as excavators, dumpers and other vehicles.

Taxation. Our taxes increased by 19.73% to Rs. 177.34 million for the fiscal year 2008 from Rs. 148.12 million for the fiscal year 2007, due to an increase in our current tax liability which is in line with profit before tax as well as due to increase in fringe benefits provided to employees, an increase of 239.38% as compared to the previous year.

Adjusted Profit After Tax. Our profit after tax increased by 43.35% to Rs.354.43 million for the fiscal year 2008 from Rs. 247.25 million for the fiscal year 2007. Leakages were primarily due to increase in construction expenses on account of higher cost of raw materials as well as higher interest outgo to service debt which was been taken on to finance the rapid growth of our company.

Fiscal Year 2007 Compared to Fiscal Year 2006

Our results of operations for the fiscal year 2007 were particularly influenced by the following factors:

- the growth of our businesses and execution of certain large contracts;
- increase in operating expenditure and equipment cost; and
- addition of 13 new clients and receipt of 8 new work orders

Income. Our contract revenue increased by 303.32% to Rs. 2,880.44 million for the fiscal year 2007 from Rs. 714.19 million for the fiscal year 2006, primarily due to the increase in revenue from site clearing contract completed for IISCO and site clearing contract substantially completed for SP Singla Constructions. Our other income increased to Rs. 4.33 million for the fiscal year 2007 from Rs. -0.43 million for the fiscal year 2006, primarily due to profit from sale of machinery, income from leasing of machinery and miscellaneous income. Our work-in-progress increased by 431.53% to Rs. 210.70 million for the fiscal year 2007 from Rs. 39.64 million for the fiscal year 2006, primarily due to the growth of our business and operations.

Construction Expenses. Our construction expenses increased by 332.04% to Rs. 2,513.85 million for the fiscal year 2007 from Rs. 581.85 million for the fiscal year 2006, primarily due to the growth of our business and operations resulting in the increase in raw materials consumed, increase in lease rentals paid, increase in expenses relating to maintenance and repair of machinery and increase in charges paid for sub-contracted work to contractors, as well as hire charges.

Payments and Benefits to Employees. Our payments and benefits to employees cost increased by 51.92% to Rs. 29.75 million for the fiscal year 2007 from Rs. 19.58 million for the fiscal year 2006, primarily due to an increase in the number of employees from 332 to 820 and yearly increase in the salaries and wages paid to our officers and employees.

Administrative and Selling Expenses. Our administrative and selling expenses increased by 231.19% to Rs. 56.72 million for the fiscal year 2007 from Rs. 17.13 million for the fiscal year 2006, primarily due to consultancy and professional charges, incurred in relation to private equity investment October 20, 2006 as well as an increases in taxes, business development, insurance charges, travelling expenses, office maintenance, other miscellaneous expenses, and donations made to temples.

Financial Charges. Our financial charges increased by 111.72% to Rs. 62.50 million for the fiscal year 2007 from Rs. 29.52 million for the fiscal year 2006, primarily due to an increase in interest paid on term loans and interest on working capital limits and increase in commissions paid to banks and financial institutions in connection with bank guarantees furnished by them. However, as a percentage of total income, financial charges have reduced to 2.02% in 2007 from 3.92% in 2006.

Directors Remuneration. Our directors remuneration cost decreased marginally by 3.54% to Rs. 6.00 million for the fiscal year 2007 from Rs. 6.22 million for the fiscal year 2006, primarily due to certain benefits not availed by our directors.

Depreciation. Our depreciation costs increased by 92.84% to Rs. 59.61 million for the fiscal year 2007 from Rs. 30.91 million for the fiscal year 2006, primarily due to addition of machinery and other fixed assets. Our additions to machinery and other fixed assets for the fiscal year 2007 included excavators, dumpers and other vehicles.

Taxation. Our taxes increased by 500.56% to Rs. 148.12 million for the fiscal year 2007 from Rs. 24.66 million for the fiscal year 2006, primarily due to an increase in our current tax liability which is in line with profit before tax. Our effective tax rate for the fiscal year 2007 was 24.54% as compared to 29.40% for the fiscal year 2006.

Adjusted Profit After Tax. Our profit after tax increased by 335.07% to Rs. 247.25 million for the fiscal year 2007 from Rs. 56.83 million for the fiscal year 2006.

Fiscal Year 2006 Compared to Fiscal Year 2005

Our results of operations for the fiscal year 2006 were particularly affected by the following factors:

- award of certain large contracts in the irrigation infrastructure construction business such as the construction of left main canal of the Indira Sagar project and construction at the Pendekallu Balancing Reservoir;
- increase in operating expenditure and equipment costs; and
- addition of 11 new clients and receipt of 9 new work orders

Income. Our contract revenue increased by 182.69% to Rs. 714.19 million for the fiscal year 2006 from Rs. 252.64 million for the fiscal year 2005, primarily due to revenue from our irrigation infrastructure construction projects such as the construction of left main canal of the Indira Sagar project for Rs. 1,529.30 million and construction at Pendakallu Balancing Reservoir for Rs. 756.90 million, and excavation and raising works, which were carried out during fiscal year 2007. Our other income decreased to Rs. -0.43 million for the fiscal year 2006 from Rs. 1.64 million for the fiscal year 2005, primarily due to decrease in revenue from sub-contract commission. Our work-in-progress increased to Rs. 39.64 million for the fiscal year 2006 from a deficit of Rs. 0.25 million for the fiscal year 2005, primarily due to expenditure incurred for the existing and new projects for which we have not yet received payment.

Construction Expenses. Our construction expenses increased by 186.26% to Rs. 581.85 million for the fiscal year 2006 from Rs. 203.26 million for the fiscal year 2005, primarily due to the increase in raw materials consumed, drilling and grouting expenses, an increase in the cost of maintenance and repair of machinery, fuel expenses, hire charges and transportation expenses.

Payments and Benefits to Employees. Our payments and benefits to employees cost increased by 18.49% to Rs. 19.58 million for the fiscal year 2006 from Rs. 16.53 million for the fiscal year 2005, primarily due to an increase in the number of employees from 125 to 332 and a normal increase in the salaries and wages paid to our officers and employees.

Administrative and Selling Expenses. Our administrative and selling expenses increased by 135.51% to Rs. 17.13 million for the fiscal year 2006 from Rs. 7.27 million for the fiscal year 2005, primarily due to an increase in rates and taxes, travelling expenses, consultancy and professional charges incurred.

Financial Charges. Our financial charges increased by 776.49% to Rs. 29.52 million for the fiscal year 2006 from Rs. 3.37 million for the fiscal year 2005, primarily due to an increase in interest paid on term loans, working capital limits and commissions paid to banks and financial institutions in connection with bank guarantees furnished by them. The term loans have risen to Rs. 405.45 million from Rs. 31.31 million. A major chunk is a loan taken from Deewan Housing Finance of Rs. 187.61 million. There has also been an increase in the working capital loan to the tune of Rs. 126.24 million from State Bank of India. Further additional vehicle/ machinery loans were also taken raising the aggregate amount to Rs. 76.36 million in fiscal 2006 compared to 16.09 million in fiscal 2005.

Directors Remuneration. Our directors remuneration cost increased to Rs. 6.22 million for the fiscal year 2006 from Rs. 1.08 million for the fiscal year 2005.

Depreciation. Our depreciation costs increased by 38.32% to Rs. 11.88 million for the fiscal year 2006 from Rs. 8.59 million for the fiscal year 2005, primarily due to addition of machinery and other fixed assets. Our additions to machinery and other fixed assets for the fiscal year 2006 included dumpers, excavators and other vehicles.

Taxation. Our taxes increased by 184.22% to Rs. 24.66 million for the fiscal year 2006 from Rs. 8.68 million for the fiscal year 2005, primarily on account of higher profits.

Adjusted Profit After Tax. Our profit after tax increased by 903.33% to Rs. 56.83 million for the fiscal year 2006 from Rs. 5.66 million for the fiscal year 2005.

Fiscal Year 2005 Compared to Fiscal Year 2004

Our results of operations for the fiscal year 2005 were particularly affected by the following factors:

- award of new construction and raising and excavation contracts; and
- addition of 2 new clients and receipt of 8 new work orders

Income. Our contract revenue increased by 50.51% to Rs. 252.64 million for the fiscal year 2005 from Rs. 167.86 million for the fiscal year 2004, primarily due to an increase in raising and excavation and construction operations. Our other income increased by 112.43% to Rs. 1.64 million for the fiscal year 2005 from Rs. 0.77 million for the fiscal year 2004, primarily due to income from leasing of machinery, commission on sub-contracts and miscellaneous income.

Construction Expenses. Our construction expenses increased by 63.86% to Rs. 203.26 million for the fiscal year 2005 from Rs. 124.04 million for the fiscal year 2004, primarily due to the increase in raw materials consumed, , an increase in the cost of repair and maintenance of machinery and vehicles, fuel expenses, hire charges and transportation expenses.

Payments and Benefits to Employees. Our payments and benefits to employees cost increased by 78.45% to Rs. 16.53 million for the fiscal year 2005 from Rs. 9.26 million for the fiscal year 2004, primarily due to an increase in the number of employees from to 125 and a normal increase in the salaries and wages paid to our officers and employees.

Administrative and Selling Expenses. Our administrative and selling expenses increased by 107.83% to Rs. 7.27 million for the fiscal year 2005 from Rs. 3.50 million for the fiscal year 2004, primarily due to an increase in travelling expenses, conveyance charges, an increase rents, taxes, telephone expenses and office maintenance.

Financial Charges. Our financial charges increased by 7.59% to Rs. 3.37 million for the fiscal year 2005 from Rs. 3.13 million for the fiscal year 2004, primarily due to an increase in interest paid on term loans, working capital limits and commissions paid to banks and financial institutions in connection with bank guarantees furnished by them.

Directors Remuneration. There was no change in our directors' remuneration for the fiscal year 2005.

Depreciation. Our depreciation costs increased by 23.18% to Rs. 8.59 million for the fiscal year 2005 from Rs. 6.97 million for the fiscal year 2005, primarily due to the addition of machinery and other fixed assets.

Taxation. Our taxes increased by 116.15% to Rs. 8.68 million for the fiscal year 2005 from Rs. 4.01 million for the fiscal year 2004, primarily on account of higher profits.

Adjusted Profit After Tax. Our profit after tax increased by 43.77% to Rs. 5.66 million for the fiscal year 2005 from Rs. 3.94 million for the fiscal year 2004.

Analysis Of Reasons For The Changes In Significant Items Of Income And Expenditure

Unusual or infrequent events or transactions

Our company issued FCDs of a total value of Rs. 1522.6 million across three tranches during the financial years 2006-07 and 2007-08.

Significant economic changes that materially affected or are likely to affect income from continuing operations
Government owned mining companies like Singareni Collieries Company Limited, Coal India Limited are looking to corporates like our company for excavation of their mines, which hitherto was not occurring. This trend is expected to continue and also big steel companies who have captive mines allocated to them by the government are following a similar trend and looking towards companies like ours which have rich experience in removal of over burden and excavation.

There is a broad positive trend for irrigation development in Andhra Pradesh with the government according top priority to the sector, which has resulted in our company securing new projects during the past two years.

During fiscal 2008, our margins were slightly impacted by hike in prices of raw materials like cement, steel, and other construction material. While we were insulated to maximum extent because of the presence of price escalation clauses

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 as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in 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.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known
Other than as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operation and finances.

Extent to which material increases in net sales or revenues or due to increased sales volume, introduction of new products or services or increased sales prices.
Other than as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operation and finances.

Total turnover of each major industry segment in which the issuer company operated
The company does not follow segment wise accounts policy

Status of any publicly announced new products or business segment.
Other than as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Red Herring Prospectus, to our knowledge there have been no new products or business segments

Extent to which the business is seasonal
Our operations may be adversely affected by difficult working conditions during the summer months and during monsoon season that restrict our ability to carry on construction activities and fully utilise our resources. However, overall, our results of operations do not exhibit any significant seasonality.

Any significant dependence on a single or few suppliers or customers
For details, please refer to the sections “Risk Factors” and “Business” in this Draft Red Herring Prospectus.

Competitive conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections "Risk Factors" and "Our Business" on pages I and 55 respectively in this Draft Red Herring Prospectus.

Financial Condition, Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives.

Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have historically financed our capital requirements primarily through funds generated from our operations and financing from banks, financial institutions [and other companies] in the form of term loans, credit and overdraft facilities and deposits. Our primary capital requirements have been to finance purchases of equipment and machinery and construction of projects, capital expenditures for expansions of our existing businesses, as well as other capital expenditure and working capital requirements.

Cash Flows

The table below summarises our cash flows for the fiscal years 2008, 2007, 2006 and 2005:

(Rs. in Millions)	**For the Fiscal Year**			
	2008	**2007**	**2006**	**2005**
Net cash generated from / (used in) operating activities	(1,286.10)	(394.41)	(272.56)	13.74
Net cash generated from / (used in) investing activities	(517.02)	(249.20)	(86.64)	(16.54)
Net cash generated from / (used in) financing activities	1,821.20	680.12	363.33	1.82
Net increase/ (decrease) in cash and cash equivalents	18.08	36.51	4.13	(0.97)

Cash and cash equivalents increased to Rs. 18.08 million as of fiscal year 2008 from Rs. 36.51 million as of fiscal year 2007. [Cash in form of bank deposits, current account balances and cash on hand represents our cash and cash equivalents.]

Cash Flow from Operating Activities.

Net cash used in operating activities was Rs. 1286.10 million for the fiscal year 2008, primarily as a result of increase in net working capital. Net cash used in operating activities consisted of profit before tax of Rs. 568.33 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 59.61 million, and other items, primarily interest and commission charges paid to financial institutions of Rs. 49.13 million, and changes in working capital, such as increases in inventories of Rs. 339.07 million, trade and other receivables of Rs. 1063.09 million and trade and other payables of Rs. 64.45 million.

Net cash used in operating activities was Rs. 394.41 million for the fiscal year 2007, primarily as a result of increase in net working capital. Net cash used in operating activities consisted of profit before tax of Rs. 381.51 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 30.91 million, and other items, primarily interest and commission charges paid to financial institutions of Rs. 33.97 million, and changes in working capital, such as increases in inventories of Rs. 69.12 million, trade and other receivables of Rs. 33.76 million and trade and other payables of Rs. 127.92 million.

Net cash used in operating activities was Rs. 272.56 million for the fiscal year 2006, primarily as a result of increase in net working capital. Net cash used in operating activities consisted of profit before tax of Rs. 93.40 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 11.88 million, and other items, primarily interest and commission charges paid to financial institutions of Rs. 10.81 million, and changes in working capital, such as increases in inventories of Rs. 222.17 million, trade and other receivables of Rs. 91.82 million and trade and other payables of Rs. 29.66 million.

Net cash generated from operating activities was Rs. 13.74 million for the fiscal year 2005, primarily as a result of internal accruals. Net cash generated from operating activities consisted of profit before tax of Rs. 7.34 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 8.59 million, and other items, primarily interest and commission charges paid to financial institutions of Rs. 1.12 million, and changes in working capital, such as loans and advances of Rs. 19.63 million and trade and other receivables of Rs. 7.23 million.

Cash Flow from Investing Activities.
Net cash used in investing activities was Rs. 517.02 million for the fiscal year 2008, primarily as a result of purchase of fixed assets of Rs. 531.08 million, which is partially offset by proceeds from disposal of fixed assets of Rs. 22.96 million.

Net cash used in investing activities was Rs. 249.20 million for the fiscal year 2007, primarily as a result of purchase of fixed assets of Rs. 254.47 million, which is partially offset by proceeds from disposal of fixed assets of Rs. 4.97 million.

Net cash used in investing activities was Rs. 86.64 million for the fiscal year 2006, primarily as a result of purchase of fixed assets of Rs. 89.50 million, which is partially offset by proceeds from disposal of fixed assets of Rs. 2.38 million.

Net cash used in investing activities was Rs. 16.54 million for the fiscal year 2005, primarily as a result of purchase of fixed assets of Rs. 19.93 million, which is partially offset by proceeds from disposal of fixed assets of Rs. 3.20 million.

Cash Flow from Financing Activities.
Net cash generated from financing activities was Rs. 1821.20 million for the fiscal year 2008, primarily as a result of proceeds from borrowings, net of repayments, of Rs. 1804.90 million and proceeds of Rs. 16.3 million from issue of convertible debentures.

Net cash generated from financing activities was Rs. 680.12 million for the fiscal year 2007 as a result of proceeds from borrowings, net of repayments, of Rs. 680.12 million.

Net cash generated from financing activities was Rs. 363.33 million for the fiscal year 2006, primarily as a result of proceeds from borrowings, net of repayments, of Rs. 363.32 million.

Net cash generated from financing activities was Rs. 1.82 million for the fiscal year 2005, primarily as a result of repayment of borrowings and finance charges of Rs. 9.24 million, which was partially funded out of the proceeds of Rs. 11.07 million from the issue of convertible debentures.

Investments

We have invested in Rs. 11.00 million in the fiscal year 2008 in our subsidiary AMR Malind. Prior to this fiscal year we haven't made any investments. As of the date of this Draft Red Herring Prospectus, we hold 23,330 equity shares of our subsidiary, AMR Malind.

Indebtedness

As on September 10, 2008 we had secured indebtedness of Rs. 2900.39 million and unsecured indebtedness, as on September 29, 2008 of Rs. 1065.82 million

For further details, please refer to the chapter "Our Indebtedness" on Page 150 of the DRHP.

Contingent Liabilities

The following table provides our contingent liabilities:

Particulars	**As at March 31** *(Rs. in Millions)*		
	2008	**2007**	**2006**
Bank Guarantees to Customers and other usual Business related requirements	465.3	148.1	9.96
Total	**465.3**	**148.1**	**9.96**

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our affiliates and certain key management members on an arm's lengths basis. Such transactions could be for provision of services, lease of assets or property, sale or purchase of equity shares or entail incurrence of indebtedness. For details of our related party transactions, see Annexure XIV to our restated audited financial statements.

Off Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodities risk. We are exposed to commodity risk, interest rate risk and credit risk in the normal course of our business.

Interest Rate Risk

Our results of operations are affected by changes in interest rates which impact interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. In addition, an increase in interest rate may adversely affect our ability to service long-term debt and to finance construction of new projects, all of which may in turn adversely affect our results of operations.

We currently have floating rate indebtedness and also maintain deposits of cash and cash equivalents with banks and other financial institutions and thus are exposed to market risk as a result of changes in interest rates. Upward fluctuations in interest rates increase the cost of both existing and new debts. Currently, we are not party to any derivative instruments to modify the nature of our exposure to floating rate indebtedness or our deposits so as to manage interest rate risk.

Commodity Price Risk

In the normal course of business, we purchase our raw materials either on a purchase order basis or pursuant to supply agreements. As a result, we are exposed to market risk with respect to the prices of these raw materials. We are exposed to variation in the prices of our raw materials, particularly our key materials such as steel and cement. Our contracts typically do not contain a price escalation provision which provide for adjustment in contract value in case of increase in cost of raw materials.

Credit Risk

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts. Debts which are outstanding for periods more than six months and are considered doubtful are fully provided for.

Foreign Exchange Risk

Changes in currency exchange rates do not influence our results of operations as our operations are conducted in India.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suit, criminal or civil prosecution, statutory or regulatory proceeding, including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, Promoters, Promoter Group companies or firms, Subsidiaries or Directors and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds, fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company, no Directors' of the Issuer, Promoter Group companies or Subsidiaries have had their names on the RBI's defaulter's list or have been proceeded against for statutory violations and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters, Promoter Group companies or firms, Subsidiaries or Directors.

Proceedings Involving the Company

Proceedings against the Company

- A suit, being O.S. No. 153 of 2007 has been filed by M/s Vengamamba Granites, proprietary concern of Mr. P. Srinivas Babu against the Company before the IV Additional District Judge at Visakhapatnam. The plaintiff has alleged default in payment of lease rentals for the period from August 2006 to December 2006 towards the machinery in the crushing unit leased by the plaintiff to the defendant and the damages caused to the crushing unit and the obstruction caused by defendant in peaceful possession and usage of the unit. The amount claimed in the suit is Rs. 8.34 million and interest at the rate of 24% from the date of filing of the suit till realization of the said amount. The plaintiff has also prayed for permanent injunction refraining the Company from interfering with the peaceful possession and enjoyment of the crushing unit. The major argument by the Company is stoppage of work due to failure of the machinery. The Company has filed a counter claim of Rs. 9.74 million for refund of advance, damages caused due to attachment of Company and third part machinery, and interest thereon. The next date of hearing is on September 19, 2008.

- A suit, being O.S.No. 152 of 2007, have been filed by one Mr. P. Srinivas Babu against the Company before the IV Additional District Judge at Visakhapatnam. The plaintiff has alleged that the defendant had agreed to pay Rs. 4.8 million in installments of Rs. 0.2 million over a period of 2 years commencing from October 2005 up to September 2007 for the sub-contracts procured by the plaintiff, and that the defendant have failed to pay the installments from January 2006. The suit is for the recovery of money alleged to be due from the Company for the period from September 2006 to September 2007 of Rs. 2.6 million and interest thereon of Rs. 0.17 million. Additionally, the plaintiff has claimed interest at the rate of 24% from the date of filing of the suit till realization of the said amount. The major argument by the Company is that the sub-contract works procured by the plaintiff are stalled indefinitely. The Company has filed a counter claim of Rs. 5.83 million and interest thereon for the period from the date of counter claim till the date of realization, for loss suffered due to attachment of Company and third party machinery. The next date of hearing is September 19, 2008.

- A suit, being O. S. No.162 of 2006, have been filed by one Mr. P. Srinivas Babu against the Company before the IV Additional District Judge at Visakhapatnam. The plaintiff has alleged that the defendant had agreed to pay Rs. 4.8 million in installments of Rs. 0.2 million over a period of 2 years commencing from October 2005 up to September 2007 for the sub-contracts procured by the plaintiff, and that the defendant have failed to pay the installments from January 2006. The suit is for the recovery of money alleged to be due from the Company for the period from January to August 2006 of Rs. 1.6 million and interest thereon of Rs. 0.14 million. Additionally, the plaintiff has claimed interest at the rate of 24% from the date of filing of the suit till realization of the said amount. The major argument by the Company is that the sub-contract works procured by the plaintiff are stalled indefinitely. The Company has filed a counter claim of Rs. 3.16 million and interest thereon for the period from the date of counter claim till the date of realization, for loss suffered due to attachment of Company and third party machinery. The next date of hearing is September 22, 2008.

Proceedings by the Company

- The Company has filed an appeal A.S.No.SR8151 of 2008 with the Andhra Pradesh High Court aggrieved by the judgment and decree dated May 2, 2008 passed by the court of the IV Additional District Judge, Visakhapatnam, for the payment of lease rentals of the machinery in the crushing unit for the period from May to July 2006 with interest at 24% p.a. from the date of the suit till the date of the decree and thereafter at 6% p.a. till the date of realization, relief of permanent injunction restraining the Company from either shifting, transferring the machinery from one location to another or from erecting, removing, re-erecting or moving the machinery within the leasehold premises, and cost of the suit, aggregating to Rs. 1.32 million. The major ground of appeal by the Company is that the court erred in appreciating the fact of stoppage of work due to failure of the machinery.

GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake this Issue and its current business activities and no further major approvals from any Government or regulatory authority, are required to undertake the Issue or continue these activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

a. In Principle Approval from BSE dated [●]

b. In Principle Approval from NSE dated [●]

c. The Board of Directors has, pursuant to resolution passed at its meeting held on September 17, 2008, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act and such other authorities as may be necessary.

d. The shareholders of the Company have, pursuant to a resolution dated September 24, 2008, under Section 81(1A) of the Companies Act, authorised the Issue.

The Company has also obtained necessary contractual approvals required for the Issue.

Approvals for the Business

We require various approvals to carry on our business in India. The approvals that we require include the following:

Sr. No	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
1.	Certificate of Incorporation No. 1 – 36617 of 2001 – 02	Registrar of Companies, Andhra Pradesh	April 25, 2001	N.A.
2.	Certificate of Commencement of Business	Registrar of Companies, Andhra Pradesh	June 04, 2001	N.A.
3.	Professional Tax – PTIN 28496024892	Commercial Tax Department, Hyderabad	February 08, 2008	Valid until cancelled
4.	Permanent Account Number – AADCA 3750 D	Department of Income Tax	April 25, 2001	Valid until cancelled
5.	Tax Deduction Number – HYDA01984D	Department of Income Tax	November 26, 2007	Valid until cancelled
6.	Contract Labour Registration for 50 workers per contractor No. ACL – I/23/2007	Registering Officer and Assistant Commissioner of Labour, Hyderabad- I	September 12, 2007	Valid until cancelled
7.	Contract Labour Registration for 100 Workers No. 135/07/CL/DLOA/07	Office of the Licensing Officer, West Bengal	December 5, 2007	December 31, 2008

8.	Contract Labour Registration for 50 Workers No. ALCB-3/CLA/P-53/08-09	Department of Labour, Office of the Assistant Labour Commissioner & Registering Offficer Bangalore Division- 4.	September 24, 2008	Valid until cancelled
9.	Shop and Establishment License No. ACL-1 /HYD /11 /2007	Inspector and Assistant Commissioner of Labour	November 23, 2007	December 31, 2008
10.	Service tax No. AADCA 3750DST001 for Site preparation and clearance	Superintendent (Service tax) Customs & Central Excise	July 29 , 2005	Valid until cancelled
11.	ESI code ESIC No. 52 – 25997 – 101	Deputy Director, ESI Corporation, Hyderabad	July 03, 2007	Valid until cancelled
12.	VAT Registration Number (TIN) 28370120559	Commercial Tax Officer	March 27, 2005 w.e.f. April 01, 2005	Valid until cancelled
13	CST Registration Number CST No. HYR/02/3/2692/2002-03	Commercial Tax Department	June 25, 2002 with effect from June 4, 2001	Valid until cancelled
14.	Dealer Registration. RC No. HYR/02/3/3991/2001-02	Assistant Commercial Tax Officer	October 27, 2001 with effect from June 4, 2001	Valid until cancelled
15.	Provident Fund No. – AP/35691/Enf-I/T-2/2007/646	Assistant Provident Fund Commissioner	December 13, 2007	Valid until cancelled
16.	Registration under Karnataka Shop and Commercial Establishments Act, 1961	W-100-CE-288-2008	January 2, 2008	December 31, 2012

Intellectual Property Related Approvals

We presently do not own any registered trademarks

We have applied for registration of the following trademark with the Registrar of Trade Marks, Chennai. The final registration is pending:

Sr. No	Trademark Name	Application No.	Date of Application	Class	Trademark Owner
1.	AMR	1622281	November 20, 2007	37	AMR Constructions Limited
2.	FROM EXCAVATION TO CREATION	1622282	November 20, 2007	37	AMR Constructions Limited

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Board of Directors has, pursuant to resolution passed at its meeting held on September 17, 2008, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

The shareholders of the Company have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, on September 24, 2008, at the registered office of the Company.

PROHIBITION BY SEBI

Our Company, our Directors, our Promoters and persons in control of the Company, the Subsidiaries, the Promoter Group companies and companies with which the Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters and the Companies in which the Directors are associated with as directors, have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past, or any proceedings are pending against them.

ELIGIBILITY FOR THE ISSUE

As per Clause 2.2.1 of SEBI Guidelines, an unlisted company may make an initial public offering of equity shares, only if it meets the both the following conditions:

a. The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets.

b. The Company has a track record of distributable profits as per Section 205 of Companies Act, for at least three out of immediately preceding five years.

   For calculating distributable profits in terms of Section 205 of the Companies Act extra-ordinary items shall not be considered;

c. The Company has a net worth of at least Rs.10 million in each of the preceding three full years of 12 months each;

d. In case the Company has changed its name within the last one year, at least 50% of the revenues for the preceding one full year is earned by the Company from the activity suggested by the new name; and

e. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer Document + firm allotment + promoters contribution through offer document) does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.

The Company's net profit, net worth, net tangible assets and monetary assets from the Restated Accounts included in this Draft Red Herring Prospectus under the Section "Financial Statements" as at and for the financial years ended March 31, 2008, 2007, 2006, 2005 and 2004 are set forth below

(in Rs. Mn)

Particulars	For the Financial Year ended		
	March 31, 2008	March 31, 2007	March 31, 2006
Net Tangible Assets	761.92	393.38	142.71
Monetary Assets	59.13	41.04	4.54
Net Monetary Asset as %age of Net Tangible Assets	12.89	9.58	31.44
Net Profit	354.43	247.25	56.83
Net Worth	751.97	381.21	133.93

Note 1: Net Tangible assets is defined as the sum of fixed assets (including work in progress), current assets (excluding deferred tax assets) less current liabilities & provisions as defined under Accounting Standard 26 issued by ICAI.

Note 2: Monetary assets includes cash in hand and bank.
Note 3: Distributable profits are as per Section 205 of Companies Act, 1956.
Note 4: Net Worth is aggregate of the Equity Share Capital and Free Reserves as reduced by Miscellaneous Expenses,if any.

We are an unlisted company complying with the condition specified in Clause 2.2.1 of the SEBI Guidelines as detailed above.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines we undertake that the number of allottees in the proposed Issue shall not be less than 1,000; otherwise, it shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 THE DRAFT RED HERRING PROSPECTUS. THE BRLM HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLM ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT 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 SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS).

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT PROMOTERS CONTRIBUTION HAVE BEEN ALREADY BROUGHT IN AND HENCE CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000 ARE NOT APPLICABLE.

8. WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION APPLICABLE TO THE ISSUER HAS BEEN COMPLIED WITH AS PER SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000.

9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.

12. INVESTORS CANNOT BE GIVEN AN OPTION TO GET THE SHARES IN THE PHYSICAL FORM AS PER SECTION 68 B OF THE COMPANIES ACT, 1956, THE ISSUE OF SHARES IN THIS PUBLIC ISSUE HAS TO BE IN THE DEMATERIALISED FORM ONLY.

13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.)

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

DISCLAIMER FROM OUR COMPANY AND THE BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, www.amrcl.com would be doing so at his/ her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the memorandum of understanding entered into between the BRLM and the Company dated [●] and the Underwriting Agreement to be entered into between the Underwriters and the Company dated [●]

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

Neither the Company nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution:

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines to acquire Equity Shares. The 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.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, the Company and their respective group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company, for which they have received, and may in future receive, compensation.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India, including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, as defined under the Indian Laws. Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs.250 million and to Non-Residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares. This Draft Red Herring Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself/ 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 only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 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, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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 our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the 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 our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No. C -4A, G – Block, Bandra Kurla Complex, Mumbai - 400 051

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Kendriya Sadan, Sultan Bazar, Hyderabad, Andhra Pradesh and a copy of the Draft Red Herring Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of the Company's Equity Shares. **[•]** shall be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company become liable to repay it (i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from such expiry of eight days, be liable to repay the monies, with interest at the rate of 15% per annum on application money as prescribed under Section 73 of the Companies Act.

The Company 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 7 Working Days of finalization and adoption of the Basis of Allotment for the Issue.

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."

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, legal advisors, the Bankers to the Company, the Banker to the Issue; and (b) BRLM, the

Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Draft Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI Guidelines, M/s. akasam & associates, Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus for Registration with RoC.

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

As the offered Equity shares have not been and will not be registered under the US Securities Act of 1933, M/s. akasam & associates , Chartered Accountants, has not issued and the Company has not filed consent under the US Securities Act of 1933.

EXPERT OPINION

We have not obtained any expert opinions in relations to the present issue.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No	Particulars	Amount (Rs.)
1	Lead Management, Underwriting and Selling Commission	[•]
2	Advertising and Marketing Expenses	[•]
3	Printing and Stationary Expenses	[•]
4	IPO Grading Fees*	[•]
5	Others (Registrar Fees, Legal Fees etc.)	[•]
	Total estimated Issue Expenses	[•]

* The IPO Grading Fees would not form part of the Objects of the Issue and will be incurred from internal accruals.

Fees payable to the BRLM and Syndicate Members

The total fees payable to the BRLM including Underwriting and selling commission and reimbursements of their out of pocket expenses for the Issue will be as per the memorandum of understanding executed between the Company and the BRLM dated [•] a copy of which is available for inspection at the Registered Office.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN / refund order (or revised CANs, if required), preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding signed with the Company, a copy of which is available for inspection at the Registered Office.

The Registrar to the Issue will be reimbursed for all out-of pocket expenses including cost of stationary, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

The Company has not made any public Issue of Equity Shares or a Rights Issue either in India or abroad prior to the dates of this Draft Red Herring Prospectus.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

Except as stated in the section titled "Capital Structure" on page no. 15 of this Draft Red Herring Prospectus regarding issue of shares for consideration other wise than for cash, the Company has not issued any Equity Shares for consideration otherwise than for cash.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Equity Shares, 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 the inception of the Company.

ISSUES BY COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

PROMISES *vs.* PERFORMANCE –:

" Neither our Company nor any Promoter Group companies have made any previous public or rights issues.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

GIL holds 15.226 million FCDs of Rs. 70/- each. For details, refer note (b) of Capital Structure.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

This being the initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

OTHER DISCLOSURES

Except as disclosed in the section titled "Capital Structure" on page 15 of this Draft Red Herring Prospectus, the Promoters or the Promoter Group or the Directors of the Company have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Memorandum of Understanding between the Registrar to the Issue and the Company, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, applicant number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be ten Working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Suresh Kumar Vaishraj, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems. He can be contacted at the following address:

AMR Constructions Limited
3rd Floor, Serene Chambers,
Road No. 5, Banjara Hills,
Hyderabad – 500 034,
Andhra Pradesh.
Telephone: +91-40-23602384/85;
Facsimile: +91-40-23602386
E-mail: complianceofficer@amrcl.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF:

There has been no change in the Auditors during the last three years.

CAPITALISATION OF RESERVES OR PROFITS

We have not capitalized our reserves or profits at any time during last five years, except for the bonus issue of 604,528 Equity Shares in the ratio of one Equity Share for every ten Equity Shares held by the members of the Company on June 8, 2006.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:
The Company has not revalued its assets during the last five years.

Interest of Promoters and Directors
For details, see "Our Promoters and Promoter Group" and "Our Management" beginning on pages 98 and 81 of this Draft Red Herring Prospectus.

Payment of benefit to Officers of the Company

Except as stated otherwise in this DRHP no amount or benefit has been paid or given or is intended to be paid or given to any of the Company's officers except the normal remuneration for services rendered as directors, officers or employees since the inception of the company. None of the beneficiaries of loans and advances and sundry debtors are related to the directors of the Company.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

SECTION: VII: ISSUE RELATED INFORMATION
TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association of the Company, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board of Directors have, pursuant to resolution passed at its meeting held on September 17, 2008, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. A special resolution was adopted pursuant to Section 81(1A) of the Companies Act, at the Annual General Meeting of the shareholders of our Company held on September 24, 2008 to issue shares to the public through this DRHP

The Board pursuant to its resolution dated September 24, 2008 has authorised a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue.

The Company has obtained in principle listing approvals dated [●] and [●] from the BSE and NSE, respectively. The Company has also obtained all necessary contractual approvals required for the Issue.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment. See "Main Provisions of the Articles of Association of the Company" beginning on page 233 of this Draft Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. [•] per Equity Share and at the higher end of the Price Band is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations, guidelines, Memorandum and Articles of Association, the shareholders Company the shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual report and notices issued to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/ splitting, see "Main Provisions of the Articles of Association" beginning on page 233 in this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of [•] Equity Shares. For details of Allocation and Allotment see "Issue Procedure" beginning on page 196 of this Draft Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, 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 the Registered Office of our Company or at the registrar and transfer agent of the Company.

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

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to allot the Equity Shares, and if the notice is not complied with within a period of ninety days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

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

Application by Eligible NRIs / FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FCVIs registered with SEBI. Such Eligible NRIs, FII registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. As per RBI regulations, OCBs cannot participate in the Issue.

Jurisdiction

Exclusive jurisdiction for purposes of this Issue is with the competent courts in Hyderabad, in the state of Andhra Pradesh.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 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, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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 not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters, if any, within 60 days from the date of closure of the issue, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount (i.e., 60 days from the Bid Closing Date), the company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Further, in accordance with clause 2.2.2A of SEBI (DIP) Guidelines, 2000, we shall ensure that the number of allottee, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots

Restriction on Transfer of Shares

There are no restrictions on transfers and transmissions of Equity Shares and on their consolidation / splitting except as provided in our Articles of Association. For details see the section titled "Main Provisions of our Articles of Association" beginning on page 233 of this Draft Red Herring Prospectus.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment.

Application in Issue

The equity shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only

ISSUE STRUCTURE

The present issue of 5,800,000 Equity Shares of Rs. 10 each at a price of Rs. [•] for Cash aggregating to Rs. [•] Million is being made through Book Building Process. The issue will constitute 26.13% the post issue equity share capital of the Company.

Particulars	**Issue to the public**		
	QIBs	**Non Institutional Bidders**	**Retail Individual Investors**
Number of Equity Shares available for allocation	Up to 2,900,000 Equity Shares or Issue less allocation to Non – Institutional Bidders and Retail Individual Investors	Atleast 870,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Investors	Atleast 2,030,000 Equity Shares or Issue less allocation to QIB Bidders and Non – Institutional Bidders
Percentage of Issue Size	Up to 50% of Issue However 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB portion shall also be eligible for allocation in remaining QIB portion.	Atleast 15% of the Issue	Atleast 35% of Issue
Basis of Allocation if respective category is oversubscribed	Proportionate as follows : (a) 145,000 Equity Shares shall be Allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) 2,755,000 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 in multiples of [•] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000	Such number of Equity Shares in multiples of [•] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000	[•] Equity Shares and in multiples of [•] equity shares therafter
Maximum Bid	Such Number of Equity shares in multiples of [•] Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such Number of Equity shares in multiples of [•] Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such Number of Equity shares in multiples of [•] Equity Shares so that the Bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Allotment Lot	[•] Equity Shares in	[•] Equity Shares in	[•] Equity Shares in

	multiple of 1 Equity Share	multiple of 1 Equity Share	multiple of 1 Equity Share
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply	Public Financial Institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs. 250 million in accordance with the applicable laws, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India	Resident Indian Individuals, Eligible NRIs and HUF (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts	Individuals, including Eligible NRIs and HUF (in the name of KArta) applying for Equity Shares such that the BID amount does not exceed Rs. 1,00,000 in value
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Members of the Syndicate
Margin Amount	Atleast 10% of Bid Amount	100 % of Bid Amount	100 % of Bid Amount

Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any of the category other than QIB would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 145,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will be added to the QIB portion and be allocated proportionately to the QIB Bidders.

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

Notice to QIBs : Allotment Reconciliation and Revised CANs

After the Bid / Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE / NSE system. 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 of the physical book, as the case may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment and the final RoC approval of the Prospectus after it is filed with the RoC.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closer of Issue.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund orders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

i. Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
ii. Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
iii. We shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at pa at places where Bids are received, except where the refund or portion thereof is made . Bank Charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Programme

Bidding Period/Issue Period

Bid/Issue Opens On	[•]
Bid/Issue Closes On	[•]

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10:00 a.m. and 1:00 p.m. (Indian Standard Time) and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. 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, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. 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, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

Our Company in consultation with the BRLM reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/Issue Opening Date.

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

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue to the Public will be available for allocation to Qualified Institutional Buyers ("QIBs") on a proportionate basis, subject to valid bids being received at or above the issue price. Out of the proportion available to QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 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.

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

Supplementary process of applying in public issues through Bid cum Applications Supported by Blocked Amount for certain eligible Retail Individual Investors, who qualify as ASBA Investors

In addition to the current process of applying through Bid-cum-Application Forms, wherein a cheque is used as a mode of payment, SEBI, by its circular no. SEBI/CFD/DIL/DIP/31/2008/30/7 dated July 30, 2008 has introduced an optional and supplementary process for applying in public issues by ASBA Investors, by submitting the Application Supported by Blocked Amount ("**ASBA**"), containing an authorisation to the Self Certified Syndicate Bank ("**SCSB**") to block the application money in a bank account held with SCSB.

Only those Retail Individual Bidders who qualify as ASBA Investors are eligible to submit their Bids through the ASBA process. INVESTORS OTHER THAN ASBA INVESTOR ARE REQUIRED TO FOLLOW THE PROCESS AS MENTIONED UNDER - **BID-CUM-APPLICATION FORM BEGINNING AT PAGE 201.**

An ASBA Investor has been defined as a Bidder who intends to apply through ASBA process and

a. is a "Resident Retail Individual Bidder";
b. is bidding at cut-off, with single option as to the number of shares Bid for;
c. is applying through blocking of funds in a bank account with the SCSB;
d. has agreed not to revise his/her Bid;
e. is not Bidding under any of the reserved categories

An ASBA Investor shall only use a Physical Bid-cum-Application form Supported by Blocked Amounts ("**Physical Bid Cum ASBA Form**") or Electronic Bid-cum-Application form Supported by Blocked Amounts ("**Electronic Bid Cum ASBA Form**") and collectively ("**Bid Cum ASBA Form**") available with the Designated Bank ("DB") of SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches ("**DB**") of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor.

A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB, along with the Electronic Bid Cum ASBA Form , so as to enable an ASBA Investor to confirm that he/she has read and understood the terms and conditions of the Abridged Prospectus, before applying in the Issue.

Bid-cum-ASBA Form

An ASBA Investor shall only use the Bid-cum-ASBA Form for making a Bid in terms of this Draft Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained. The ASBA Investor shall have only one option as to the number of Equity Shares Bid for. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA Investor held with the SCSB specified in the Bid-cum-ASBA Form, on the basis of an authorisation to this effect given by the ASBA Investor and thereafter upload the Bid Cum ASBA in the electronic bidding system of the Stock Exchange. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the Bid cum ASBA.

Who can Bid as an ASBA Investor?

A retail Individual Bidder shall be eligible to apply through ASBA process, if he/ she:

1. is a "Resident Retail Individual Investor";
2. is bidding at cut-off, with single option as to the number of Equity Shares Bid for;
3. is an account holder with an SCSB
4. is applying through blocking of funds in such a bank account with the SCSB;
5. has agreed not to revise his/her Bid;
6. ***is not Bidding under any of the reserved categories***

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Bid cum ASBA Form.
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Ensure that the Bids are submitted to the DB of the SCSB on forms bearing the stamp of SCSB
- Ensure that you have been given a TRS for your Bid;
- Ensure that the bid is at the cut off price;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act with the Bid cum ASBA Form.; and
- Ensure that the details (as defined hereinbelow) are updated, true and correct in all respects.
- Ensure that the name(s) given in the Bid Cum ASBA 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 ASBA 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 revise Bid
c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to DB of an SCSB;
d) Do not pay the Bid amount in cash;
e) Do not provide your GIR number instead of your PAN number.
f) Do not send Bid-cum-ASBA Form by post; instead submit the same to DB of an SCSB
g) Do not fill up the Bid-cum-ASBA 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;

Method and Process of Bidding for ASBA Investors

1. An ASBA Investor, shall correctly enter the following details

   (i) Application number
   (ii) DP ID, Client ID
   (iii) Bid quantity
   (iv) PAN

   And submit a completed Bid –cum- ASBA Form to a SCSB, with whom the bank account to be blocked, is maintained, by either submitting the Bid-cum-ASBA Form physically with the Designated Branches of the SCSB or submit the Bid-cum-ASBA Form electronically through the internet banking facility offered by the SCSB. In case of an electronic upload of the Bid-cum-ASBA Form, the ASBA Investor himself shall fill in all the abovementioned details, except the application number which shall be system generated.

2. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.

3. After accepting a Bid cum ASBA, the SCSB shall block funds available in the bank account specified in the Physical Bid cum ASBA, to the extent of the application money specified in the Physical Bid Cum ASBA; and only thereafter the SCSB shall capture/ upload the following details in the electronic bidding system provided by the Stock Exchanges:

   (i) Application number
   (ii) DP ID, Client ID
   (iii) Bid Quantity
   (iv) PAN

   In case of the Electronic Bid-cum-ASBA Form, the SCSB shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

5. The SCSB shall generate a Transaction Registration Slip/ Order number, confirming upload of Bid cum ASBA details in the electronic bidding system of the Stock Exchanges. The Transaction Registration Slip number shall be given to the ASBA Investor as a proof of uploading the details of Bid Cum ASBA, only on demand.

6. The SCSB shall also ensure that the amount blocked by it in the bank accounts specified in the Bid Cum ASBA form shall be available at all times for giving to the Issuer at the time of finalization of Allotment.

The Stock Exchanges shall make available the updated electronic bid file to the Registrar to the Issue and the SCSB shall also send following aggregate information to the Registrar to the Issue on the day following the Bid Closing Date: (i) total number of Bid Cum ASBAs uploaded by the SCSB and (ii) total number of Equity Shares and total amount blocked against the uploaded Bid Cum ASBAs. The Registrar to the Issue shall be responsible for reconciling the data received from the Stock Exchanges and the SCSBs.

If the reconciled data does not match with the depository database for correctness of details as mentioned in the Bid Cum ASBA such Bid Cum ASBA shall be rejected by the Registrar, after receiving a confirmation from the SCSB within a time as prescribed by the SCSB that there are no errors in the data as submitted by the SCSB .

Terms of Payment and Payment into the Public Issue Account by the SCSB

Once the basis of Allotment is approved by the Designated Stock Exchange after considering the Bids received from all the Bidders including the ASBA Bidder, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account on a date falling within 13 days from the Bid/Issue closing date as informed by the Book Running Lead Manager.

1. Number of Equity Shares to be allotted against each valid ASBA
2. Amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA
3. The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account
4. Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

Specific Instructions for ASBA Investors and grounds for rejection of Bids:

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an "ASBA Investor", the Bid shall be rejected

- Correctly fill in all the details as entered into the Bid-cum-ASBA Form. If the DP ID, Client ID or PAN furnished by the ASBA Investor in his Bid-cum-ASBA Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.

- The Registrar shall match the reconciled data with the depository's database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the Bid file for Bid Cum ASBA does not match with the one available in the depository's database, such ASBA shall be rejected by the Registrar.

- The Registrar to the Issue shall reject multiple Bid Cum ASBA determined as such, based on common PAN.

- Ensure that multiple Bid Cum ASBA are not submitted

- Ensure that the ASBA Investor is not Bidding under any of the reserved categories, failing which the Bid-cum-ASBA Form shall be rejected.

- Ensure that the bank account specified in the Bid Cum ASBA does have sufficient credit balance to meet the application money, in absence of which the Bid Cum ASBA shall be rejected shall be rejected by the SCSB.

- Ensure that you have authorised the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the Bid Cum ASBA, transfer of funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling the ASBA Investor to receive shares on such transfer of funds, etc, failing which the Bid-cum-ASBA Form shall be rejected.

- Ensure that you have authorised the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalisation of the basis of allotment and to transfer the requisite money to the Public Issue Account failing which the Bid-cum-ASBA Form shall be rejected.

- In case any DP ID, Client ID or PAN mentioned in the Bid does not match with the one available in the depository's database, such ASBA shall be rejected by the Registrar and the Issuer or SCSB shall not be liable for losses

- Ensure that you don't submit your Bid Cum ASBA after the closing time of acceptance of Bids on the last day of the bidding period, in which case the same shall be rejected by the SCSB.

Revision of Price Band

SCSB shall ensure that information about revision in the Bidding Period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA investors

Withdrawal of Bids

In case an ASBA Investor wants to withdraw his Bid Cum ASBA during the bidding period, he shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn Bid Cum ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor wants to withdraw his Bid Cum ASBA after the Bid/ Issue Closing Date, he shall submit the withdrawal request to the Registrar. The Registrar shall delete the withdrawn Bid from the bid file.

Other Information

In case of failure or withdrawal of the issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.

The SCSB shall not accept any Bid Cum ASBA after the closing time of acceptance of Bids on the last day of the Bidding period.

UNBLOCKING OF FUNDS

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the DB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer's account within the timelines specified in the ASBA process:

(i) Number of shares to be allotted against each valid ASBA
(ii) Amount to be transferred from the relevant bank account to the issuer's account, for each valid ASBA
(iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer's account
(iv) Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

SCSB shall thereafter unblock the relevant bank accounts for:

1. Transfer of requisite money to the Public Issue Account against each valid ASBA.
2. Withdrawn /rejected/unsuccessful Bid Cum ASBA

CURRENT PROCESS OF APPLYING THROUGH A BID-CUM-APPLICATION FORM WHEREIN A CHEQUE IS USED AS A MODE OF PAYMENT

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids at the time of acceptance of Bid cum Application Form 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 and Eligible Employees, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment to all successful Bidders will only be in the dematerialised form.

Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders are required to submit their Bids through the Syndicate Members. Further, QIB Bids can be submitted only through the Members of the Syndicate. In case of QIB Bidders, our Company in consultation with the BRLM, reserves the right to reject any Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public* and Eligible NRIs applying on	[●]

a non-repatriation basis	
Non-residents including Eligible NRIs, FVCIs or FIIs applying on a repatriation basis.	[●]

*Indian Public qualifying as ASBA Investor may opt for ASBA Process mentioned herein above.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not permitted to participate in the Issue.
5. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares.
6. Mutual Funds registered with SEBI;
7. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and regulations, as applicable);
8. FIIs registered with SEBI, on a repatriation basis.
9. Venture Capital Funds registered with SEBI;
10. Foreign Venture Capital investors registered with SEBI;
11. State Industrial Development Corporations;
12. Multilateral and bilateral development financial institutions;
13. Insurance companies registered with the Insurance Regulatory and Development Authority;
14. Provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
15. Pension funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
16. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares; and
17. Scientific and/ or Industrial Research Organizations authorized to invest in Equity Shares.
18. National Investment Fund set up by the Government of India.
19. Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the issue.
20. Bidders qualifying as ASBA Investor may opt for ASBA Process mentioned herein above.

As per the existing Regulations, OCBs cannot Bid in the Issue.

Participation by Associates of the BRLM and Syndicate Members

The BRLM and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-institutional Portion as may be on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,45,000 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, bidders may bid as per the limits prescribed above.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at our Registered Office and with members of the Syndicate.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of [●] Equity Shares). In respect of an FII investing in Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

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, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities or their investment manager or advisor which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriter, including the BRLM and Syndicate Members that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

P-Notes have not been and are not being offered or sold pursuant to this Draft Red Herring Prospectus. This Draft Red Herring Prospectus does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto. The SEBI, through its Press Release (PR No. 286/2007) dated October 25, 2007 has decided that with respect to P-Notes.

- FIIs and their sub-accounts shall not issue/renew offshore derivative instruments with underlying securities as derivatives with immediate effect. They are required to wind up the current position over 18 months, during which period SEBI will review the position from time to time.

- Further issuance of offshore derivative instruments by the sub-accounts of FIIs will be discontinued with immediate effect. They will be required to wind up the current position over 18 months, during which period SEBI will review the position from time to time.

- The FIIs who are currently issuing offshore derivative instruments with notional value of P-Notes outstanding (excluding derivatives) as a percentage of their assets under custody in India of less than 40% shall be allowed to issue further offshore derivative instruments only at the incremental rate of 5% of their assets under custody in India.

- Those FIIs with notional value of Participatory Notes outstanding (excluding derivatives) as a percentage of their AUC in India of more than 40% shall issue Participatory Notes only against cancellation / redemption / closing out of the existing Participatory Notes of at least equivalent amount.

Any P-Notes that may be issued are not the securities of the Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the BRLM and do not constitute any obligations or claims on the BRLM.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital) Regulations, 2000 prescribe investments restriction on the venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Pursuant to the SEBI Guidelines, the shareholding of VCFs and FVCIs held in a company prior to making an initial public offering is exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size:

a. For Retail Individual Bidders: The Bid must be for a minimum of **[•]** Equity Shares and in multiples of **[•]** Equity Shares thereafter, subject to maximum Bid amount of Rs.1,00,000. In case the maximum Bid amount is more than Rs.1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase the equity shares at the final Issue Price as determined at the end of the Book Building Process.

b. For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of **[•]** Equity Shares 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 existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.** In case of revision of bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision in the price band, the same would be considered for allocation under the Retail portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund".

Information for the Bidders

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
2. The Company and the BRLM shall declare Bid/Issue opening date, Bid/Issue Closing date and the Price Band at the time of filing the RHP with the RoC and also publish the same in 3 widely circulated newspapers (one each in Hindi, English and Telugu)
3. The Members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. An investor (who is eligible to invest in the Equity Shares according to the terms of this Draft Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the corporate office or from any of the Members of the Syndicate.
5. Investors who are interested in subscribing for the Company's equity shares should approach any of the Members of the Syndicate or their authorised agent(s) to register their Bid.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the Members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the Members of the Syndicate will be rejected.

Bidding Process

a. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, subject to the provisions of section 66 of the Companies Act, shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement

b. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days.

c. During the Bidding Period, the Bidders may approach the Members of the Syndicate to submit their Bid.

d. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of equity shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of equity shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.

e. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form has been submitted to any Member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another Member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of equity shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page **[•]** of this Draft Red Herring Prospectus.

f. The Members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS) for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

g. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" of this Red Herring Prospectus.

h. During the Bidding/Issue Period, Bidders may approach the Members of the Syndicate to submit their Bid Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids subject to the terms of the Syndicate Agreement and the Red Herring Prospectus

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. **[•]** to Rs. **[•]** per equity share, Rs. **[•]** being the floor of the Price Band and Rs. **[•]** being the cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.

2. The Company, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. Any revision in the Price Band and the revised bidding/issue period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper and also indicating the change on the relevant websites and the terminals of the Members of the Syndicate.

4. The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of equity shares at a specific price. Retail Individual Bidders may bid at "**Cut-off**". However, bidding at "**Cut-off**" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.

6. Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the equity shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e., the total number of equity shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account/ Refund Account(s).

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the Member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, 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 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.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account/ Refund Account(s).

9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain **[•]** Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

10. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

11. The book gets built up at various price levels. This information will be available from the BRLM on a regular basis.

12. 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.

13. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the 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 complete all 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.

14. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.

15. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.

16. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

17. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis. Data would be uploaded on a regular basis in accordance with the market price.

2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Draft Red Herring Prospectus.

3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and by indicating the change on the relevant websites and the terminals of the Members of the Syndicate.

4. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.

5. During the Bidding Period, any Bidder who has registered an interest in the equity shares at a particular price level is free to revise his/ her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.

6. Revisions can be made in both the desired number of equity shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the Members of the Syndicate.

7. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same Member of the Syndicate through whom the original Bid was placed. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.

8. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In the case of QIBs, the Members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.

9. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the Member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the previous Bid.**

10. In case of a discrepancy of data between BSE and NSE and the Members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Form shall be final and binding to all concerned.

11. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Bids and revision to Bids must be made:

a) 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.

b) In a single name or joint names (not more than three).

c) By NRIs – For a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid amount of Rs 1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs 1,00,001 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page 205.

d) By FIIs – for a minimum of such number of Equity Shares and in multiples of [•] that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled "Maximum and Minimum Bid Size"on page 205.

e) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.

f) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, FIIs and Foreign Venture Capital Funds and all Non Residents, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation. The allotment of equity shares to Non-residents shall be subject to the conditions as may be prescribed by the Government of India, Ministry of Finance and Company Affairs (Department of Economic Affairs) and the RBI while granting such permission.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city where a Stock Exchange Centre is located in India, and where Bids are being accepted.

2. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company will upload the Bids until such time as permitted by the Stock Exchanges.

3. BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com". This information can be accessed at the website

4. At the time of registering each Bid, the Members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depositary Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);

- Investor Category - Individual, Corporate, NRI , QIB, FII or Mutual Funds, etc.;
- Numbers of equity shares bid for;
- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form; and
- Depository Participant Identification number and Client Identification number of the demat account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the Members of the Syndicate.** The registration of the Bid by the Member of the Syndicate does not guarantee that the equity shares shall be allocated either by the Members of the Syndicate or the Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. The Members of the Syndicate shall have the right to review the bid. In case of QIB Bidders, the Members of the Syndicate also have the right to accept the Bid or reject it. However such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Bids under the Non-Institutional Portion and Bids under the Retail Portion, Bids would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus.

8. It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, Promoters, management or any scheme or the Company's project.

9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the equity shares will be listed or will continue to be listed on the BSE and the NSE.

Price Discovery And Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.

2. The Company, in consultation with the BRLM, shall finalise the "Issue Price" and the number of equity shares to be allotted and the allotment to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price, date and time of the Bid.

3. The allocation for QIBs, not more than 50% of the Issue (including 5% specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price. The allocation to Non-Institutional Bidders would not be less than 15% of the Issue to the Public Size, and allocation to Retail Individual Bidders will not be less than 35% of the Issue to the Public Size. Allocation to Non-Institutional Bidders, Retail Individual Buyers and to the Employees of the Company would be made on proportionate basis, in

consultation with Designated Stock Exchange, subject to the valid bids being received at or above the Issue Price.

4. Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLM.

   In case of over-subscription in all categories, at least 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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.

5. Allotment to eligible NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.

6. The BRLM, and the Company, shall notify the Members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.

7. **The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefore.**

8. **In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.**

9. Our Company in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all Members of the Syndicate. Rejection of Bids made by QIBs, 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.

10. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLM, and the other Members of the Syndicate shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

2. After the Underwriting Agreement is signed among the Company, the BRLM, and the other Members of the Syndicate, the Company will file the Red Herring Prospectus with the RoC, which would then be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one each in English and Hindi) and a Telugu newspaper with wide circulation.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLM or Registrar to the Issue shall send to the Members of the Syndicate a list of their Bidders who have been allocated equity shares in the Issue.

2. The Members of the Syndicate would send the CAN to their Bidders who have been allocated equity shares in the Issue. The despatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.

3. Bidders who have been allocated equity shares and who have already paid the full 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 despatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allotted to such Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. 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 Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Transfer of Funds to Public Issue Account

1. The Company will ensure that the allotment of Equity shares is done within 15 days of the Bid Closing Date/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, the Company would ensure

allotment of the Equity Shares to the allottees within two working days of the finalisation of the date of allotment.

2. On the Designated Date, successful Bidders will receive credit for the equity shares directly in their depository account. **Equity shares will be allotted only in the dematerialised form to the allottees**. Successful Bidders will have the option to re-materialise the equity shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

3. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

4. After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date, we would allot the Equity Shares to the allottees. We would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete appropriate Application Form;
- Ensure that you Bid only in the Price Band;
- Ensure that the Depository Participant account is activated;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of equity shares in physical form;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depositary Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a Member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and submit Revised Bids to the same Member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act in the Bid cum Application form where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more.; and
- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the Members of the Syndicate;

- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a Member of the Syndicate only;
- Do not Bid at Cut-off price if you are a Non-Institutional Bidder or a QIB Bidder;
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of equity shares that can be held by a Bidder under applicable law.
- 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;
- Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the Members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, blue colour for NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis.
2. 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 as incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of **[●]** equity shares and in multiples of **[●]** thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of **[●]** equity shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under applicable laws.
5. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the

Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT- IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participants name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application form, the Registrar to the Issue will obtain from the Depository, Demographic details of the bidders such as Address, Bank Account details, for printing on refund orders and occupation (hereinafter referred to as Demographic Details) hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

These Demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the registrar.

Hence Bidders are advised to update their Depository Details as provided to the Depository Participants.

By signing the Bid cum Application Form the Bidder would have deemed to have authorised the depositories to provide, upon request, to the registrar of the issue, the required demographic details as available on its records. Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the demographic details received from the depositories. Bidders may note that delivery of Refund orders/Allocation Advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, address and other details given by the Bidder in the Bid cum Application form would be used to ensure despatch of refund orders. Please note that any such delay will be at the Bidders sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any such losses caused to the Bidder due to any such delay or liable to pay any such interest for such delay.

In case no corresponding record is available with the depositories that match these three parameters, namely, names of the bidders (including the order of names of joint holders), the Depositary Participants Identity (DP ID) and the beneficiary's identity ,then such bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by mutual funds registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as the Company and BRLM may deem fit.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI on a Repatriation Basis:

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

i. Individual NRI Bidders can obtain the Bid cum Application Forms from the Company's registered office at Plot No. 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad – 500 073 or from Members of the Syndicate or the Registrar to the Issue.

ii. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.

iii. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Payment Instructions

Escrow Account

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account for the issue shall be maintained by the

Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. The Escrow Collection Banks, as per the terms of the Escrow Agreement and this Red Herring Prospectus, if any, shall also make payment of refund, from the Escrow Account.

The Bidders shall note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLM and the Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall pay the applicable Margin Amount, and shall, with the submission of the Bid cum Application Form, draw a cheque or demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) (see the section “Payment Instructions” in this Draft Red Herring Prospectus), and submit such cheque or demand draft to the Member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to the BRLM or its affiliates. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. The Members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

The Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the Members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the Members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest according the provisions of the Companies Act for any delay beyond the periods as mentioned above.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form in accordance with the Payment Method chosen.

The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page 192. Subject to the Payment Method Chosen, where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the Members of the Syndicate.

2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder or the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Members of the Syndicate by the BRLM.

   The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

   a. In case of Resident Bidders: **"Escrow Account — [●] Public Issue – R"**
   b. In case of Non Resident Bidders: **"Escrow Account – ________ Public Issue –NR"**
   c. In case of QIB: "Escrow Account - [●] Public Issue – QIB"

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

In case of Bids by 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 the NRO account of the Bidder. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account or NRO account.

In case of Bids by FIIs, FVCI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

3. Where a Bidder has been allocated a lesser number of equity shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the equity shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.

4. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.

5. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

6. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque or demand draft drawn on any Bank (including a Co-Operative Bank), which is situated at, and is a member of or sub-member of the banker's clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submission of the Bid cum Application Form unless waived by a Member of the Syndicate at its sole discretion.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids In The Case Of Individuals:

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/ her address.

Multiple Bids:

A Bidder should submit only one Bid (and not more than one) for the total number of equity shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.

2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.

4. The applications will be scanned for similar DP ID and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.

5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of the mutual funds shall clearly indicate the name of the concerned scheme for which application is being made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in all or any categories.

PAN or GIR Number

Bidder should mention his/her Permanent Account Number (PAN) allotted under the I.T.Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60(Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a)Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g)Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Company Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM and/or their affiliates may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of equity shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. Bids for lower number of equity shares than specified for that category of investor;
6. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
7. Bids at cut-off price by a QIB or a Non Institutional Bidder;
8. Bids for number of equity shares which are not multiples of **[●]**;
9. Category not ticked;
10. Multiple Bids;
11. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
12. Bid cum Application Form does not have the stamp of a Member of the Syndicate;
13. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
14. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/ Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Form;
15. Bid cum Application Form does not have the Bidder's depository account details;
16. In case no corresponding record is available with the Depository that matches three parameters; name of Bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number.
17. Bids by OCBs.
18. Bids by US residents or US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of US Securities Act of 1933.
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations or
20. Bids not duly signed by the sole/joint Bidders.
21. In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
22. Bids accompanied by Stockinvest/money order/postal order/cash.

Equity Shares in Dematerialised Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the equity shares in this Issue shall be allotted/transferred only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode). The Company has already entered into Tripartite Agreements with CDSL and NSDL dated [•] and [•] respectively.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected.

1. A Bidder applying for equity shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

3. Equity shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).

5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.

6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

7. It may be noted that equity shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where the Company's equity shares are proposed to be listed are connected to NSDL and CDSL.

8. The trading of the equity shares would only be in dematerialized form for all investors.

9. Investors are advised to instruct their Depository Participants to accept the equity shares that may be allocated to them pursuant to this Issue.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of equity shares applied for, date of Bid form, name and address of the Member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

The Investors can contact the Compliance officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Disposal of Applications and Application Money

The Company shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of **finalisation of the basis of allotment of equity shares**. The Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the equity shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company, further undertakes that:

- Allotment of equity shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- It would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- It shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.
- It will provide adequate funds to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company as a refund banker 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.

The company shall provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the record of the Bidder.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below:

"Any person who:

a. 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."

Interest on Refund of Excess Bid Amount

The Company agrees that allotment of securities issued to the public shall be made not later than 15 days from the Bid/Issue Closing Date. The Company further agrees that it shall pay interest at 15% per annum if the allotment letters/refunds orders have not been dispatched to the applicants or if in a case where refund or portion thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in a disclosed manner within 15 days from the Bid/Issue Closing Date.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size *less* allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum bid/ application size of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size *less* allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Issue size *less* allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allocation would be decided by the Company in consultation with the BRLM and would be at the Company's sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid. Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, and 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 shall be determined as follows:

(i) In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Procedure and Time Schedule for Allotment of equity shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment of equity shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within two working days from the date of allotment.

Method of proportionate basis of allocation in the Retail and Non-Institutional Portions:

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the (•):

a) The subscription in the Retail and the Non-Institutional portion will be computed separately.

b) Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000 shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of time the category is subscribed.

c) If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

d) The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful Bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.

e) 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.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	**Issue size**	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
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 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:
1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 192.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 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 114 / 494;

- 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 114/494; and

The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar 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 despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage 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.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and

- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by 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.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

Interest in case of Delay in Despatch of Allotment Letters/ Refund Orders:

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 15 days from the date of the closure of the issue.

Undertaking by the Company

The Company undertakes as follows:

a. that the complaints received in respect of this Issue shall be attended to by it expeditiously and satisfactorily;

b. that the Company shall take all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE, where the equity shares are to be listed within seven working days of finalisation of the basis of allotment;

c. that the Company shall take all steps to ensure that the dispatch of refund orders and demat credt is completed and the allotment and listing documents submitted to stock exchanges within seven working days of finalization of basis of allotment;

d. that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by it;

e. that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within the specified time; and

f. that no further Issue of equity shares shall be made until the equity shares offered through this Draft Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

a. all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

b. details of all monies utilised out of Issue referred to above shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilised; and

c. details of all unutilised monies out of the Issue, if any, referred to above shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested.

d. The Company shall not have any recourse to the Issue proceeds until approval for the trading of equity shares from all the stock exchanges where listing is sought is received.

e. Pending utilisation of net proceeds of the Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

f. The Company may also use the same to fund its working capital requirement on a temporary basis.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of Government of India, and FEMA. While the Industrial Policy, 1991 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 re stricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the Reserve Bank of India ("RBI"). Under present regulations, the maximum permissible FII investment in the Company is 24% of its total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by its shareholders; however, as of the date hereof, no such resolution has been recommended to Board or the shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capita Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 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, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Main Provisions of the Articles of Association

SHARE CAPITAL

3. The Authorised share Capital of the Company is as mentioned in the clause V of the Memorandum of Association of the Company.

4B. SHARES AT THE DISPOSAL OF THE 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 person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time thing fit and with 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.

5.Subject to the provisions of the Act and these Articles, the Directors may allot and issue Shares in the capital of the Company in payment or in part payment for any property or assets of any kind whatsoever sold, supplied or transferred, or for goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business, and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid or partly paid up shares, as the case may be.

ALTERATION OF SHARE CAPITAL

6. The Company shall have power to alter the conditions of the Memorandum as follows, that is to say, it may:

1) a) Increase its share capital by such amount as it things expedient by issuing new shares.

b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

c) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived.

d) Cancel shares which, at the date of passing of the resolution in that diminish the amount of its share capital by the amount of the Shares to be cancelled provided however the cancellation of shares in pursuance of the exercise of this power shall not be deemed to be reduction of share capital within the meaning of the Act.

2) The powers conferred by this regulation shall be exercised by the Company in general meeting.

7. Subject to the provisions of the Act the Company in General Meeting may, from time to time by Special Resolution reduce its Capital Redemption Reserve Account or share premium account in any manner for the time being that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

UNDERWRITING AND BROKERAGE

8. Subject to provisions of the Act, the Company may at any time pay a Commission to any person in consideration of his subscribing or agreeing to subscribe (Whether absolutely or conditionally) for any shares or debentures in the Company, or procuring or agreeing to procure subscription (whether absolute or conditional) for any share or debentures in the Company, but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued, and in the case of debentures two and half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or allotment of fully or partly paid shares or partly in one way and partly in other way.

9.The Company may pay brokerage at the prevailing rates at the time of Issue and nothing in the Memorandum and Articles of Association shall effect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.

VARIATION OF SHAREHOLDERS RIGHTS

10. a) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of share of that class) may subject to the provisions of the Act, and whether or not the Company is being would up be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

b) Subject to the provisions of the Act, to every such separate general meeting, the provisions of these Regulations relating to General Meetings shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.

c) The rights conferred upon the holder of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of shares of that class deemed to be varied by the creation of issue or issue of further shares ranking pari passu therewith.

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound or, be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any factional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any shares except in absolute rights to the entirely thereof in the registered holder.

SHARE CERTIFICATES

12. 1) The certificates of title to share shall be issued under the Seal of the Company and shall be issued, sealed and signed in conformity with in the provisions of the Company (Issue of Share Certificate) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Any two or more joint allottees or owners of a share shall, for the purpose of this Article, to be treated as a single member and the Certificate of any share may be delivered to any one of such joint allottees or owners on behalf of all of them. The Company shall comply with the provisions of the Act.

2) The Company shall, within 10 weeks of the closure of its subscription list of any of its shares, debentures or debenture stock, and within one month after the application for the registration of the transfer of any such shares, debentures or debenture stock, complete and

despatch the certificates of all shares and debentures and the certificates of all debenture stock allotted or transferred, unless the conditions of Issue of the shares, debenture or debenture stock, otherwise provide.

12. A) **<u>LIMITATION OF TIME FOR ISSUE OF CERTIFICATES:</u>**

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 his name, or if the directors so approve (upon paying such fee as the Directors so 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 two months 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 certificates 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 and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder

B) **<u>ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED:</u>**

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 Rs.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 rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

c) The Company shall not charge any fee for subdivision or consolidation of share and debenture certificate or for sub-division of letter of allotment or for splitting, consolidation or renewal of pucca transfer receipts into denominations corresponding to the market units of trading or for issue of new certificates in replacement of those which are old or worn out or where the cages on the reverse for recording transfers have been fully utilized.

d) The Company shall not charge any fees exchange those which may be agreed upon with the Stock Exchange on which the shares are listed for issue of new certificates in replacement of those which are torn, defaced, lost or destroyed or for sub-division or consolidation of shares and debenture certificates or for sub-division of letter of allotment or for splitting, consolidation or renewal of pucca transfer receipts into denomination other than those fixed for the market units of trading.

CALLS ON SHARES

13a) **PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST** :

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 members 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.

b) A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

c) The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

d) (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 18% per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

e) (i) Any sum which by the terms of issue of a share becomes 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 Regulations be deemed to be a called duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum of all the relevant provisions of the regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Provided that any amount be paid in advance of call on any shares, such amount may carry interest but at the rate not less than 15% but shall not be in respect thereof confer a right on dividend or to participate in profit.

LIEN

14. a) The Company shall have a first and paramount lien upon all the Shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 11 thereof will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a wavier of the Company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempted from the provisions of the clause.

b) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien provided that no sale shall be made.

(i) Unless the sum in respect of which the lien exists is presently payable, or

(ii) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for time being of the share or the person entitled thereto by reason of his death or insolvency.

c) (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

d) (i) The proceeds of the sale shall received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of sale.

e) No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

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FORFIETURE OF SHARES

15. a) If a member fails to pay any call or installment of a call on the day appointment of payment thereof. The board may at any time thereafter during such times as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installments as is unpaid, together with any interest which may have accrued.

b) The notice aforesaid shall.

(i) Name a further day (not earlier than the expiry of fourteen days from the days from the date of service of notice) on or before which the payment required by the notice to be made, and

(ii) state that, in the event of non payment on or before the day so named the shares in respect of which the call was made will be liable to be forfeited.

c) If the requirements of any such notice as aforesaid are not complied with any share in respect which notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board so that effect.

d) (i) A forfeited share may be sold or otherwise deposited of in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board, may cancel the forfeiture on such
terms as it thinks fit.

e) A person whose shares have been forfeited shall cease to be a member.

f) (i) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of facts therein stated as against all persons claiming to be entitled to the share.

(ii) The Company may receive the consideration if any given for the share on any sale or disposal
thereof and may execute a transfer of the share in favour of the person to whom the share is sold or
disposed of.

(iii) The transferee shall thereupon be registered as the holder of share.

(iv) The transfer shall not be bound to see to the application of the purchase money, if any, nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

g) The provisions of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, become payable at a fixed time whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

h) The forfeiture of share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

TRANSFER AND TRANSMISSION OF SHARES

16. a) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the share until the name of transferee is entered in the Registered of members in respect thereof.

b) Shares in Company shall be transferred in the form prescribed by the Companies (Central Government's) General Rules and Forms 1956. The Company shall not charge any fees for registration of transfer. The provisions of the Act for the time being in force, shall be complied with in respect of all transfer of shares and registration thereof.

c) Subject to the provisions of the Act, and Section 22A of the Securities Contracts (Regulation) 1956 Act, the Directors may in their absolute and unqualified discretion decline to register any transfer of shares without assigning any reason thereof. The Directors may also decline to recognize any instrument of transfer unless it is accompanied by the certificate(s) of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors refuse to register the transfer of any shares, they shall, within one month after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal. PROVIDED the registration of the transfer shall not be refused on the ground of the transferee, being either alone or jointly with any other person, indebted to the Company on any account whatsoever except a lien on the Share.

d) The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.

e) The Company shall not charge any fees for the registration of any probate, letters of administration, certificate of death, marriage, power of attorney etc.

17. a) (i) On the death of a member, the survivors or survivor where the member was a joint holder, and his legal representatives where he was share holder shall be the only person recognized by the Company as having any title to his interest in the shares.

(ii) Nothing in Clause (i) shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

b) 1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided elect either.

(i) to be registered himself as holder of the share, or

(ii) to make such transfer of the share as the deceased or insolvent member could have made.

c) 1) If the person so becoming entitled shall elect, to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

2) If the person aforesaid shall elect to transfer the share he shall testify his election by executing a transfer of the share.

3) All the limitations, restrictions and provisions of these regulations to the right to transfer and the registration of transfer as aforesaid as if the death or insolvency of the member had occurred and the notice of transfer singed by that member.

d) A person becoming entitled to a share by reason 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 to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to register himself or to transfer the share and if the notice is not complied with within ninety day's the Board may thereafter with-hold payment of all dividends, bonuses and other monies, payable in respect of the share until the requirements of the notice have been complied with.

BORROWING POWERS

18. a) Subject to Article 17B, the Company shall have power to borrow from any person or persons and secure the payment of any sum or sums of money for the purpose of the Company and the Directors may from, time to time, at their discretion exercise this power and may themselves lend to the Company on security or otherwise provided that the Directors shall not contravene the previsions of the Act.

Provided further that no debt incurred or security given in the excess of limit imposed by the Act shall be invalid or ineffectual except in the case of express notice to lender or the recipient of the security at the time when the debt was incurred or security given that the limit imposed has been or was here exceeded.

b) The Directors may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respect as they may think fit and in particular by creation of any mortgage or charge on undertaking on the whole or any part of the property, present or future, or uncalled capital of the Company or by the issue of bonds, perpetual or redeemable debentures or debenture 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.

c) Subject to the provisions of the Act and the rules made thereunder, the Director may receive deposits for such term and bearing interest at such rates as the Directors may decide from time to time. The Deposits may be received from person or persons including the directors and the shareholders of the Company.

d) The Directors shall cause a proper register to be kept in accordance with the provisions of the Act of charges 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 a fee of Rs. 1/- for each inspection at the registered office of the Company.

DEBENTURES

19. The Company shall have power to issue debentures but in excising this power the provision of the Act shall be complied with.

Debentures, debentures stock, bonds or other securities conferring the right to allotment or conversion into share or the option right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

GENERAL MEETING

20. a) The Company shall comply with the provisions of the Act in the calling and conduct of the meeting.

b) The Company shall hold a General meeting of the members of the Company which shall be called the Statutory meeting and the provisions of the Act shall be complied with.

c) Without prejudice to the provisions of the Act, the Company shall in addition to any other meetings hold a General Meeting which shall be styled the annual General meeting at such intervals, and in accordance with the provisions of the Act.

d) All General meeting other than the Annual General Meeting of the Company shall be called Extraordinary General Meeting.

e) i) The Board may, whenever it thinks fit, call an Extraordinary General Meeting.

ii) If at any time there are not within India, directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an Extraordinary General Meeting in the same manner as nearly as possible as that in which such a meeting be called by the Board.

iii) Extraordinary General Meetings may be called by the members under provisions of the Act and under conditions mentioned therein and by Court under conditions mentioned in the Act.

f) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exceptions of:

i) The Consideration of accounts, balance sheet and the reports of the Board of Directors and auditors:
ii) The declaration of a dividend:
iii) The appointment of Directors in the place of those retiring : and
iv) The appointment of and fixing of the remuneration of Auditors.

g) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, the provisions of the Act shall be complied with.

NOTICE FOR GENERAL MEETINGS

21. a) A General meeting of the Company may be called by giving not less than twenty one days notice in writing or after giving such shorter notice as provided for in the Act.

b) Notice of every meeting of the Company shall be given :

(i) to every member of the Company ;

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member.

(iii) to the auditor or Auditors for the time being, of the Company, in the manner provided for in the Act.

c) Accidental Commission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceeding of the meeting.

CONTENTS OF NOTICE

22. a) Every notice of the meeting of Company shall contain the following :

i) It shall specify the place, date and time of the meeting :
ii) It shall contain a statement of the business to be transacted therein.

b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote instead of himself and that proxy need not be a member.

c) The Company shall, in the case of resolution to be moved as a special resolution, duly specify in the notice calling the general meeting or other intimation given to the members, of the intention to propose the resolution as a special revolution.

d) The Company shall in compliance with the Act give to its member notice of resolution requiring special notice at the same time and in the same manner as it gives notice of the meeting or if that is not practicable, shall give notice thereof either by advertisement in a newspaper having circulation, in the State in which the registered office is situated not less than 21 days before the meeting.

e) Subject to the provisions of the Act the receipt of representation, if any, made under Section 225 by a retiring auditor or by a Director sought to be removed from office as a Director must be stated in the notice of meeting given to the member of the Company if the representations are received in time.

DOCUMENT TO BE ANNEXED TO THE NOTICE

23. a) Where any items of business to be transacted at the meetings are deemed to be special in accordance with the provisions of the Act, a statement setting out all material facts concerning each such item of business including in particular the nature and extent, of interest, if any, therein of every Director and the Manager, if any, shall be given.

b) Where any item of business consists of the according of approval to any document by the meeting the time and place where the document can be inspected shall be specified on the statement mentioned above.

c) A copy of a balance sheet including the profit and loss account, the auditor's report and every other document required by law to be annexed or attached as the case may be to the Balance Sheet which is to be laid before the Company in general meeting shall not less than twenty one days before the date of the meeting, be sent to every member of the Company in accordance with the provisions of the Act.

24. A copy of the representation, if any, made under section 225 of the Act by a retiring auditor or under Section 284 by a Director sought to be removed from office, shall be sent to the member of the Company as provided for in the Act.

25. Subject to the provisions of the Act members resolution shall be circulated to the members of the Company entitled to receive notice of the next annual general meeting.

26. The Company shall give inspection of documents referred to in the Act at the Commencement of or before the meeting.

REPRESENTATION AT MEETINGS

27. a) A body corporate (whether a Company within the meaning of this Act or not) may, if it is a member of the Company by resolution of the Board of Directors or other government body authorise such person as it thinks fit to act as its representative at any meeting of members of the Company.

b) The person authorized by the resolution as aforesaid shall be entitled to exercise the same right to vote by proxy on behalf of the body corporate, which he represents, as that body could exercise if it were a member.

28. a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person whether a member or not, as his proxy to attend and vote instead of himself and the proxy so appointed shall have no right to speak at the meeting, provided however the instrument appointing a proxy shall be deemed to confer authority to demand or jointly in demanding poll.

b) The instrument appointing proxy and the power of attorney or authority, if any, under which it us signed or notarially certified copy that power of authority shall be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of the poll, not less than 24 hours before the appointed time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

c) An instrument appointing a proxy shall not be questioned, if it is in any of forms set out in Schedule IX of the Act.

d) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of the shares in respect of which the proxy is given.

Provided that no intimation in writing of such death, insanity, revocation of transfer shall have been received by the Company as its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

e) Every member entitled to vote at meeting of the Company 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 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 to so inspect is given to the Company.

QUORUM

29B. **QUORUM AT GENERAL MEETING**

Five Members present in person shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the requisite quorum shall be present at the General Meeting.

CHAIRMAN OF MEETING

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b) If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Director present shall elect one of their member to be Chairman of the meeting.

c) If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their member to the Chairman of the meeting in accordance with the provision of the Act.

d) i) The chairman may, with the consent of the any meeting at which at quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and place to place.

ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

iv) Save as aforesaid it shall not be necessary to give any notice of any adjournment or of the business to be transacted at any adjourned meeting.

e) In case of an equality of votes, whether on show of hand or on a poll the Chairman of the meeting at which the show of hands has taken place or at which the poll is demanded, shall not be entitled to a second or casting vote.

f) Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

g) Where a resolution is passed at an adjourned meeting of the Company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

31. a) On a show of hand every member present in person shall have one vote and on a poll the voting rights of members shall be as laid down in this Act.

b) Voting rights shall be exercised in accordance with the provisions of the Act.

c) In the case of joint holder, the vote of the senior who tenders vote whether in person or by proxy shall be accepted to the exclusion of the voter; of the other joint-holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

d) A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee, or other legal guardian and any such committee, or guardian may, on a poll, vote by proxy.

e) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in Company have been paid.

f) i) No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected is to be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

ii) Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

32. At a general meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

33. In the election of a Director the provisions of the Act shall be complied with.

34. In giving notice of an intention to propose a resolution as a special resolution of any matter, the Company shall have regard to the provisions of the Act.

35. After passing of the resolution at the General Meeting of the Company, the Company, shall comply with the provisions of the Act.

DIRECTORS AND BOARD OF DIRECTORS

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d) The Directors shall be entitled to remuneration or reimbursements from the Company as may be decided by the Board. The Directors will be paid director's sitting fees and be reimbursed for any expenses incurred as may be determined by the Board in accordance with applicable Law. Only an individual and not a body corporate, association or firm shall be appointed Director of the Company.

36B. POWER TO APPOINT NOMINEE OR EX-OFFICIO DIRECTORS

Whenever the Directors enter into a contract with any Government, Central, State or local authority, corporation, institution or any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or hold shares in the company as a result of underwriting or direct subscription or enter into any other arrangement whatsoever, the Directors shall have subject to the provisions of Section 255 of the Act, the power to agree that such government authority, corporation, institution, person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be mentioned in the agreement and that such Director or directors may not be liable to retire nor be required to hold any qualification shares.

36C. DIRECTORS MAY APPOINT COMMITTEES

The Board may delegate any of their powers to committees of the Board consisting of such members of its body as it thinks fit and it may from time to time revoke and discharge any such committees of the Board either wholly or in part but every committee of the Board so formed shall in the exercise of the powers so delegated confirm to any regulations that may from time to time be imposed on it by the Board. All the acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise shall have the like force and effects as it done by the Board.

37. Subject to the provisions of the Act of the Board of Directors shall have the power to fill up casual vacancies.

38. Subject to the provisions of the Act, the board of Directors shall have power to appoint a person as Alternate Director during the absence of a Director for a period of not less than three months in the State in which meetings of the Board are ordinarily held.

39. Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), and Life Insurance Corporation of India (LIC) or to any other finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Finance Corporation or Credit Corporation or any other Finance Company or Body (each of which IDBI, IFCI, ICICI, LIC AND UTI or any other Financing Company or Body is hereinafter in the Article referred to as “The Corporation”) continue to hold debenture in the Company by direct subscription ort private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors which director or directors is/are hereinafter referred to as “Nominee Director/s” on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have not power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in Company. Also at the option of the Corporate such Nominee Director/s shall not be liable to retirement or rotation of Directors. Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Directors so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscriptions or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall if so facto vacate such office immediately after the monies owning by the Company to the Corporation are paid off or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and meetings of the Committee of which the Nominee Director/s are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, and any other fees, commission, monies and remuneration in any form which is payable to the Directors of the Company. The fees, commission, monies and remuneration in relation to such Nominee Directors shall accure to the Corporation and same shall accordingly be paid by the Company directly to the Corporation.

Any expenses that may be incurred by the corporation or such Nominee Director/s in connection with their appointment or Directorship/s shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s. Provided that if any such Nominee Director/s is an officer of the corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same accordingly be paid by the Company directly to the Corporation.

In the event of the nominee Director/s being appointed as Whole time Director/s such nominee Director/s shall exercise such powers and duties as may be approved by the Corporate and have such rights as are usually exercised or available to whole-time Director in the management of the affairs of the Company. Such Nominee Directors shall be entitled to receive such remuneration, fee, commission and monies such as may be approved by the Corporation.

40. No share qualification shall be necessary for any Director.
41. Each Director shall be entitled to cast one vote at any Board meeting and in respect of all circular resolutions of the Board.

42. 1) The office of a director shall be vacated if :

a) He is found to be of unsound mind by a Court of Competent jurisdiction.

b) He applies to the adjudicated as insolvent.

c) He is adjusted as insolvent.

d) He is convicted by a Court of India of any offence and in sentenced in respect thereof to imprisonment for a period of not less than six months.

e) He fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call.

f) He absents himself from three consecutive meeting of the board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board.

g) He, or any firm in which he is a partner or any private company of which he is a Director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of the Act.

h) He acts in contravention of Section 299.

i) He becomes disqualified by an order of Court under Section 203, or

j) He is removed in pursuance of Section 284.

2) Not withstanding anything in clauses (c), (d), (i) of Sub-clause I, the disqualification referred to in those clauses shall not take affect.

a) for thirty days from the date of adjudication; sentence or order.

b) Where an appeal or petition is preferred within the thirty days of aforesaid against the adjudication, sentence or conviction resulting in the order, until the expiry of seven days from the date on which such appeal or petition is disposed of, or

c) Where within seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result to the removal of the disqualification, until such further appeal or petition is disposed of.

43. 1) Subject to the provisions of the Act, a Director or his relative, a firm in which such Director or relative is a partner, any other partner in such firm or a Private company of which such Director is member or director, may enter into a contract with the Company for sale, purchase or supply of goods, materials, or services or for underwriting the subscription of any shares in, or debentures of the Company provided that the consent of the Directors is obtained by a resolution passed at a meeting of the Directors before the contract is entered into or within three months of the date on which it was entered into. No such consent however, shall be necessary to any such contract or contracts for the purchase or sale or goods and materials for cost at prevailing market price as for the sale, purchase or supply of goods, materials or services in which either the Company or the Directors, or partner Private Company as the case may be, regularly trades or does business provided that the value of such goods and the costs of such services do not exceed ten thousand rupees in the aggregate in any calendar year comprised in the period of the contract of contracts. The Directors so contracting or being so interested shall be liable to the Company for any profit realized by such contract or the fiduciary relation thereby established.

2) A director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into, or a proposed contract or arrangement to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest in a meeting of the Board in the manner provided in the Act; provided that it shall not be necessary for a Director to disclose Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other Company where any of the Directors of the Company or any such other Company or two or more of them together hold not more than two percent of the paid up share capital in such other Companies or the Company as the case may be. A general notice given to the Board by the Directors, the effect that he is a Director of member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice be entered into with the body corporate firm, shall be deemed to the sufficient disclosure. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board of the Director concerned takes reasonable steps to ensure that it is brought up and read at the first meeting of the Board after it is given.

3) No Director shall as a Director take any part in the discussion of, or vote on any contract or arrangement into or to be entered into by or on behalf of the Company if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement nor shall this presence count for purpose of forming a quorum at the time or any such discussion

or vote, and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to:

a) Any contract of indemnity against any loss which the directors, or any one or more of them, suffer by reason of becoming or being sureties or a surety for the Company.

b) Any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interests of the Director consists solely.

i) In his being :
a) A Director of such Company and
b) the holder of not more than shares of such number of value therein as is required to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company, or
ii) In his being a member holding not more than two percent of its paid share capital.

44. Acts done by a person as a director shall be valid not withstanding that it may afterwards be discovered that his appointment was invalid by reason or any defect or disqualification or had terminated by virtue of any provisions in the Act or in the Article, provided that nothing in the Act shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.

45. Every Director shall have such rights and powers as are provided for in the Act.

46. Every Director shall discharge such duties as are provided for in the Act.

47. Directors shall be subject to such civil liabilities as are provided for in the Act.

48. Directors shall be subject to the disability provided for in the Act.

49. The office of the Director shall be vacated :

i) On the happening of any of the conditions provided for Section 283 or any statutory modifications thereof;

ii) On the contravention of the provisions of Section 314 or any statutory modifications thereof.

iii) If a person is a Director of more than fifteen Companies at a time.

iv) If he is disqualified under section 274 or any statutory modifications thereof.

v) In the case of an alternate Director to the State, under the provisions of Sections 313 or any statutory modification thereof.

vi) On resignation of his office by notice in writing.

50. Subject to the provisions of the Act, a Director may be appointed as Manager or Secretary of the Company.

ROTATION OF DIRECTORS

51. 1) At every Annual General Meeting one third of such of the Directors for the time being are liable to retire by rotation or if their number is not three or a multiple of three then the number nearest to one third shall retire from office.

2) The Director to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become

Directors on same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by lot.

3) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

4) If the place of the retiring Director is filled up and the meeting has not expressly resolved not to fill vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day as not a public holiday at the same time and place.

5) If in the adjourned meeting also the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been reappointed at the adjourned meeting unless.

i) At the meeting or at the previous meeting a resolution for the appointment of such director has been put to the meeting and lost;

ii) The retiring Director has by a notice in writing addressed to the Company in its Board of Directors expressed his unwillingness to be so recommended;

iii) He is not qualified or is disqualified for appointment.

iv)a resolution whether special or ordinary is required for his appointment by virtue of any provisions of the Companies Act, 1956 or,

v) The provision to sub-section(2) of Section 263 is applicable to the case where a Director is to retire at an Annual General Meeting by virtue of Clause 2 hereof.

PROCEEDINGS OF THE BOARD

52. a) The Board of Directors may meet for the day-to-day of business adjourn and otherwise regulates its meeting as it thinks fit, provided however the board shall meet once in every three months in accordance with the Act.

b) A Director may, and the Manager or Secretary on the requisition of a Director shall at any time summon a meeting of the Board.

52D) **QUORUM AT BOARD MEETING:**

Subject to the provisions of Section 287 of the Act, the quorum for a meeting of the Board of Directors of the company is higher of the following two:

i) one-third of total strength (any fraction contained in the said one-third being rounded off as one)

ii) two directors.

e) The continuing Director may act not withstanding any vacancy in its body but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company but for no other purpose.

f)The Board may elect a Chairman of its meetings and determine the period for which he is to hold office.

g) If no such Chairman is elected, or if any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their member to be Chairman of the meeting.

h) The questions arising at any meeting shall be decided by majority of votes.

i)Save as otherwise expressly provided by the Companies Act, 1956. A resolution in writing signed by all the members of the Board or of a Committee thereof for the time being entitled to receive notice of a meeting of the Board or Committee shall be as valid and effectual as if it has been passed at a meeting of the Board or Committee duly convened and held.

j)All acts done by any meeting of the Board or by any person acting as a Director shall, not withstanding that it shall afterward be discovered that there was some defect in the appointment of Directors or persons acting as aforesaid or that they or he or any of them were or was disqualified be as valid as if every such person had been duly appointed and was qualified to be a Director.

k) The Company shall cause to be kept minutes of all proceedings at meeting of its Board of Directors of Committee of the Board. The minutes of a meeting shall contain a fair and correct summery of the proceedings threat. The minutes shall also contain;

i) The Names of the Directors present at the meeting ;

ii) In the copy of each resolution passed at the meeting the names of Directors. If any dissenting there from or not concurring in the resolution, and

iii) The Directors shall cause to be kept a Register of Directors in accordance with the provisions of Companies Act, 1956. The Register aforesaid shall be open to inspection by any member of the public at any time during office hours on payment of the prescribed fee. The Company shall also keep a Register of Directors shareholdings giving the particulars required by the Companies Act, 1956.

GENERAL POWERS OF THE BOARD OF DIRECTORS

53. a) The Board of Directors shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do;

Provided that the Board shall not exercise any power or do any act or thing, which is directed or required by the Act or any other provision of law or by the Memorandum of Association of the Company or by these articles to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act or any others provisions of law of the Memorandum of Association of the Company or these Articles or in any regulation not in consistent therewith and duly made there under, including regulation made by the Company in General Meeting.

b) No regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

SPECIFIC POWERS OF THE BOARD

54. Subject to these Articles and without prejudice to the general powers the Board shall have the following specific powers:-

a) To carry out the objects and exercise the powers contained in clause III of the Memorandum of Association of the Company.

b) To have the superintendence, control and direction over Managing Director, Managers, whole time Directors and all other officers of the Company.

c) To delegate, subject to the provisions of the Act, by a resolution passed at a meeting, to any Committee of Directors, Managing Director or the Manager of the Company.

i) Power to borrow money otherwise than on debentures

ii) The powers to invest the funds of the Company

iii) The power to make loans

Provided however that every resolutions delegating the power clause (i)

Shall specify the total amount up to which monies may be borrowed by the delegates. Every resolution delegating the power referred in clause (ii)

Shall specify the total amount upto which the funds may be invested and the nature of investment which may be made, every resolution delegating the power in clause (iii)

Shall specify the total amount upto which loans may be made, the purposes for which the loans may be made and the maximum amount of loans which may be made for such purpose in individual cases;

Provided further that nothing in this regulation shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the specified above.

d) To provide for the management of the affairs of the Company in any specified locality in or outside India and to delegate to person in charge of the local management such powers (not exceeding those which are delegatable by the Directors under these regulations).

e) To appoint any anytime and from time to time by a power of attorney under the Seal, any person or authorities to exercise such of the powers delegated to them (not exceeding those which are delegatable by the Directors under these presents) and for such period and subject to such conditions as the Board may from time to time think fit, with power or such attorneys, to subdelegate all or any of the powers, authorities and discretions vested in the attorney for the time being.

f)To acquire by lease, mortgage, purchase or exchange or otherwise any property, rights or privileges which the Company is authorised to acquire at any such prices generally on such terms and conditions as the Board may think fit and to sell, let, exchange or otherwise dispose off absolutely or conditionally any property rights or privileges and undertaking of the Company upon such terms and conditions and for such consideration as they think fit, subject however to the restrictions imposed on the Board by the Act.

g) To open any account or account with such Bank or Banks as the Board may elect or appoint, to operate on such accounts, to make sign, draw, accept, endorse, or otherwise execute all cheques, promissory notes drafts, hundies, orders, bills of exchange, bills of lading and other discharges for money payable to the Company and for the claims and demands of the Company, to make contracts and to execute deeds, provided however the provisions of the Act shall be complied with.

h) To appoint officer(s), clerks and servants for permanent, temporary or special services as the Board may from time to time fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may think fit and to remove or suspend any such officers, clerk and servants.

i)To sanction, pay and reimburse to the officers of the Company in respect of any expenses incurred by them on behalf of the Company.

j) To invest and deal with any of the monies of the Company, to very or release such investment, subject to the provisions of the Act.

k) To refer claims or demands by or against the Company to arbitration in accordance with the provisions of the Act.

l) To institute, conduct, defend compound or abandon any legal proceeding by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment of satisfaction or any debt due and of claims or demands by or against the Company and to appoint Solicitors, Advocates, Counsel and other legal advisors for such purposes or for any other and settle and pay their remuneration.

m) To act on behalf of the Company in all matters in which the Company is interested.

n) To pay and give gratuities, pensions and allowances to any person or persons including any Director to his widow, children or dependents, that may appear to the Directors just or proper whether any such person, widow, children, or other dependents have or not a legal claim upon the Company and whether such person is still in the service of the Company or has retired from it service, or to make contributions to any funds and pay premiums for the purchase of or for provisions of any such gratuity, pension or allowance.

o) To establish, maintain, support and subscribe to any charitable or public object or any society, institution or club which may be for the benefit of the Company or its employees.

p) To set aside portion of the profits of the Company to form a fund or funds before recommending any dividends for the objects mentioned above.

q) To make and alter rules and regulations concerning the manner of payment of the contributions of the employees and the Company respectively to any such fund and accrual, employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.

r) To exercise the powers conferred by the Act, with regard to having an official Seal for use abroad.

s) To exercise the powers conferred on the Company by the Act with regard to keeping of foreign registers.

t)To authorise any persons to sell any goods or articles manufactured or produced by the Company or to purchase, obtain or acquire machinery, stores, goods or material for the Company, or to sell the same when no longer required for the those purposes.

u) To exercise other powers referred to under these regulations not specifically mentioned in this regulations but referred to in other regulations in these Articles.

v) To determine by resolution from time to time the name of person or persons who shall be entitled to do all or any of the Acts mentioned in this regulations on behalf of the Company.

SPECIFIC DUTIES OF THE BOARD

55. a) The Board shall call an Extra ordinary General Meeting on requisition by members in accordance with the Act.

b) There shall be attached to every Balance Sheet laid before the Company in General Meeting a report by the Board of Directors in Account in accordance with the Act.

c) The Board shall cause to be laid before the Company in General Meeting the Balance Sheet and Profit and Loss Account in accordance with the Act.

d) The Board shall cause to be kept as its Registered Office, registers, Books and Documents, of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956 and Schedule VIII to the Act, be kept open for such inspection to the extent, in the manner thereto during office hours, under the above said provisions to the extent, in the manner and on payment of the fees, if any, specified in the aforesaid provisions at the register office of the Company during office hours on any working day, except when the Registers and Books closed under the provisions of the Companies Act, 1956, or by the Articles of Association of the Company.

Provided however that the Register required to be maintained under the act shall be open for inspection of the members of holders of debentures of the Company, if any, as aforesaid between the times above mentioned during the period prescribed by the sub-section 5 (a) of Section 307.

e) The Board shall cause to be sent to the Register as and when required the returns mentioned in the Act.

f)The Board shall cause giving copies of document to any member or to any other persons in accordance with the provisions of the Act.

g) The Board shall cause the dispatch of abstracts and memorandum referred to in the Act.

CERTAIN POWERS TO BE EXERCISED BY BOARD ONLY AT MEETINGS

56. a) The Board shall exercise the following powers on behalf of the Company only by means of resolutions passed at meetings of the Board.

i) The power to make calls on shareholders in respect of money unpaid on their shares;

ii) The power to issue debentures;

iii) The power to borrow money otherwise than on debentures;

iv)The power to invest the funds of the Company; and

v) The power to make loans, and shall exercise those powers in accordance with the Act.

b) The Board shall also exercise such of the powers required to be exercised by the Act as per
the provisions of the Act.

57. a) Subject to the provisions, of the Act apart from items requiring unanimous resolution of the Board of Directors, questions arising at any meeting of the Board shall be decided by a majority of votes.

58.No resolution shall be deemed to have been duly passed by the Board or by a Committee there of by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of Committee then in India (not being less in number then the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members, at their usual address in India and has been approved by such of the Directors or members or be majority of such of them as are entitled to vote on the resolution. It is clarified that in case of a circular resolution, the requirement of affirmative votes, as provided in Article 59A, shall be applicable.

RESTRICTIONS ON THE POWERS OF BOARD

59. a) The board shall not exercise the borrowing powers without the consent of the Company in General Meeting and only to the extent mentioned their in and any statutory modifications thereof.

b) In the appointment of sole selling agents for the Company for any area, the Board shall confirm to the provisions of the Act.

c) In giving loans to Directors and other persons mentioned in the relevant provisions of the Act, the Board shall confirm to the provisions of that Section.

MANAGEMENT

60. The Board of Directors may, from time to time and subject to the requisite approval of the Company in the General Meeting and where necessary also that of the Central Government under the provisions of the Companies Act, 1956 appoint a Managing Director, Executive Director or such other whole time Directors, on such terms and conditions and for such period that they may consider proper.

61. The Managing Director, Executive Director or such Whole time Directors shall be responsible for carrying on and conducting the business of the Company subject to the superintendence, direction, and control of the Board of Directors and in the conduct and Management of said business, the Managing Director, Executive Director or such other whole time Directors may exercise such powers, authorities and directions as may from time to time vested in them under an agreement or delegated to them by the Board of Directors.

62.The Managing Director, Executive Director or such other Whole Time Directors shall not be liable to retirement by rotation.

MANAGER

63. Subject to the Act, the Company may appoint a person as manager, as defined in Section 2(24) of the Companies Act. Provided, however no firm, body corporate of association shall be appointed as Manager.

64. In the appointment of a person as manager of the Company the provision of the Act shall be complied with.

65. Any assignment of office by the Manager of the Company shall be void.

66. No person shall be appointed Manager of the Company for more than a period of five years and in making such appointment, the provisions of the Act.

REMUNERATION OF DIRECTORS, MANAGERS AND EMPLOYES

67. a) Payment of remuneration of Directors including Managing and whole time Directors and Manager, if any, shall be subject to the provisions of the Act.

b) In fixing the remuneration of the employees of the Company other than directors and Manager the provisions of the Act shall be complied with.

68. In fixing the remuneration of Directors, including managing and wholetime Directors, the provisions of the Act shall be complied with.

69. The Managing Director of the Company may subject to the provisions of the Act receive remuneration either by way of monthly payment or by way specified percentage not exceeding 5% of the net profits of the Company calculated in the manner laid down in the Act or partly by the one way and partly by the other.

70. The Board of Directors shall from time to time decide their own remuneration for the attendance of the Board Meeting. But in no case it shall exceed such sum as may be prescribed by the Central Government from time to time.

71. The Board of Directors may fix up an amount by way of sitting fees or incidental expenses payable to any Director, any Committee, Member or special invites for attending the meeting of the Board of Directors of the Committee but it shall in no case exceed such sum as may be prescribed by the Central Government from time to time per meeting.

72. Traveling and daily allowances of Directors, Members of the Committees and Special invites, traveling on Companies Business for attending the Board/Committee Meeting may be fixed by the Board of Directors from time to time.

73. If any Director being willing shall be called upon to perform extra service or to make any special exertions in going or residing abroad or in negotiating of carrying into effect any contract or arrangement by the Company otherwise for any purposes of the Company, or act as trustee for the Company or its debenture-holders, and shall do so, the Company may remunerate such Director either by a fixed sum and/ or percentage of profits otherwise, as may be permissible under the Companies Act.

AUDIT

74. Auditors shall be appointed and their duties regulated in accordance with the Act. The Company shall adopt the GAAP in relation to its financial statements.

THE SEAL

75. The directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof.

76. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or a Committee of the Board authorized by it in that behalf and except in the presence of at least one director and secretary or such other person as the Board may appoint for the purpose and these one Director and Secretary or other person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

DIVIDENDS AND RESERVE

77. The Company in general Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

78. The Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.

79. a) The Company shall transfer to a Reserve such of percentage of its profits for the year, as prescribed by transfer of (Profits to Reserves) Rules, 1975 before declaring or paying dividends out of the profits of the current year.

b) The Board may also carry forward any profits which it may think prudent not to divide.

c) Subject to the rights of the persons, if any, entitled to a share with special rights as to dividends, all dividends shall be declared and paid according to amounts paid or credited as paid on the shares in respect where of the dividends is paid, but it and so long as the holding is paid up on an of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

d) No amount paid or credited as paid on a share on advance of calls shall be treated for the purpose of this regulation as paid on the shares, and not in respect thereof confer a right to dividend or to participate in the profits of the Company.

e) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

80. The Board may deduct from any dividend payable to any member all sums of money if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

81. a) Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and the Board shall give effect to the resolution of the meeting.

b) Where any difficulty arises in regard to such distribution, the Board may settle the same as it think expedient, and in particular may issue fractional certificates, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any member upon the footing of the values so fixed in order to adjust the rights of all parties, and may vest may such specific assets in trustees as may seem expedient to the Board.

c) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrant sent through the post directed to the registered address of the holder or in case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.

d) Every such cheque or warrant shall be made payable to the order of the person to who it is sent.

e) Any one of the two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.

f) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein, in the manner mentioned in the Act.

g) No dividend shall bear interest against the Company.

82. Any Annual General Meeting declaring a dividend may make a call on the members of such amount as 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 same time as the dividend, and the dividend if so arranged between the Company and the members set off against the call. The making of a call under this clause shall be deemed ordinary business of an ordinary General Meeting which declares a dividend.

83. All dividends on any share not having a legal registered owner entitled to require payment of and competent to give a valid receipt shall remain in suspense until some competent person be registered as the holder of the share.

84A. **UNPAID OR UNCLAIMED DIVIDEND**

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "AMR Constructions Limited-Unpaid Dividend Account"

Any money transferred to the unpaid dividend account of a 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 Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

CAPITALISATION OF PROFITS

85. a) The Company in General Meeting may upon the recommendation of the Board, resolve :

i) that is desirable to capitalize any part of the amount for the time being to the credit of any of the Companies resolve accounts or to the credit of the Profit and Loss account or otherwise available for distribution, and

ii) that such sum be accordingly set free for distribution amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:-

i) paying up any amount for the time being unpaid on any shares held by such members respectively; or

ii) paying up in full, unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up, to and amongst the such members as the proportions aforesaid, or

iii) Partly in the way specified in the sub-clause (i) and partly in that specified in sub-clause (ii).

c) A share premium account and a capital redemption reserve fund may for the purpose of the regulation, only be applied in paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

d) The Board shall give effect to the resolution passed by the Company in pursuance of the regulation.

86. a) Whenever such a resolution as aforesaid shall have been passed, and Board shall:

i) make all appropriations and applications of the undivided profits resolved to the capitalized thereby, and all allotments and issue of fully paid shares or debentures, if any, and

ii) generally to do all acts and things required to give effect thereto,

b) The Board shall have full powers:

i) To make such provisions by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit. In the case of shares or debentures becoming distribution in fractions, and also

ii) To authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further share or debentures to which they may be entitled upon such capitalization, or (as the case may require), for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts remaining unpaid on their existing shares.

c) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

87. To Company shall comply with the provisions of the Act with regard to the keeping of Accounts,
preparation of Balance Sheet and Profit and Loss account.

88. a) The Board shall from time to time determine whether and to what extent and at what times and places and under which conditions or regulations the accounts and books of the Company or any of them shall be given to the inspection of members not being directors. b) No member (not being a Director) shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the regulations or authorised by the Board or by the Company in General Meeting.

89. Every account of the Company, when audited and approved by an annual General Meeting,
shall be Conclusive.

90. BUY BACK OF SECURITIES

Subject to the provisions of Section 77, 77A, 77AA and 77B and other applicable provisions of the Act, the company can buy its own securities to the extent specified in the said section.

91. ISSUE OF SHARE CAPITAL WITH DIFFERENTIAL RIGHTS:

Subject to the provisions of Section 205 of the Act, provisions of Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 and other applicable provisions of the Act or Rules there under, the company may issue shares with differential rights as to dividend, voting rights or otherwise.

92. EMPLOYEES STOCK OPTIONS:

Subject to the approval of shareholders at General Meeting, the Board of Directors can issue employees stock options to the persons whose names appear on the roles of the company on the specified date (i.e. the day, as decided by the Board of Directors) and such issue of employees stock options shall be subject to applicable regulations effective from time to time.

DEMATERIALISATION OF SECURITIES

93. For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

Beneficial Owner : 'Beneficial Owner' means the beneficial owner as defined in clause (a) subsection (1) of Section 2 of the Depositories Act, 1996.

Bye-laws : 'Bye-laws' means any bye-laws as may be applicable and includes bye-laws made under section 26 of the Depositories Act, 1996

Depositories Act : 'Depositories Act' shall mean and include the Depositories Act, 1996 and any statutory Modification or re-enactment thereof for the time being in force;

Depository : 'Depository' means a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and includes a company formed and registered under the Companies Act,1956 (1 of 1956) ("the Act") and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record : 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as nay be determined by the regulations made by SEBI;

Regulations : 'Regulations' means the regulations made by SEBI;

SEBI : SEBI means the Securities and Exchange Board of India;

Security : 'Security' means such security as may be specified by SEBI from time to time.

Shareholder or member : 'shareholder' or 'member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and person(s) whose name(s) is/ are entered as a beneficial owner of the shares in the records of the Depository;

B. Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed there under, if any;

C. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner or the required certificates of securities.

Where a person opts to hold his 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 allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in sections 153, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners:

i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner;

ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;

iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Depository to furnish information:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Option to opt out in respect of any security:

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 the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

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.

H. Sections 83 and 108 of the Act shall not to apply:

Notwithstanding anything to the contained in the Articles-

i) Section 83 of the Act shall not apply to the shares with a Depository;

ii) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom ate entered as beneficial owners in the records of a Depository.

I. Register and Index of Beneficial Owners:

The Register and Index of beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purpose of these Articles.

J. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities there of to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialised form:

No stamp duty would be payable on transfer of shares and securities held in dematerialised form.

L. Applicability of the Depositories Act:

In case of transfer of shares, Debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognise the rights of Registered Holders as also the Beneficial Owner of the shares in records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the beneficial owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required; be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

WINDING UP

94. If the Company shall be wound up, and 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 distributes so that, as nearly as may be, the losses shall be borne by 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 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 pay the whole of the capital paid up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders issued upon special terms and conditions.

95. If the Company shall wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company or to the trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators, with the like sanction, shall think fit, but that any member shall be compelled to accept any shares or other securities where there is any liability.

SECRECY

96. Every Director, Secretary, Manager, Auditor, Trustee, Member of Committee Officer, Servant, Agent Accountant or other person employed in the business of the Company shall be before entering upon the duties sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with consumers and the state of accounts with individuals and in all matters, relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may have come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any meeting of the shareholders or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions of these Articles of Association.

97. Any Director or Officer of the Company shall be entitled, if he thinks fit to, decline to answer any question concerning the business of the Company which may be put to him on any occasion including any meeting of the Company on the ground that the answer to such question would disclose or tend to disclose the trade secret of the Company.

98. Any officer or employee of the Company proved to the satisfaction of the Board of Directors to have been guilty of disclosing the secrets of the Company shall be liable to instant dismissal without notice, and payment of damages.

INDEMNITY

99. a) Every Director of the Company, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Director to pay out of funds of the Company costs, losses and expenses (including traveling expenses) which any such Director, Officer or employee may incur or become liable to by reason of any contract entered into or deed done by him as such Director, Officer or Servant or in any way in the discharge of his duties.

b) Subject to as aforesaid every Director, Manager, Secretary or other Officer of the Company shall be indemnified against any liability incurred by him in defending any proceeding whether civil or criminal in which judgement is given in his favour or which he is acquitted or in connection with any application under the provisions of this Act in which relief is given to him by the Court.

100. No Director, Auditor or other of the Company shall be liable for the acts, receipts or defaults of any other Director or Officer, for joining in any receipts or other act for conformity, or for any loss or expenses happening to the Company though the insufficiency or deficiency of title to any property acquired by the order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy insolvency, or tortuous act of any person with whom any monies, securities or effects shall be deposited, or for any loss occasioned by any error or judgement, commission, default or oversight on his part for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties off his office or in relation thereto unless the same happens through his own dishonesty.

SECTION: IX: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, located at Kendriya Sadan, Sultan Bazaar, Hyderabad, Andhra Pradesh for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at Plot No 88, Sari Konda Mansion, Ground Floor, Phase III, Kamalapuri Colony, Hyderabad – 500 073, Andhra Pradesh, India from 10.00 a.m. to 4.00 p.m. from the date of the Red Herring Prospectus until the Bid/ Issue Closing Date.

A. Material Contracts to the Issue:

1. Engagement letter dated August 28, 2008 for appointment of the BRLM.

2. Memorandum of Understanding dated September 25, 2008 between the Company and the BRLM.

3. Memorandum of Understanding dated September 25, 2008 entered into with M/s. Karvy Computer Share Pvt Ltd. to act as Registrar to the Issue.

4. Syndicate Agreement dated **[•]** among the Company, the BRLM and the Syndicate Members.

5. Escrow Agreement dated **[•]** among the Company, the BRLM and the Syndicate Members.

6. Underwriting Agreement dated **[•]** among the Company, the BRLM and the Syndicate Member.

B. Material Documents Add resolutions for remuneration of Directors.

1. Memorandum and Articles of Association of the Company as amended from time to time;

2. Our certificate of incorporation dated April 25, 2001 issued by the Registrar of Companies, Hyderabad, Andhra Pradesh.

3. Board resolution dated September 17, 2008 in relation to the Issue.

4. Shareholders resolution dated September 24, 2008 in relation to the Issue

5. Copies of Annual reports of the Company and its subsidiaries for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 as applicable ;

6. Consent of the auditors, akasam & associates, Chartered Accountant for inclusion of their reports prepared as per the Indian GAAP and their report on accounts in the form and context in which they appear in the Draft Red Herring Prospectus.

7. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s. ……………………………. dated **[•]**;

8. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s. ………………………………… dated **[•]**;

9. Consents of the Auditors/ Bankers to the Company, BRLM, Syndicate Members, Underwriters, Legal Counsels, Directors, Company Secretary and Compliance Officer, Registrar to the Issue, the Escrow Collection Banks and Bankers to the Issue, to act in their respective capacities.

10. Non Compete Agreement dated September 26, 2008 between our Company and AMR Property Developers Ltd
11. In principle listing approvals from BSE and NSE dated [•] and [•] respectively;
12. Due Diligence Certificate dated September 29, 2008 to SEBI from BRLM.
13. SEBI observation letter No. [•] dated [•] and reply of the BRLM to the same dated [•].
14. IPO grading reports for each of the grades obtained by the company.

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 the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

DECLARATION

We the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, applicable as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provision of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of the Company

A Mahesh Reddy

A Girish Reddy

A Audinarayana Reddy

Basavraj Raddi

Babugowda S Patil*

KS Ramchandran

Signed by the Vice President (Finance and Administration)

B Subbaram Reddy

Signed by the Company Secretary

Suresh Kumar Vaishraj

Date: September 29, 2008

Place: Hyderabad

* Through his constituted power of attorney